



VICTOR KHANYE LOCAL MUNICIPALITY

DRAFT ANNUAL REPORT

2023 24



GENERAL INFORMATION

VICTOR KHANYE LOCAL MUNICIPALITY: LOCAL GOVERNMENT

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ABBREVIATIONS AND ACRONYMS

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

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

NER	National Electricity Regulator
NERSA	National Electricity Regulator of South Africa
NGO	Non-Governmental Organisation
NSDP	National Spatial Development Perspective
NWMS	National Waste Management Strategy
OB	Operational Budget
OHS	Occupational Health and Safety
ORHVS	Operating Regulations for High Voltage Systems
OVS	Operation Vuka Sisebente
PGDS	Provincial Growth and Development Strategy
PHC¹	Primary Health Care
PHD²	Provincial Health Department
PMS	Performance Management System
PPP	Public-Private Partnership
RDP	Reconstruction Development Programme
REDS	Regional Electricity Distribution System
ROD	Record of Decision
SABS	South African Bureau of Standards
SACOB	South African Chamber of Business
SALGA	South African Local Government Association
SANAC	South African National AIDS Council
SANS	South African National Standards
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SDP	Skills Development Plan
SETA	Sector Education Training Authority
SG	Surveyor-General
SLA	Service Level Agreement
SLP	Social and Labour Plan
SMME	Small, Medium and Micro Enterprises
VAT	Value-Added Tax
VKLM	Victor Khanye Local Municipality
WPSP	White Paper on Strategic Planning
WSA	Water Services Authority
WWTW	Waste Water Treatment Works

GLOSSARY

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

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

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CHAPTER 1: EXECUTIVE MAYOR'S FOREWARD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



I am indeed honoured and privileged to be tabling the Draft 2023/24 Annual Report of Victor Khanye Local Municipality. This report provides a summary of the municipality's performance for the 2023/24 financial year against the set developmental goals and targets in the approved 2023/24 Service Delivery and Budget Implementation Plan (SDBIP). These goals and targets are based on the strategic goals established in the IDP, which has been adopted by Council. The Municipality

has the responsibility to account and to provide the community and all significant stakeholders a tool to evaluate the Municipality's overall performance. This document will help Council to hold the departmental heads and administration accountable. This report also aims at reporting to the community on the Municipality's performance against the approved Integrated Development Plan that we have been tasked to implement.

The Municipality's performance improved slightly in the financial year under review, moving from 69% in the 2022/23 financial year to 73% in 2023/24. This is a 17% improvement from the 56% achieved in 2021/22.

Local governments have a direct impact on the local economy by encouraging business registration and job creation, encouraging sustainable growth by providing work opportunities. In the 2023/24 financial year, Victor Khanye Local Municipality recorded a notable improvement under the Local Economic Development from 75% in the previous financial year to 88% in the 2023/23. This aligns with the seventh strategic goal of VKLM, which aims to increase economic activity and job creation.

Unfortunately, we had a slight redress in terms of Infrastructure & Basic Service Delivery, which slightly declined from 78% to 73% in 2023/24. Amongst others, one of the challenges was around the Water Services Master Plan and the Electricity Master Plan, which were both to be developed and submitted to Council by 30 June 2024. Corrective measures and remedial action have been put to plan in the 2024/25 financial year to ensure that we record progress. DBSA is in the process of appointing a service provider for the development of the Water Services Master Plan and Water Services Development Plan. DBSA approved R9.8 million for the Development of WSM and WSDP and we will be working together with Nkangala District Municipality in terms of the Electricity Master Plan.

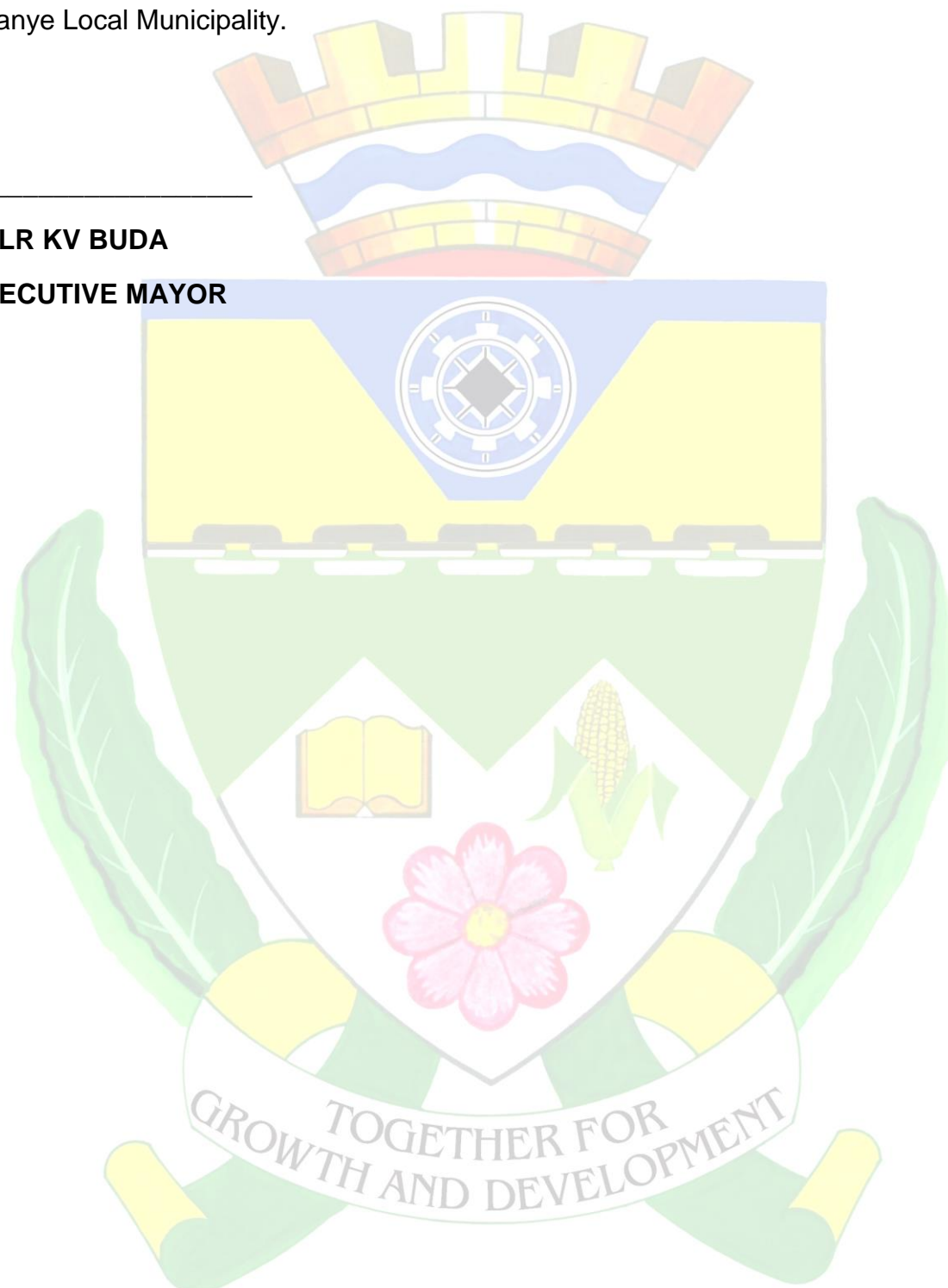
The Draft Annual Report reveals that throughout the fiscal year 2023/2024, the Municipality continued its efforts to realize its vision of a ***Repositioned municipality for a better and sustainable service delivery for all***. It also provides a detailed yet honest analysis of the Municipality's performance, noting important accomplishments

as well as reasons for variance and corrective/remedial measures for underperformance in cases where the Municipality has underperformed. We have hope and determination that we will produce improved performance in the 2024/25.

As a result, I am pleased to deliver to Council the 2023/2024 Annual Report for Victor Khanye Local Municipality.

CLLR KV BUDA

EXECUTIVE MAYOR



COMPONENT B – EXECUTIVE SUMMARY

1.1. OVERVIEW BY THE MUNICIPAL MANAGER



I would firstly like to extend my gratitude to the staff, councillors, members of the community and stakeholders for the support and commitment shown in the 2023/24 financial year.

The Municipality managed to achieve a number of service delivery goals as set out in our SDBIP as well as increase in performance and financial management of our municipality. In recognition of the accomplishments during the period under review and motivated by the quest to improve service delivery it gives me pleasure to present the Draft Annual Report 2023/24 of Victor Khanye Local Municipality.

This report was further compiled as per the requirements of the Municipal Financial Management Act 56 of 2003 which requires the Accounting Officer to report to the Executive Mayor at the end of each quarter on the Municipality's performance in implementing the Service Delivery and Budget Implementation Plan (SDBIP). In accordance with this legislative requirement, this Annual Report covering the period 01 July 2023 to 30 June 2024 has been prepared in order to highlight the extent to which the SDBIP was implemented.

This Annual Report presents a consolidated report on progress made by the municipal departments toward achieving the service delivery targets set according to the seven Development Objectives as stipulated in our Integrated Development Plan (IDP) and the 2023/2024 SDBIP:

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

One of our performance highlights was the impressive improvement in terms of Institutional Development and Transformation; we managed to attain 85% of our set goals, as opposed to the 69% achieved in the previous financial year. We managed to fill all critical vacancies including all the 5 section 56/54 positions were filled with suitably qualified incumbents. Amongst other positions filled in the 2023/24 financial year, 14 were the appointment of qualified and competent traffic officers. This speaks directly to our goal of creating a safe environment for the people of Victor Khanye Municipality.

During the year under review, the Municipality was able to spend 100% of the municipal infrastructure grant (MIG), as a result of good performance on infrastructure spending. It is worth to report that by end June 2024; the Municipality was able to spend 100% of MIG amounted to R27 127 000.00.

All formal households within the municipal area received frequent waste removal services as per the waste management weekly schedules. The municipality frequently conducts tests on water samples thereby ensuring that the water that we provide to our community meets the acceptable standards as per SANS 241.

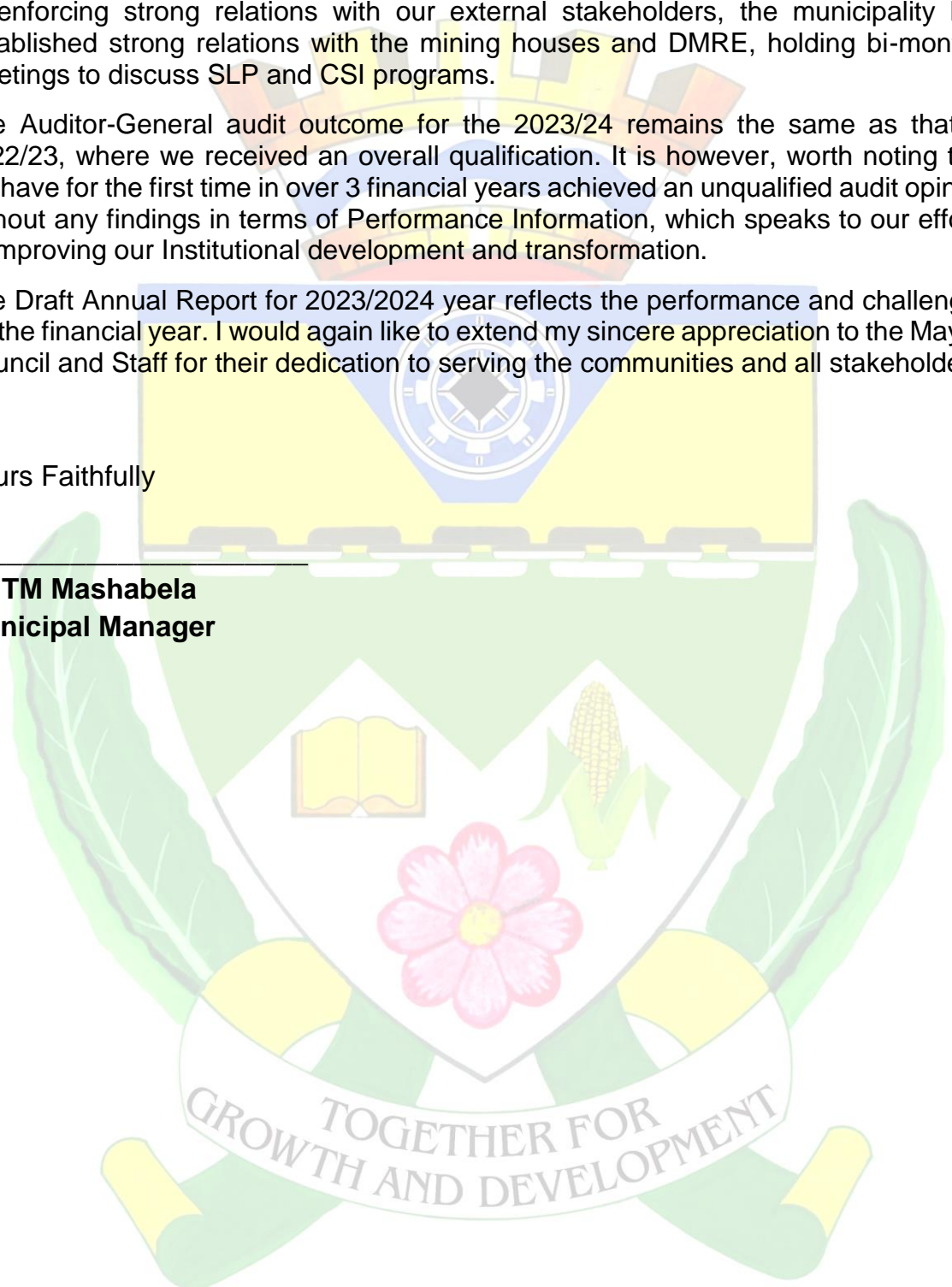
In enforcing strong relations with our external stakeholders, the municipality has established strong relations with the mining houses and DMRE, holding bi-monthly meetings to discuss SLP and CSI programs.

The Auditor-General audit outcome for the 2023/24 remains the same as that of 2022/23, where we received an overall qualification. It is however, worth noting that we have for the first time in over 3 financial years achieved an unqualified audit opinion without any findings in terms of Performance Information, which speaks to our efforts in improving our Institutional development and transformation.

The Draft Annual Report for 2023/2024 year reflects the performance and challenges for the financial year. I would again like to extend my sincere appreciation to the Mayor, Council and Staff for their dedication to serving the communities and all stakeholders.

Yours Faithfully

Mr TM Mashabela
Municipal Manager



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



VISION

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



MISSION

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

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

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

VALUES

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



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

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

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

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

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

1.3. STRATEGIC FOCUS AREAS

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

Goal 1: Improved provision of basic services to the residents of Victor Khanye Local Municipality.

Goal 2: Improved social protection and education outcomes.

Goal 3: Improved Compliance to MFMA and Victor Khanye Local Municipality Policy Framework.

Goal 4: Improved efficiency and effective of the Municipal Administration.

Goal 5: Improve community confidence in the system of local government.

Goal 6: Increase regularisation of built environment.

Goal 7: Increased economic activity and job creation.

1.4. CORE PRINCIPLES IN EXECUTING THE GOALS

Shared work between political leadership, the administration and community.

The municipality encompasses three core components:

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

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

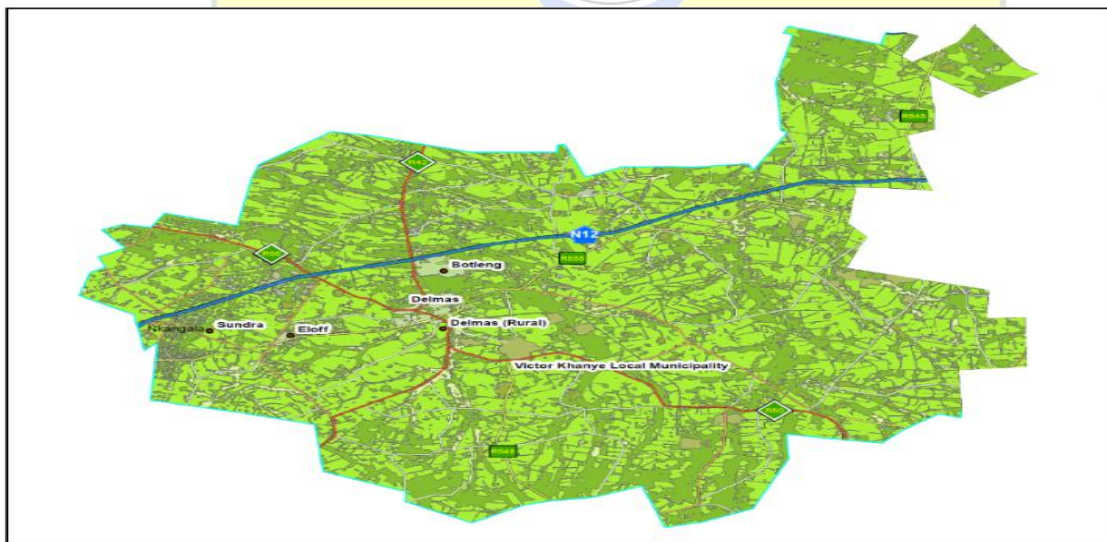
Victor Khanye Local Municipality is dedicated to ensuring that our poorest communities benefit from meaningful social and economic growth by including and empowering them. Communities are not often aware that they are officially part of the municipality. However, because this is the case, local communities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

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

1.5. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

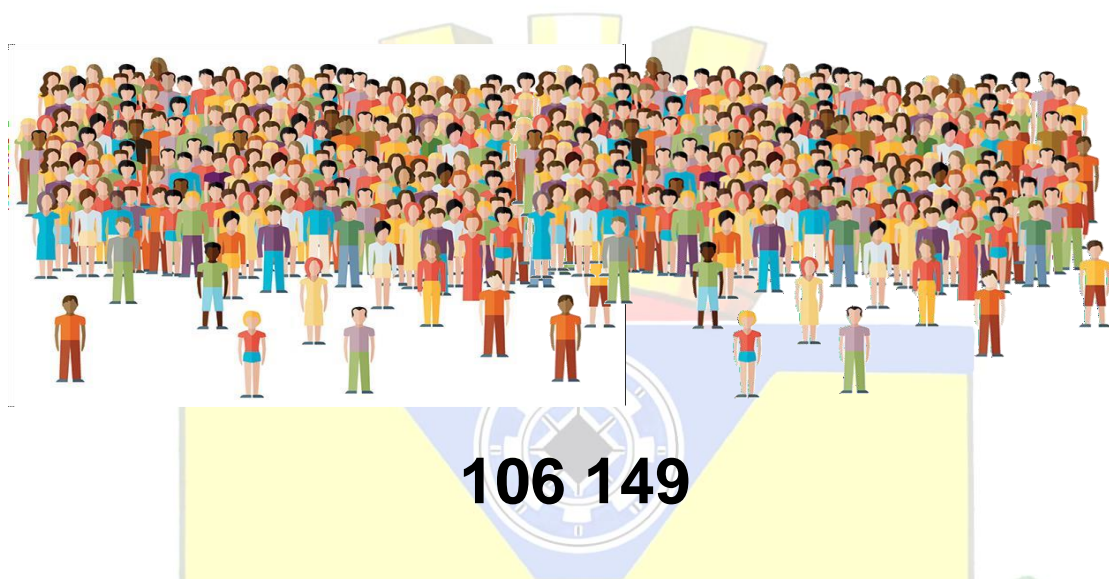
Victor Khanye Local Municipality (previously Delmas Local Municipality) is a Category B municipality strategically located within the Nkangala District in the Highveld of the Mpumalanga Province. It is situated on the border of the Gauteng Province, less than 100km from Pretoria, Johannesburg and eMalahleni.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

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



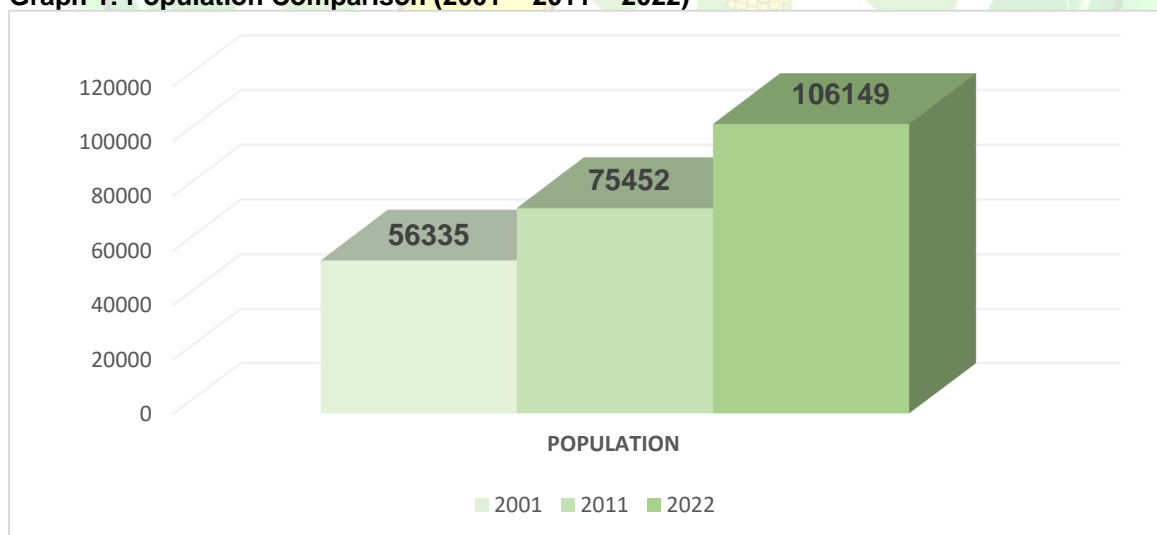
Map 1 – Victor Khanye Local Municipality

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

COMPONENT C – DEMOGRAPHIC AND SOCIO-ECONOMIC DATA**1.6. MUNICIPAL GEOGRAPHICAL INFORMATION**

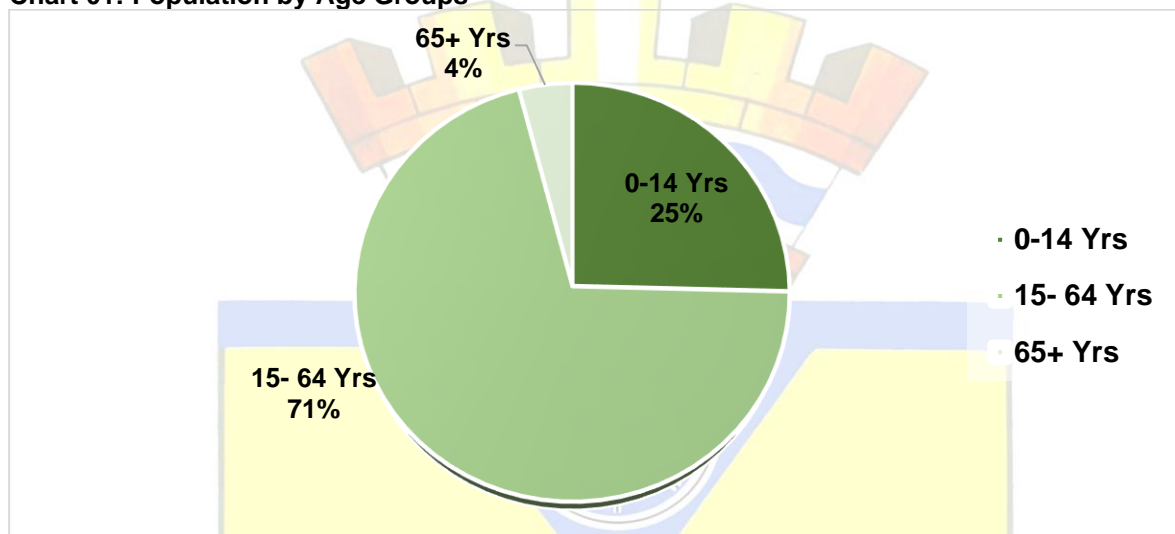
According to Stats SA's Census 2022, Victor Khanye Local Municipality makes up 6,7% of the total population of the Nkangala District Municipality, with a total population of 106 149 in 2022, an increase from the 75 452 reported in 2011. The population of Victor Khanye Local Municipality has grown significantly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

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



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

Chart 01: Population by Age Groups








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











An analysis of the population figures released under the Stats SA – Census 2011 & 2022 reveals that Victor Khanye Local Municipality has further experienced population growth, with the total average annual population growth of 3,3% between 2011 and 2022. The average annual economic growth is at 3,2% which is the highest compared to other Municipalities within the Nkangala District.

Table 01: Population Data

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

Table 02: Victor Khanye at a Glance

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

ACCESS TO BASIC SERVICE DELIVERY						% HH WITH ACCESS TO BASIC SERVICES								
	Water			Electricity			Housing			Refuse Removal			Sanitation	
	2022	2011		2022	2011		2022	2011		2022	2011			
	63.3%	48.4%		91.9%	84.9%		86.2%	79.3%		77.9%	73.7%		84.8%	78.6%
SCHOOLING				LABOUR				SOCIO-ECONOMIC RISKS						
		2022	2011			2022	2019							
	No Schooling	8.0%	11.8%		Strict Unemployment Rate	30.7%	29.2%	Risk 1	Rising Unemployment					
	Higher Education	3.8%	7.2%					Risk 2	Informal Sector expansion					
		2022	2014											
	Matric	72.5%	74.6%		Expanded unemployment Rate	40.7%	36.1%	Risk 3	Low skills base (Labour)					
LARGEST ECONOMIC SECTORS						CONTRIBUTIONS TO THE GDP & EMPLOYMENT (NKANGALA DISTRICT)								
						EMPLOYMENT			GDP					
		Mining				16.1%			26.1%					
 Trade		Trade				18.5%			11.2%					
		Community Services				17.8%			19.2%					

1.7. SOCIO-ECONOMIC CONTEXT

1.7.1. POPULATION DETAILS

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

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

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

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

Females make up 49.2% and Males 50.88% of the population of Victor Khanye Local Municipality as at 2022.

Over the past 10 years, the percentage of Male population has been on the increase which could be attributed to migration into the area in quest for job opportunities.

1.7.2. POPULATION COMPOSITION BY RACE (2022)

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

Table 04: Population by Race (2022)

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

1.7.3. POPULATION COMPOSITION BY GENDER & AGE GROUPS**Table 05 - Population by Composition by Gender and Age Groups (2022)**

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

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

1.8. HOUSEHOLD SERVICES

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

Table 06: Households Data

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

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

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

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

1.8.2. INFORMAL DWELLINGS

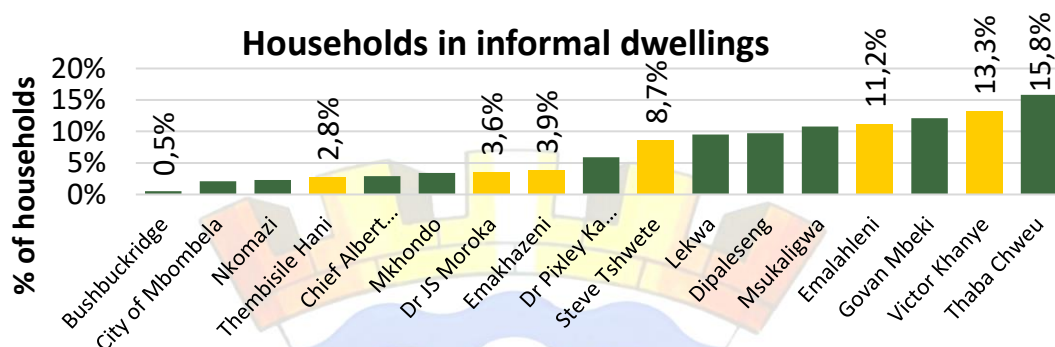
Informal housing or informal settlement can include any form of housing, shelter, or settlement (or lack thereof) that is illegal, falls outside of government control or regulation, or is not afforded protection by the state. As such, the informal housing industry is part of the informal sector. To have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

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

Table 07: Dwelling Types (2022)

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

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

Graph 02: Households in Informal Dwellings - Mpumalanga

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

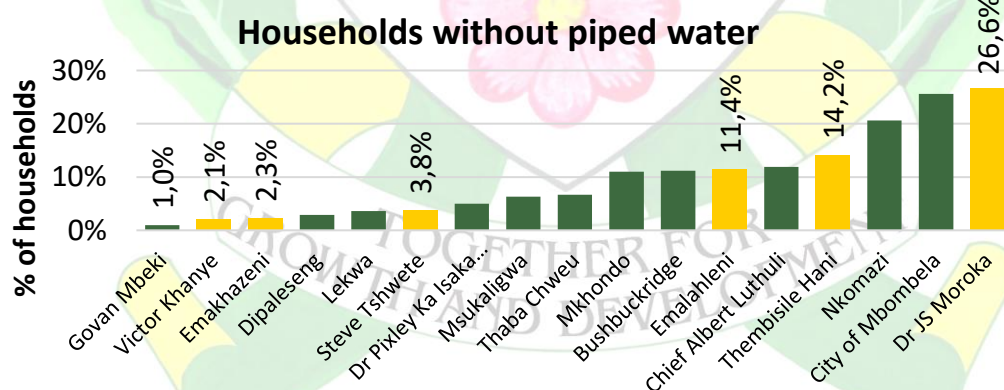
Table 08: Households in Informal Dwellings - VKLM

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

1.8.3. PIPED WATER BACKLOGS

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

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

Graph 03: Households without piped water - Mpumalanga

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

Table 09 – Piped water backlog

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

1.8.4. ELECTRICITY CONNECTION

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

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

Table 10: Households without Electricity connection

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

1.8.5. SANITATION (HOUSEHOLDS WITHOUT TOILETS)

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

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

Table 11: Households without Toilets

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

1.8.6. REFUSE COLLECTION

South Africa is estimated to generate domestically a total of 12.7 million tonnes of waste per annum. In the country, municipalities are facing increasing pressures and challenges to provide waste management services due to the growing waste generation. Every year approximately 3.67 million tonnes of this waste are not collected and treated through formal waste collection systems, resulting in large amounts being dumped illegally.

Section 156(1)(a) of the Constitution, read with Schedule 5, assigns responsibility for refuse removal, refuse dumps, solid waste disposal, and cleansing to local government.

Table 12: Households with no refuse removal

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

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

1.8.7. INDIGENT SUPPORT

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

Table 13: Households receiving Indigent Support

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

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

1.9. EDUCATION

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

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

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

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

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

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

1.9.1. EARLY CHILDHOOD DEVELOPMENT (ECD)

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

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

1.9.2. EDUCATIONAL ATTENDANCE

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

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

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

1.9.3. EDUCATION OUTCOMES (MATRIC PASS RATE)

Education is still one of the most important ways for the government to participate in the economy. Education policy choices and decisions are crucial in deciding the extent to which future economic and poverty reduction initiatives may be realized when it comes to training persons for future employment.

The 2023 matric pass rate for the Nkangala District Municipality was 76%, which is an improvement from the 74% attained in 2022. The matric results in Victor Khanye Local Municipality have increased enormously from 52.8 percent in 2021 to 75.5 percent in 2022, with 35% of these attaining admissions to B Degree studies.

1.10. ECONOMIC DATA

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

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

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

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

Table 16: VKLM's contribution to the Provincial Economy

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

1.11. SERVICE DELIVERY OVERVIEW

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

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

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

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

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

1.12. FINANCIAL VIABILITY OVERVIEW

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

However, due to the high incidence of unemployment and poverty within the municipality's borders, income generation is impeded by consumers' capacity to pay for their services.

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

1.13. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipal Manager is empowered in terms of Section 66 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) to develop a staff establishment and submit it to Council for approval. The Municipal Council resolved and adopted the organisational structure (Organogram) on 31 May 2023 as per Council Resolution: S007/05/2023.

The approval of the 2023/24 (updated) IDP in May 2024 was the culmination of a process plan that paved the way for an inclusive and thorough IDP process. This process was also defined by a renewed commitment to ensuring that the organization's structure, human resources, skills, and ability, as well as the skills and capacity of its officials and councillors, all contribute immensely to the successful execution of the municipal strategy.

1.14. MFMA COMPETENCIES

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

In Government Notice 493, issued June 15, 2007, the National Treasury required such financial management abilities. National Treasury established an outcomes-based NQF Level 6 qualification in municipal finance management with the involvement of numerous stakeholders and role actors in the local government sector.

To help the aforementioned officials in gaining the mandated financial competences. National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect, as of 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

1.15. STATUTORY ANNUAL REPORT PROCESS

Table 17: Annual Report Process

No.	Activity	Timeframe
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July–November 2023
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalize the 4th quarter Report for previous financial year.	
4.	Submit draft Annual Report to Internal Audit and Auditor-General.	
5.	Municipal entities submit draft annual reports to MM.	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	December 2023
7.	Mayor tables the unaudited Annual Report.	
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	Sep 2021–Mar 2024
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	
11.	Municipalities receive and start to address the Auditor General's comments.	March 2024
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.	
13.	Audited Annual Report is made public and representation is invited.	
14.	Oversight Committee assesses Annual Report.	May 2024
15.	Council adopts Oversight report.	
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	June 2024
18.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	

CHAPTER 2 – GOVERNANCE

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

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

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

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

2.2. POLITICAL GOVERNANCE

2.2.1. INTRODUCTION TO POLITICAL GOVERNANCE

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

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

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

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

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

2.2.2. COUNCIL

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

The table below, further breaks down the

Table 18: Councillors & Political Representation

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

To ensure compliance with the legislative requirement the Council meets at least quarterly. However, to meet compliance requirements in relation to such issues as Budget approvals, mid-term Budget Reviews, Adjustments Budgets, IDP Reviews, Annual Report and Annual Report Oversight reviews, the Council effectively meets almost once every month. To optimise efficiency of operation the Council has reserved to itself decision making powers on certain critical and strategic matters - such as considering the results of the provincial government's monitoring of the Municipality, deciding whether to provide security for any of the Municipality's debt obligations and deciding to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. It has otherwise delegated to its Executive Committee power to exercise all powers of the Council in respect of matters not specifically excluded from delegation in terms of Section 160 (2) of the Constitution and Section 59 of the Systems Act. To facilitate maximum participation by Councillors in the decision-making processes of the Council and its Committees, all Councillors are provided with copies of the agenda and minutes of all meetings.

2.2.3. INTRODUCTION OF THE FULL-TIME COUNCILLORS

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



Speaker: Cllr H.M Ngoma



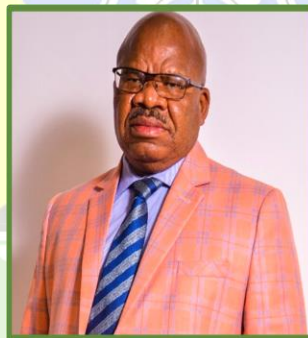
Chief Whip: Cllr N.S Ngcobo

2.2.4. MAYORAL COMMITTEE

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

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

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



Executive Mayor: Cllr VK Buda



MMC: Cllr E.M Masilela



MMC: Cllr T.G Malomane



MMC: Cllr B.D Yeko

2.2.5. SECTION 79/80 COMMITTEES

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

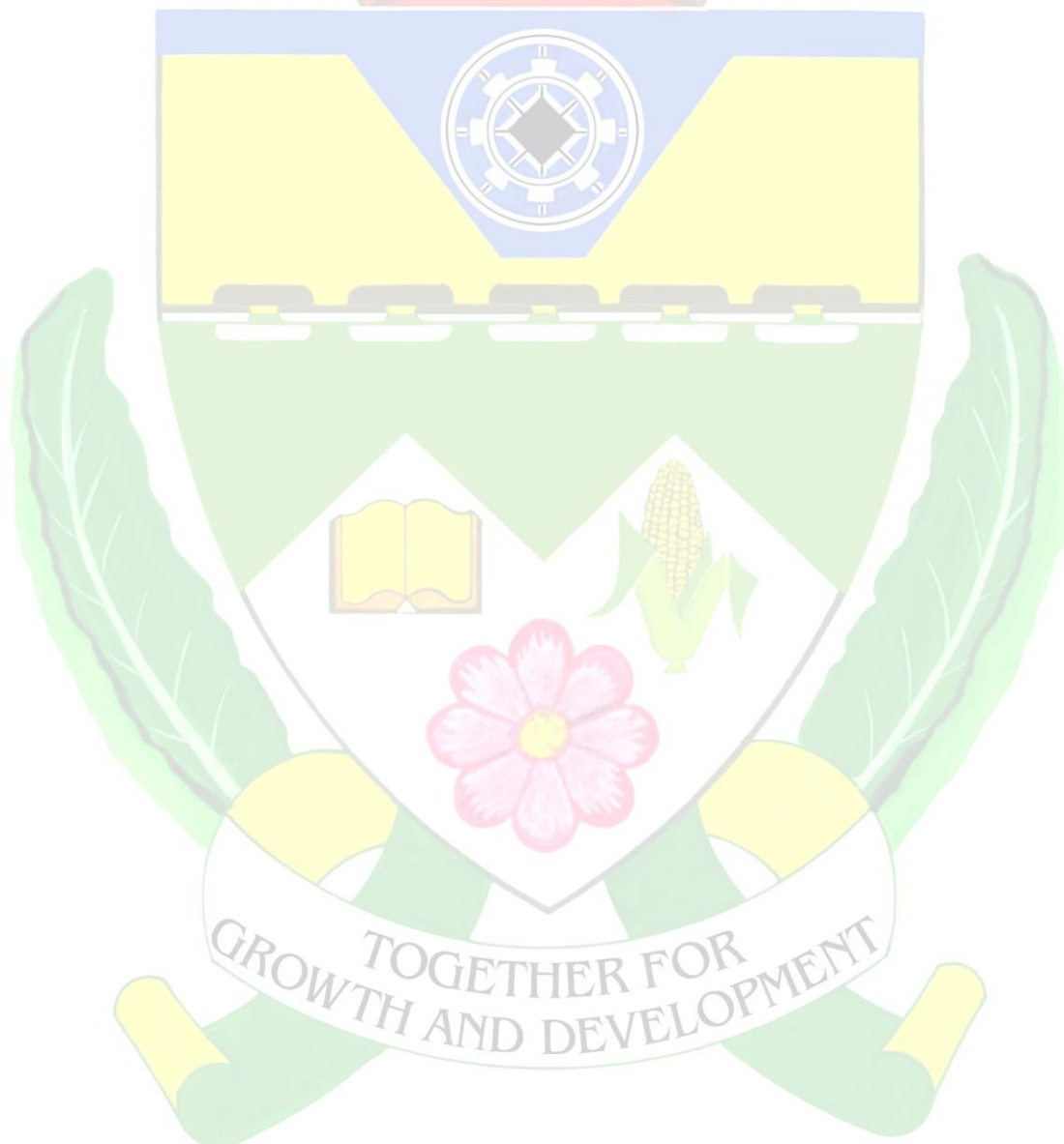
The Portfolio Committees are constituted as indicated below:

Table 19: Committee Allocations (2023/24)

COMMITTEE ALLOCATIONS – JULY 2023 – JUNE 2024		
PORTFOLIO COMMITTEE	CHAIRPERSON	MEMBERS
Members of the Mayoral Council	Councillor Cllr. KV Buda (Executive Mayor)	Councillor B.D Yeko Councillor T.G Malomane Councillor E.M Masilela
Policy Development Committee	Councillor M Mofomme	Councillor KV Buda Councillor NE Mohoadibe Councillor NS Ngcobo Councillor MM Sepenyane Councillor HM Ngoma Councillor BL Mbalati
Local Geographic Names Change Committee	Councillor NE Mohoadibe	Councillor NS Ngcobo Councillor BL Mbalati Councillor SM Skosana Councillor M Mofomme
Local Labour Forum	Councillor EM Masilela	Councillor SG Mkhawane Councillor BL Mbalati
Rules and Ethics Committee	Councillor HM Ngoma (<i>Speaker is the chairperson of this committee in terms of delegated powers</i>)	Councillor NS Ngcobo Councillor MM Sepenyane Councillor NE Mohoadibe
Municipal Public Accounts Committee	Councillor JZ Ndlovu	Councillor DJ Bath Councillor BL Mbalati Councillor M Mofomme Councillor MP Hlatshwayo Councillor NE Mohoadibe Councillor P Senekal
Finance and Corporate Services Portfolio Committee	Councillor BL Mbalati	Councillor EM Masilela - MMC Councillor MP Hlatshwayo Councillor NS Ngcobo Councillor S Skosana
Planning, Infrastructure, Transport and Safety Portfolio Committee:	Councillor DJ Bath	Councillor TG Malomane - MMC Councillor JZ Ndlovu Councillor P Senekal Councillor BL Mbalati

Health, Social Services and Development Portfolio Committee	Councillor M Rautenbach	Councillor BD Yeko - MMC Councillor NS Ngcobo Councillor NE Mohoadibe Councillor M Mofomme
Budget Steering Committee	Councillor KV Buda - Mayor	Councillor EM Masilela Councillor TG Malomane Councillor DJ Bath Councillor BL Mbalati

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



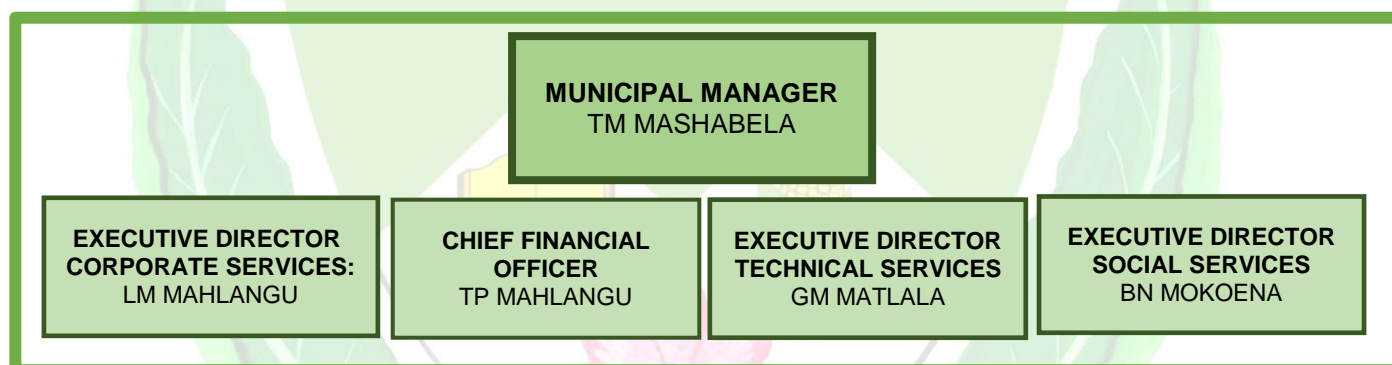
2.3. ADMINISTRATIVE GOVERNANCE

During the financial year under review the organizational structure that was adopted by Council constituted the following directorates namely; the Office of the Municipal Manager, Budget and Treasury Office, Community and Social Services, Corporate Services as well as Technical Services.

The Municipality during the financial year under review ensured that all the HOD positions were filled. In the previous year, two of these positions were vacant and were filled by Managers who were appointed as Acting Executive Directors. On the 1st of January 2024, Ms. LM Mahlangu was appointed as Executive Director: Corporate Services and Ms. GM Matlala was appointed as Executive Director: Technical Services on the 1st of May 2024.

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

Figure 01: Administrative Governance



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

2.3.1. OFFICE OF THE MUNICIPAL MANAGER

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



Municipal Manager: TM Mashabela

2.3.2. CORPORATE SERVICES

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



Executive Director: LM Mahlangu

2.3.3. BUDGET & TREASURY OFFICE

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



Chief Financial Officer: TP Mahlangu

2.3.4. TECHNICAL SERVICES

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

- Elec Reticulation Network

Repair & Maintenance:

- Elec Installations & Equipment

Repair & Maintenance:

- Sewerage Network

Repair & Maintenance:

- Waste Water Care works

Repair & Maintenance:

- Water Care works



2.3.5. SOCIAL SERVICES

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Address public enquiries
Estate Management
Cleansing
Landfill Sites
Environmental Health
Waste Management
Traffic Services
Fire Services
Licenses: Drivers & Vehicles
Library Service
Transversal Affairs
Youth Development Unit
Manage and control:

- a) Parks division
- b) Cemeteries
- c) Sport fields
- d) Open spaces
- e) Pavements
- f) Municipal gardens



Executive Director: BM Mokoena



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.4. INTERGOVERNMENTAL RELATIONS

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

2.4.1. NATIONAL INTERGOVERNMENTAL STRUCTURES

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

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

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

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

2.4.2. PROVINCIAL INTER-GOVERNMENTAL STRUCTURE

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

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

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

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

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

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

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

2.4.3. DISTRICT INTER-GOVERNMENTAL STRUCTURES

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

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

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

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

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

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

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

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

2.4.4. VICTOR KHANYE STAKEHOLDER FORUMS

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

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

The following forums are chaired by the Member of the Mayoral Committee for Health, Social Services and Development:

- Local Aids Council; between the Municipality and local health stakeholders.
- Cemetery Forum between Municipal Officials, funeral undertakers and other relevant stakeholder.

2.4.5. WARD COMMITTEES

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

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

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

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

Ward Committees:

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

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

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

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

Table 20: Ward Committee Members Per Ward

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

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

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

2.4.5.1. FUNCTIONALITY OF WARD COMMITTEES

Public participation is a vital part of democracy and allows citizens to get involved in how their communities are governed. At the local government level, the Local Government: Municipal Structures Act, 1998, requires, among others, that municipalities develop mechanisms to consult communities and community organisations in performing their functions and exercising their powers.

These structures are commonly known as Ward Committees and provide a vital link between Ward Councillors, the community and the municipality. They allow for members of communities to influence municipal planning in a manner which best addresses their needs.

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

Table 21: Ward Committee Meetings Per Quarter

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

COMPONENT C: OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5. PUBLIC ACCOUNTABILITY

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

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

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

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

2.6. COMMUNICATION, PARTICIPATION AND FORUMS

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

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

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

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

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

2.7. IDP PARTICIPATION AND ALIGNMENT

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

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

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

2.7.1. IDP and IGR

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

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

2.7.2. IDP REVIEW PROCESS

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

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

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

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

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

2.7.3. IDP REVIEW PHASES

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

The review and implementation of the (2023/24) IDP comprised of the following five (5) phases, commencing with Phase 0 to Phase 5:

2.7.4. PREPARATORY PHASE

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

2.7.5. ANALYSIS PHASE

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

Information on availability of resources is also collected during this phase. Priority issues highlighted during the 2023/24 IDP processes will also be revised and confirmed during this phase. Community meetings, stakeholder meetings, surveys, opinion polls and researched information should form the basis of this phase.

2.7.6. STRATEGIES PHASE

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

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

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

2.7.7. PROJECTS PHASE

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

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

2.7.8. INTEGRATION PHASE

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

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

2.7.9. ADOPTION PHASE

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

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

2.7.10. SUBMISSION TO MEC FOR LOCAL GOVERNMENT.

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

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

COMPONENT D: CORPORATE GOVERNANCE

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

2.8. RISK MANAGEMENT

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

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

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

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

The following are the municipal high top risks for 2023/24:

1. Non-Compliance with section 28 of the National Environment Management Act 107 of 1998.
2. Ineffective Security Management.
3. Ineffective Fleet Management System.
4. Increased UIF&W Expenditures.
5. Inability to meet Bulk Purchases obligation.
6. None adherence to Traffic Laws and Regulations (National Road Traffic Act no.93 of 1996 and Regulations).
7. Incorrect Billing
8. Inability to provide access to basic services infrastructure.
9. Interruption of the Project.
10. Incomplete adherence to change management processes.

2.9. ANTI-FRAUD AND ANTI-CORRUPTION

Victor Khanye local Municipality is made up of staff members, external stakeholder, runs a budget and owns assets. This puts the municipality at risk of fraud and corruption by either staff or outsiders. Fraud Prevention Strategy and Fraud Prevention Policy was developed and implemented. The municipality has implemented the Presidential fraud Hotline and a Corruption Watch Hotline. Fraud and corruption are defined as follows, respectively:

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

Strategic Objective:

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

Other activities conducted to prevent and detect fraud and corruption:

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

2.10. INTERNAL AUDITING

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

- a) prepare a risk based audit plan and an internal audit programme for each financial year; and
- b) advise the accounting officer and report to the Audit Committee on the implementation on the internal audit plan and matters relating to:
 - ❖ internal audit;
 - ❖ internal controls;
 - ❖ accounting procedures and practices;
 - ❖ risk and risk management;
 - ❖ performance management;
 - ❖ loss control; and
 - ❖ compliance with this Act, the annual Division of Revenue Act and another applicable legislation.
- c) perform such other duties as may be assigned to it by the Accounting Officer.

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

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

2.10.1. ANNUAL RISK BASED AUDIT PLAN

Risk-Based Audit Plan for 2023/24 was implemented with available resources. The table below provides detail on audits completed:

Table 22: Risk Based Audit Plan

AUDIT ACTIVITY	2023/24
STATUTORY AUDIT	
Division of Revenue Act (DoRA) Compliance	√
Pre-Determined Objectives	√
Performance Management System	√
Risk Management Review	√
FOLLOW-UP REVIEWS	
AG Follow-Up Review	√
Supply Chain Management	√
Performance Management System	√
Revenue – Indigent Consumer Verification	√
Risk Management Follow-Up	√

2.10.2. PMS AUDITS

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

2.11. SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy applicable to the 2023/24 financial year was revised and adopted by Council on 31 May 2023 as Resolution Number: S007/05/2023 (as attachment to the budget-related policies) in terms of section 17(1) – (3) of the MFMA.

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

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

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

2.11.1. AWARDS MADE BY THE ACCOUNTING OFFICER

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

BIDS AWARDED FROM JULY 2023 TO 30 JUNE 2024

Table 23: Highest Bids Awarded by Bid Adjudication Committee

Service Provider	Description of services / goods	Appointment date	Advertisemen t Date	Appointed Amount
Conlog Pty Ltd	Multi pre-paid vending system /solution that will be fully integrated with the VKLM existing electronic infrastructure for the period of 3 years (36 months).	09 Sept 2023	09 Apr 2023	Total sales monthly 6% (vat excl) Per sms of FBE token R1.00
Mavambo ITS Pty Ltd	Supply support and maintenance of traffic contravention system and fro speed cameras for a period of 3 years (36 months).	07 Sept 2023	09 Apr 2023	R0.575 Per processed fine R1.15 Per paid fine R1.00 for additional service (Vat incl).
MCC Security and projects	Provision of security service at VKLM OF 3 Years.	07 Sept 2023	19 Mar 2023	R1 009 591.93

Unics Technologies	Supply, install of new CCTV infrastructure network integrated into the existing network for VKLM 36 Months.	08 Sept 2023	19 Mar 2023	R70 366.76 PER Months R1 636 212.20.V at incl once off claim on site sides.
Sinned Construction	Provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water in Delmas, delpark and Botleng.	10 Nov 2023	13 Aug 2023	R20 330 671.41
Emkhanyweni trading & projects	Panel of two (2) undertakers to conduct indigent & pauper burial for the period of 3 years	14 Dec 2023	13 Aug 2023	R3 500 Per burial as per the pauper burial policy.
Senzazona Trading Enterprise Pty Ltd.	Appointment of two undertakers to conduct indigent pauper for the period of three years.	14 Dec 2023	13 Aug 2023	R3 500 Per burial as per the pauper burial policy
Forshad Trading & Projects.	Appointment of service provider for tarring /paving of roads In VKLM for the period of 36 months (Panel of 4).	17 Oct 2023	07 May 2023	As per MIG Allocation.
Sihle and wandy Construction and transport Pty Ltd	Appointment of service provider for tarring /paving of roads In VKLM for the period of 36 months (Panel of 4).	17 Oct 2023	07 May 2023	As per MIG Allocation.
Singo Consulting	Appointment of service provider for tarring /paving of roads In VKLM for the period of 36 months (Panel of 4).	17 Oct 2023	07 May 2023	As per MIG Allocation.
Gossa Holdings Pty Ltd	Appointment of service provider for tarring /paving of roads lin VKLM for the period of 36 months (Panel of 4).	17 Oct 2023	07 May 2023	As per MIG Allocation.
Lermat Construction and projects.	Panel of service provider for the supply and installation of high mast lights around Victor Khanye Local Municipality for the period of 36 months.	06 Oct 2023	07 May 2023	R4 906 861.38
Rihati Utility Services Pty Ltd	Panel of service provider for the supply and installation of high mast lights around Victor Khanye Local Municipality for the period of 36 months.	06 Oct 2023	07 May 2023	R4 906 861.38
Singo Consulting Pty Ltd	Panel of service provider for the supply and installation of high mast lights around Victor Khanye Local Municipality for the period of 36 months.	06 Oct 2023	07 May 2023	R4 906 861.38

Nkgadima & associates	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Toka Machabaphala Inc	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Sm sibeko Incorporated attorneys	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Ntleru Inc attorneys	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Buthlezi Vilakazi Inc	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
L guzana Inc attorneys	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Noko maimela Inc	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Prince mudau & associates Inc	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Mphoke pk magane Inc	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
Hm chaane attorneys	Panel of legal service providers in respect of corporate legal matters, as and when required for a period of 3 years	14 Feb 2024	08 Oct 2023	Tendered rates
BTF global	Debt collection for VKLM for the period of 36 months (Panel of 3)	14 Feb 2024	08 Oct 2023	R (Year 1) 9.2% R (Year 2) 9.2% R (Year 3) 9.2%

Revenue consulting pty ltd	Debt collection for VKLM for the period of 36 months (Panel of 3)	14 Feb 2024	08 Oct 2023	R (Year 1) 9.2% R (Year 2) 9.2% R (Year 3) 9.2%
2T Innovation consulting and projects (pty)ltd	Debt collection for VKLM for the period of 36 months (Panel of 3)	14 Feb 2024	08 Oct 2023	R (Year 1) 8.5% R (Year 2) 8.5% R (Year 3) 8.5%
MJ aplane general trading	Supply, delivery, install and commissioning of tools, machines, material and equipment to SMMEs operating within VKLM for a period of 24 months	14 Feb 2024	08 Oct 2023	R2 771 010.01
Sky metro equipment (pty)ltd	Operational leasing and maintenance of office automation photocopying machines for the period of 36 months	14 Feb 2024	08 Oct 2023	R2 856 475.80
RSTE utility service	Supply, delivery and off-loading and install of electrical energy meters in accordance to vkml, on as and when required basis	12 Apr 2024	26 Nov 2023	Single phase R882.82 each
				Three phase R2397.00 each
				Single split R1055.00 each
				CIU R744.00 each
				Split G3-PLC R1055.00 each
				Single phase BS G3-PLC R1420.00 each
				Three phase BS G3-PLC each
				CIU split R724.00 each
				Data unit R13235.00 each
				Three phase large R6850.00 each
Super patch manufacturing	Supply and dlivery of cold, hot asphalt and emulsion SS65 to vkml as and when required for a period of 2 years	11 Apr 2024	12 Nov 2023	Cold asphalt x1 Bag R130.00 Yr1: R150.00 Yr2
				Hot asphalt ton Yr1 R1971.83: Yr2 R2090.14
				Emulsion SS65 X1 Drum Yr1 R1803.60 : Yr2 R1911.82
Lutendo property group	Compilation and maintenance of the general valuation roll and supplementary valuation rolls	11 Apr 2024	10 Dec 2023	R1 800 160.00

	as well as supply of other valuation related services in compliance with Municipal property rates act, for the period of 3 years			
Kura uone group	Supply, register, brand and delivery of vehicles, for a period of 36 months	11 Apr 2024	12 Nov 2023	R8 795 652.07
Index group (pty)ltd	Provision of 2 nd security service at vkml for a period of 36 months	24 Apr 2024	10 Dec 2023	R367 655.00 Per Month
Mmididi holdings	Appointment of supply and delivery of fire department station uniform for a period of 1 year	24 Apr 2024	12 Nov 2023	R512 496.88
Just right cartridge (pty)ltd	Procurement of 2 panel of service providers for provision of security boundary fencing for all municipal infrastructure in vkml for 36 months, as and when required	06 Jun 2024	26 Nov 2023	R4 070 385.00
Gustaph civils and trading enterprise	Procurement of 2 panel of service providers for provision of security boundary fencing for all municipal infrastructure in vkml for 36 months, as and when required	06 Jun 2024	26 Nov 2023	R4 070 385.00

QUOTATIONS AWARDED FROM JULY 2023 TO 30 JUNE 2024

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Medu Enviro pest control	Appointment of a service provider to control pests within VKLM (All incl).	19 Jul 2023	R2.70 Per square meter
Ken2 Rescure trading	Appointment of service provider to control pets within VKLM (All incl).	19 Jul 2023	R1.73 PER Square meter
LM Chartered Accountants	Reviewal of Grap compliant annual Financial year(All incl).	15 Aug 2023	R186 123.00
Kopt waste solutions	Hiring of skip loader truck for emptying of skip bins around VKLM for 3 Months.	19 Sep 2023	R60 950.00 per months (vat incl)
M.J Aphane gen trading Pty Ltd	Supply and delivery of traffic uniform (vat incl).	19 Sep 2023	R197 819.49
Nkosana Sizwe Trading Enterprise	Appointment of service provider for supply and delivery of cleaning materials.	11 Dec 2023	R38 249.00

Happysol Pty Ltd	Appointment of a service provider for supply and delivery of road marking paints.	11 Dec 2023	R185 790.00
Ken2rescure trading Pty Ltd	Appointment of a service provider for supply and delivery of herbicide. 11 December 2023.	11 Dec 2023	R197 800.00
Siceki Trading pty Ltd	Supply & delivery of Laptops and Tablet	24 Jan 2024	R199 559.50
Wman consulting	Training for municipal finance management programme	24 Apr 2024	R161 000.00
Mashiye consortium	Panel of 3 service providers for hiring of compactor truck for a period of 12 months as and when required	08 Apr 2024	R7 823.20 Rate per day
Mlotjwa projects and transport	Panel of 3 service providers for hiring of compactor truck for a period of 12 months as and when required	08 Apr 2024	R7 823.20 Rate per day
Ekene investment	Panel of 3 service providers for hiring of compactor truck for a period of 12 months as and when required	08 Apr 2024	R7 823.20 Rate per day
Isibani chartered accountants & auditors	Training for internal auditors CPD and quality review on scm	17 May 2024	R161 600.00
Kotpw waste solutions	Hiring of skip loader truck for emptying of skip bins around vkml for three months	17 May 2024	R59 225.00 per moth
Happysol (pty)ltd	Supply and delivery of road marking paints	17 May 2024	R281 250.00
Busmuz consulting engineers & projects	Supply and delivery of galvanised trailer	24 May 2024	R160 000.00
Mdluli production events	Supply and delivery of laptops and bags	24 May 2024	R223 500.00
Isibani chartered accountants & auditors	Training for municipal employees on the enterprise risk management in line with national treasury's risk management framework	24 May 2024	R190 000.00
Khumalo &son's holdings (pty)ltd	Supply and delivery of 3 cube skip bins	24 May 2024	R247 000.00
Mansabrite (pty)ltd	Supply and delivery of water and sanitation PPE	07 Jun 2024	R242 118.90
SP Mahamba trading (pty)ltd	Cut and prune overgrown trees, remove & dispose vegetative waste from site	17 May 2024	191 550.00

2.11.2. OBJECTIONS LODGED

The municipality did not receive objections for year under review.

2.11.3. DISPOSAL MANAGEMENT

The system of disposal management envisages the following:

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

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

2.11.4. SUPPLY CHAIN MANAGEMENT PERFORMANCE MANAGEMENT

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

2.12. WEBSITE

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

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

Table 24: Documents on the Website

DOCUMENTS PUBLISHED ON THE VKLM WEBSITE	YES/NO	PUBLISHING DATE
All current budget-related policies	Yes	Within legislated period
Reviewed Integrated Development Plan 2023/24	Yes	Portfolio
Current annual and adjustment budgets and all budget-related documents	Yes	Within legislated period
The Annual Report for 2022/23	Yes	Within legislated period
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act for 2023/24 and 2024/25.	Yes	Within legislated period
service delivery and budget implementation plan 2024/25	Yes	Within legislated period

2.13. COMMUNICATION

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

According to Section 160(7) of the Constitution, "a municipal council shall do its work openly and may close its sittings or committees only when it is fair to do so." The Municipal Systems Act of 2000 governs local government (Act No. 32 of 2000) Section 4 of the MSA encourages community engagement in the operations of local towns. We have a duty as a local government to operate with high levels of transparency, accountability, openness, participatory democracy, and direct engagement with communities in order to better the lives of citizens.

The concept of enhanced communication that encourages public engagement is central to our Communication Strategy, which was adopted by Council in April 2021. In its efforts to simplify and strengthen interactions with citizens, companies, the media, and other external stakeholders, the municipality has made steady progress.

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

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

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

This inbox is reviewed on a daily basis, and inquiries, compliments, and complaints are transmitted to the appropriate departments. On a regular basis, the municipal website is updated with fresh official announcements, formal quotations, tenders, news items, vacancies, as well as meeting agendas and minutes.

The website is becoming more user friendly, and plans are in the works to simplify navigation and boost overall consumer satisfaction by rebuilding the website. Communication via our social media channels has dramatically risen. The municipal Facebook page has been continuously developing and now reach a considerably wider and ever-expanding audience.

Social media channels are utilized to communicate crucial warnings and messages in addition to publicizing municipal news pieces, images, and videos. Our social media networks also direct traffic to the website. Municipal advertising are put in community and regional publications on a regular basis, which helps to establish the municipality's brand.

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

2.13.1. COMMUNITY SATISFACTION SURVEY

No community satisfaction surveys were completed during the 2023/24 financial year.

2.13.2. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

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

Table 25: Communication Activities

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

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

3.1. WATER PROVISION

Water is the most basic and necessary of all accessible natural resources, essential for life, the environment, food production, cleanliness, and power generation. Poverty reduction and better water management are inextricably related. Water and sanitation services, confined to potable water supply systems and home waste water and sewage disposal systems, are listed as a local government role in Section 4B of the Constitution.

The Municipality is a Water Services Authority as well as Service Provider in terms of the Municipal System Act, Act No. 32 of 2000 which provided the powers of the municipality to regulate the provision of municipal services by a service provider. It is responsible for ensuring access to water service in terms of the Act, performs the functions of a Water Service Provider (WSP).

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

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

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

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

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

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

During the 2023/24 financial, the municipality implemented the Non-Revenue Water Reduction Project which is informed by the WC/WDM strategy. The project focused on Delmas town, Delpark and Botleng.

3.1.1. WATER SERVICE DELIVERY LEVELS

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

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

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

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

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

3.1.2. WASTE WATER (SANITATION) PROVISION

The main focus for the 2023/24 fiscal year was to continue implement the demands of the Victor Khanye Local Municipality's masterplan, fulfilling the development needs for



the greater Victor Khanye Municipality's vision, which included completing the upgrade of the existing Delmas Waste Water Treatment plant, which requires urgent upgrading due to growing population numbers. The plant is likewise outdated and needs to be updated.

The upgrade of the Delmas Waste Water Treatment Plant from the current 4,5MI/d to 12MI/d is in progress. The project is co-

funded by Nkangala District Municipality and Department of Water and Sanitation. The project was initially planned to be completed in May 2024, however the project experienced delays due to subsoil water ingress and hard rock.

During 2023/24 financial year, McCain and municipality signed an agreement whereby McCain would advance an amount of R9,8m for the municipality to refurbish and upgrade the Delmas Golf Course sewer pump station. The advance is in lieu of the contemplated monthly effluent discharge bill payable by McCain to VKLM

The municipality also has issues with Sewer Pump Stations that need to be upgraded due to the rising population covered by the stations.

The municipality has launched a cleanliness push that resulted in the construction of around 70 low flush toilets in 2023/24 in Mimosa Wards 8. The construction of the toilets was in partnership with the Rand Water Foundation. The municipality supplies chemical toilets in the informal settlements of Mandela, Mawag, and Ellof while seeking to move residents to a more appropriate settlement.

3.2. ELECTRICITY PROVISION

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



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

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

One of the main challenges facing the municipality is the practice of illegal electricity connections which not only impact on revenue receipts but create a major safety risk and damages to our electrical infrastructure (blowing of transformers due to

overloading) through these practices. A project in conjunction with the Finance department has identified possible offenders and resulted in some illegal connections being terminated. The Municipality was able to disconnect 1441 household (2020/21 FY) for illegal connections and breaching of electricity.

Other challenges relate to the lightning damage to transformers and theft of cables which are a serious challenge affecting the sectors of the economy within Victor Khanye Local Municipality. Within the financial constraints imposed through funding availability the department has improved the overall level of service delivery and increased the number of household provided with electricity but the aging infrastructure is still a major concern. The municipality through INEP programme electrified 660 household and stands in the 2020/21 financial year. An amount of around R1.7million per annum was spent for maintenance of the substations.

3.3. WASTE MANAGEMENT, REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING3.

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



The 2023/24 financial year was a challenging year for the Department of Community and Social Service as the Victor Khanye Landfill site reached its capacity and the municipality is operating with old vehicles, which are highly expensive to maintain, and this cause backlog and delay in terms of service delivery and unnecessary overtime.

Other major challenges include lack of household dustbins, Inadequate old waste collection equipment, Un-rehabilitated (illegal land mining) dongas that leads to dumping spots, Poor access roads to informal settlements, non-availability of funds and uncontrollable illegal dumping spots.

The street cleaning and clearing of illegal dumping services for all the streets in towns, main entrances, and open spaces was carried out by permanent Municipal employees and temporary employees appointed through the Extended Public Works Programme (EPWP).

3.4. HOUSING

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

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

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

Delmas and its extensions: including business and industrial area, and residential area for people in the middle and higher income levels.

Delpark Extension 2 and 4 is predominantly a residential area for people in the lower income levels.

Ellof, Waaikraal, Abor, Argent and Savana these are predominantly rural farming communities with a mixture of low income and middle class working communities. The housing demand is increasing as reflected by the mushrooming of squatter settlements on the periphery of the settlements as well.

The Department of Human Settlement is in a process of upgrading certain informal settlements through the NUSP Programme.

Table 26: Informal Settlements

SETTLEMENTS		
1	BRAKFORTEIN	NKANINI
2	SAPONYINI	ABOR
3	RIETKUIL	MANDELA
4	LEEUPORT	MAWAAG
5	HOLFORTEIN	MIMOSA
6	DU TOIT	WAAIKRAAL
7	TIKILINE	DELPARK EXT 4
8	KLIPSPRUIT	SAVANAH
9	WITKLIPBANK	ARGENT
10	SCHOONGEZICHT	

11	MAHLATHINI	
12	KOBOS	
13	GROENFONTEIN	
14	DWARSFONTEIN	
15	WITKLIP	
16	RIETKOL	
17	MAFENSINI	
18	DRYDEN	
19	DELMAS COAL	

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

Table 27: Projects implemented by Dep. Human Settlements

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

CHALLENGES FACED BY THE HOUSING UNIT

- ❖ Mushrooming of Informal Settlement
- ❖ Urbanization and migration
- ❖ Poverty and lack of affordable housing
- ❖ Limited government resources and ineffective policies
- ❖ Natural disasters or conflicts leading to displacement
- ❖ The majority of Informal Settlement dwellings (shacks) are owned by foreign nationals, but it is difficult to determine their immigration status due to our limited working hours

- ❖ Other shacks in the informal settlements are owned by South Africans who have relocated to the area from other parts of the country primarily for job-seeking purposes, rather than local residents.

FARM DWELLS AND BACKYARD DWELLS

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

PRE-1994 HOUSES ROOF WITH ASBESTOS

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

BENEFICIARIES BENEFITED UNDER DISCOUNT BENEFIT SCHEME

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

3.5. ACCESS TO BASIC SERVICES PROGRAMME (ABS)

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

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

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

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

Table 28: Indigent Flat Rates

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

COMPONENT B: ROAD TRANSPORT AND STORM WATER DRAINAGE

3.7. ROADS

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

Picture 01: Official opening of R555



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

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

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

3.8. STORM WATER DRAINAGE

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



The installation of storm water drainage will be funded using the municipal capital budget, funds from the district municipality, and the MIG. The municipality faces a challenge in some of the developed areas like Extension 6 and 7 where there is no adequate Stormwater drainage system. A total of 2400m of stormwater was completed at Delpark extension 2.

Sundra, Eloff, Leeuwpoort and Rietkol Agricultural Holdings, Botleng and Delpark have inadequate storm water drainage systems. As a result certain houses are flooded during raining seasons. The stormwater drainage is very old and needs to be rebuilt and reconfigured. An amount of around R350 000 per annum is spent for maintenance of the storm water drainage systems.

3.9. TRANSPORT (LICENSING) SERVICES

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

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

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

3.10. BASIC SERVICE DELIVERY LEVELS

The table below specifies the different basic service delivery levels for the financial years 2023/24:

Table 29: Basic Service Delivery (Capital Projects - 2023/24)

CAPITAL PROJECTS – 2023/2024				
Project Name	Project Location		Amount	Progress
	Ward	Settlement/village		
Reconstruction of paved roads in Victor Khanye	Ward 3,4 & 5	Botleng Extension 2,3,4,5,7, Sundra & Eloff	R12 271.937.55	Construction 95%
Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 697 231.92	Construction 96,0%
Development of Portion 6 of the Farm Middelburg 231 ER - Sanitation Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 757 124.83	Construction 94,0%
Development of the 2nd Phase of the Landfill Site in Delmas	Ward 3	Botleng Extension 7	R421 705.00	Design & Tender
Drilling of Boreholes in rural areas and provision of elevated steel tanks	Ward 7 & 9	Groenfontein & Brakfontein	R2 763 703.69	Construction 66%
Installation of High Mast Light at Victor Khanye Municipality	Ward 3	Botleng Extension 7	R2 863 121.82	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Botleng Township Extensions	R30 000 000,00	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Delmas, Delpark and Botleng	R20 000 000,00	Construction 55%

COMPONENT C: PLANNING AND DEVELOPMENT

3.11. INTRODUCTION TO PLANNING AND DEVELOPMENT

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

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

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

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

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

3.12. TOWN AND SPATIAL PLANNING

The main planning strategies for the municipality are as follows:

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

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

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

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

3.13. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Victor Khanye Local Municipality (VKLM) is committed to fostering local economic development (LED) in alignment with various legislative frameworks and the municipality's strategic objectives. Through its LED strategy, VKLM aims to stimulate economic growth by leveraging local resources, skills, and partnerships, with a focus on creating jobs and alleviating poverty. The municipality recognizes the critical role of agriculture and coal mining, which significantly contribute to its Gross Domestic Product (GDP) and are expected to continue to be the driving forces of its economy despite broader national economic challenges.

3.13.1. LEGISLATIVE FRAMEWORK:

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

3.13.2. FOCUS ON LOCAL RESOURCES:

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

3.13.3. ECONOMIC GROWTH AND JOB CREATION:

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

3.13.4. POVERTY ALLEVIATION AND RESOURCE REDISTRIBUTION:

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

3.13.5. INVESTMENT IN HUMAN CAPITAL:

Developing the skills and capabilities of the workforce is essential for economic development. VKLM plans to invest in education and training programs to equip residents with the skills required in key sectors such as agriculture and mining.

The Victor Khanye Local Municipality's commitment to local economic development, guided by a robust legislative framework and a focus on local resources, offers a pathway toward sustainable economic growth and improved living standards for its residents. While challenges remain in expanding its contribution to the provincial GDP, the strategic focus on coal and agriculture, coupled with initiatives aimed at job creation and poverty alleviation, can foster a more resilient local economy. Continuous engagement with stakeholders, investment in human capital, and a responsive governance approach will be crucial in achieving these objectives in the coming years.

3.13.6. ECONOMIC SECTOR PERFORMANCE:

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

A) AGRICULTURE:

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



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

Table 30: 2023/24 and 2024/25 Multi Year Programmes/Projects DARDLEA

2023/24 AND 2024/25 MULTI YEAR PROGRAMMES/PROJECTS DARDLEA						
Item No.	Project Description	Financial Year	Benefiting wards and Households	Project Status	Budget	Expenditure
1	Set of Pigs	2023/24	Victor Khanye Local Municipality	10 sows and 1 boar 1 set of 10 sows and 1 boar 10 sows and 1 boar	1 350 000	1 350 000
2.	Set of Sheep	2023/24		1 set of sheep(1 ram and 10 ewes) 1 set of sheep(1 ram and 10 ewes)	1 350 000	1 350 000



Picture 02: Set of Pigs Project



B) MINING:

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



Picture: The Leeuwpans Coal Mine

C) STRATEGIC PARTNERSHIPS ON ECONOMIC GROWTH AND DEVELOPMENT:

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

D) PUBLIC-PRIVATE PARTNERSHIPS (PPPS):

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

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

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

CHALLENGES:

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

OPPORTUNITIES:

VKLM has identified promising opportunities for expanding its partnership landscape, particularly in sectors like renewable energy, tourism, and technology. Capitalizing on these emerging sectors aligns with the municipality's vision for sustainable economic development, presenting a pathway for innovation and growth.

In summary, while VKLM's economic drivers—agriculture and mining—face notable challenges and uncertainties, there are distinct opportunities for growth through strategic partnerships and diversification into emerging sectors. By focusing on developing support systems for small farmers, creating more conducive environments for SMMEs, and exploring new economic avenues, VKLM can foster a resilient and sustainable local economy.

Table 31: Local Economic Initiatives 2023/24

INSTITUTION	TRAINING	BUDGET	BENEFICIARIES
SEDA	Pre-investment support: Basic Business Skills	R0.00	26 SMMEs participated
VKLM	Financial and none financial funding for SMME's.	5 000 000	22 SMME's benefited being funded tools of trade for their businesses.
Wholesale & Retail Seta and Turning Zone Solutions	Business Management and Customer Service	R351 000	54 SMMEs participated and each will be given R6500 for start-up stock
Buhle Farmers Academy & Agri-Seta	Basic Vegetable Production	R0.00	10 aspiring farmers participated. It should be noted that Buhle and VKLM signed an MoU to capacitate local aspiring famers with skills and access to market
Coca Cola and Centre for Innovation & Entrepreneurship	Grow My Business (Planning, Customers & Marketing, Finance, Operations, and People)	R0.00	48 SMMEs participated
Sanral	Pre-tender training	R0.00	14 aspiring contractors participated
NYDA and WRSETA	Entrepreneurship Learnership	R3 000 stipend per learner for six months	45 leaners are participating

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

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

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



Victor Khanye Local Municipality employed 146 EPWP participants on the 1st of March 2024, this increased to 186 participants as of end of the 2023/24 financial year.

The Municipality in the 2023/24 financial year had 5 Capital projects (infrastructure) that provided employment through EPWP initiatives. 15 EPWP Full Time Equivalent (FTE's) job opportunities were provided through the implementation of Capital projects.

565 EPWP Full Time Equivalent (FTE's) were created through social, culture and environment initiatives.

These employment opportunities are divided between the Community and Social Services Directorate and the Technical Services Directorate.

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

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

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

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.15. LIBRARIES

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

STATUS OF VKLM LIBRARIES

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

Operating times are as follows:

Sundra Library:

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

Delmas Library

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

Botleng Ext.3 Library

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

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

LIBRARY SERVICES PROVIDED

The libraries in VKLM provides the following services:

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

CHALLENGES EXPERIENCED BY THE LIBRARIES IN 2023/24:

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

2023/24 LIBRARY EVENTS AND OUTREACHES**Table 31:** Library Events 2023/24

EVENT	DATE	VENUE
International Mandela day:	31 July 2023	Sundra Library
National archives Week:	06 May 2024	Sundra High School
National Archives Week	07 May 2024	Botleng Secondary School
National Archives Week:	08 May 2024	Mafa max Motloun Secondary

3.16. CEMETERIES AND CREMATORIUMS

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

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

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

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

Table 32: Recorded Deaths per Gravesite

GRAVE SIDE	RECORDED DEATHS 21/22		RECORDED DEATHS 22/23		RECORDED DEATHS 23/24	
	ADULTS	CHILDREN	ADULTS	CHILDREN	ADULTS	CHILDREN
BOTLENG CEMETERY	490	82	503	83	396	51
DELMAS CEMETERY	23	1	6	0	06	0
SUNDRA CEMETERY	37	1	20	5	27	02
TOTAL			550	84	429	53
GRAND TOTAL	654		617		482	

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

Challenges encountered by cemeteries unit:

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

3.17. TRANSVERSAL PROGRAMMES

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

This function involves activities that promote the protection of and facilitate the functionality of environmental services and systems & natural assets, so that the natural environment of Victor Khanye is one that sustains life, promotes equality and uses innovative solutions for complex environmental challenges while encouraging the involvement and participation of communities.

Picture: HIV Aids Candle Light and Awareness



The Transversal Unit aims to ensure effective and efficient management of institutional mechanisms for social and economic empowerment, equalization of opportunities, and access to resources for various individuals and organizations. These include gender, children, persons with disability, elderly persons, and those affected and infected by HIV and AIDS issues including organizations working with special programs.

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

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

NKANGALA DISTRICT NPO APPROVED FOR FUNDING FOR ALL DISTRICT MUNICIPALITIES

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

Table 33: NDM NPO Approved for funding for all Municipalities

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

3.18. YOUTH DEVELOPMENT

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

CHALLENGES:

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

STRATEGIC OBJECTIVES:

To address these challenges, we aim to:

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

YOUTH DEVELOPMENT DEFINITION:

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

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

TARGET YOUTH:

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

KEY FOCUS AREAS:

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

3.19. EDUCATION AND SKILLS DEVELOPMENT**Table 34:** Youth Skills and Education Initiatives 2023/24

STRATEGIC FOCUS	PROGRAMME	NUMBER OF BENEFICIARIES
SKILLS DEVELOPMENT	The 12-month Community House Builder programme with MRTT is ongoing, providing participants with a monthly stipend of R1,800. The programme aims to equip learners with essential house building skills, contributing to community development.	20
	The Youth Development Unit, in collaboration with BICSA, facilitated a learnership opportunity for 25 young individuals from Victor Khanye, providing them with a chance to participate in a programme based in Pretoria, Gauteng. Throughout the duration of the programme, learners received a monthly stipend of R1,800. Notably, all 25 learners successfully completed and graduated from the programme, achieving a significant milestone in their personal and professional development.	25
	The Youth Development Unit partnered with African Global Skills Academy to assist 10 young people in obtaining their Code 14 driver's license, enhancing their employability and mobility	10
	The Youth Development Unit, in partnership with Nkangala District and LGSETA, implemented a 12-month learnership programme in Roadworks, Building, Civil Construction, and Plumbing, developing young people's skills and employability.	37
	The Victor Khanye Local Municipality and MTN partnered to deliver the Digital Skills Program, empowering 120 young people with essential digital skills, all of whom successfully completed the program.	120

	The Victor Khanye Local Municipality partnered with Nkangala TVET College to train 20 young people in Bricklaying, equipping them with practical skills and enhancing their employability	20
EDUCATION	Anti-corruption and crime awareness campaign.	200
	The Victor Khanye Local Municipality, Youth development unit hosted Matric Empowerment Programs for Grade 12 learners, providing guidance on higher education, tertiary applications, and social awareness, to ensure a successful transition to post-secondary education	500+
EDUCATION	Grade 12 learners from six local high schools benefited in the quarterly Academic Excellence Awards hosted in partnership with the Department of education.	100+
	Life-skills workshop with NYDA	60+
	Social ills awareness campaign	300
TOTAL		1392

3.20. HEALTH AND WELLBEING

Table 35: Youth health and wellbeing initiatives 2023/24

STRATEGIC FOCUS	PROGRAMME	NUMBER OF BENEFICIARIES
HEALTH AND WELLBEING	The Victor Khanye Local Municipality partnered with the Academia Forum to deliver a Mental Health and Wellness campaign for young people in Wards 09, addressing challenges that lead to problematic behavior and promoting healthy coping mechanisms	65
	Youth Development Unit implemented a Social Ills/Life Skills Awareness Campaign in Delpark Ext 02, addressing issues like alcoholism, school dropout, drug abuse, and teenage pregnancy, and empowering young people with life skills and knowledge	112
TOTAL		177

COMPONENT E: ENVIRONMENTAL PROTECTION

3.21. ENVIRONMENTAL PROTECTION

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

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



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

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

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

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

3.22. POLLUTION CONTROL

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

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

3.23. AIR QUALITY MONITORING

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

Pollution Control Activities:

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

3.24. BIO-DIVERSITY

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

COMPONENT F: TRAFFIC, SECURITY, AND SAFETY

3.25. TRAFFIC

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

The Public Safety unit consists of four (3) sections namely. The Traffic Department, Fire / Rescue and Disaster risk management services and internal security services.. Amongst the measures that are implemented by the municipality to improve road safety is the construction of traffic calming measures at different streets to reduce the speed of vehicles.

The unit provides road safety awareness campaigns, traffic law enforcement to control, street trading and public transport control, funeral and VIP escorts.

Accident rate has significantly decreased this can be attributed to:

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

3.25.1. CHALLENGES:

Traffic congestion remains a major challenge on main road intersections (R42 and R50) within Victor Khanye. This projects seeks to identify necessary interventions such as road expansion in order to address the congestion challenge. Partnership with Mpumalanga Department of Public Works needs to expedited to realize this intervention.

Bad state of provincial and municipal roads.

Lack of road signs, traffic lights and weigh bridge.

3.25.2. TRAFFIC ENFORCEMENT

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

3.26. SAFETY AND SECURITY

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

3.27. FIRE SERVICES AND DISASTER MANAGEMENT

3.27.1. FIRE SERVICES

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

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

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

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

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

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

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

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

3.27.2. DISASTER MANAGEMENT

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

Disaster Management and its objectives:

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

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

COMPONENT G: SPORT AND RECREATION

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

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

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

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

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

The predominant Sport Activities in Victor Khanye Local Municipality are:

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

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

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

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

However there is a need for a recreational swimming pool as for many years the children of Botleng have gone swimming at a local small river fondly known as deep level. VKLM In the light of the government commitment to expanded access to services has prioritized the provision of services to the communities who are located in the peripheral areas. The Simon Gondwe Sports Centre at Delmas provides the communities of the municipality with access to sport facilities.

However, it should be extended in order to accommodate communities in the periphery, particularly communities from areas such as Botleng who have limited access to sport facilities. The need for sport facilities for soccer, netball etc. (ward 6) has been highlighted by the communities.

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.28. ORGANIZATIONAL DEVELOPMENT

3.28.1. MUNICIPAL WORKFORCE

Victor Khanye Local Municipality, as at 30 June 2024, employed 415 officials (excl. Councillors) (excluding non-permanent positions), who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

3.28.2. EMPLOYMENT EQUITY

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

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

3.29. CORPORATE POLICY OFFICE

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

Section 11 of the MSA gives municipal councils the executive and legislative authority to pass and implement by-laws and policies. Municipal policies and by-laws approved and/or reviewed in the 2023/24 financial year are listed below;

Table 36: List of By-Laws and Policies (2023/24)

	Description	Date of approval	Last Reviewal	Custodian(s) Responsible person
BUDGET RELATED POLICIES				
1	Budget and Financial procedures	28/05/2012	31/05/2023	CFO
2	Debt Collection and Credit Control Management	28/05/2012	28/03/2024	CFO
3	Cash management, investment and financial procedures	28/05/2012	28/03/2024	CFO
4	Rates management	28/05/2012	28/03/2024	CFO
5	Supply Chain Management	28/05/2012	28/03/2024	CFO
6	Indigent management	28/05/2012	28/03/2024	CFO
7	Tariffs Policy	28/05/2012	31/05/2022	CFO
8	Burial of Indigent	28/05/2012	28/03/2024	CFO/ED:SOCIAL SERVICES
9	Revenue enhancement strategy		28/03/2024	CFO
10	Petty Cash		28/03/2024	CFO
11	Inventory		28/03/2024	CFO
12	Assets		28/03/2024	CFO
13	Virement		28/03/2024	CFO
14	Financial regulations		28/03/2024	CFO
15	Provision for doubtful debt & write off		28/03/2024	CFO
16	Contract management		28/03/2024	CFO
17	Loss control		28/03/2024	CFO
18	Monitoring and evaluation of service providers		28/03/2024	CFO
19	Creditors and staff payments		28/03/2024	CFO
20	Budget	28/05/2021	28/03/2024	CFO
21	Payday	28/05/2021	28/03/2024	CFO
22	Staff and Councillors payment	28/05/2021	28/03/2024	CFO
23	Cost containment	28/05/2021	28/03/2024	CFO

HUMAN RESOURCE MANAGEMENT RELATED POLICIES				
1	Employee, Councillor wellness programme	07/10/2012	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
2	Overtime and procedure	07/10/2012	29/06/2023	EXECUTIVE DIRECTOR: CORP SERV
3	Employment practice	07/10/2012	30/11/2023	EXECUTIVE DIRECTOR: CORP SERV
4	Hospitality, Gift, Appreciation and Staff Farewell Function	31/10/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
5	Entertainment Budget Utilization	31/10/2012		EXECUTIVE DIRECTOR: CORP SERV
6	Language	30/08/2016	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
7	Subsistence and Travel	11/10/2012	05/06/2014	EXECUTIVE DIRECTOR: CORP SERV
8	Occupational Health and Safety	01/08/2013	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
9	Bursary Scheme	01/08/2013	03/12/2019	EXECUTIVE DIRECTOR: CORP SERV
10	Incapacity due to poor work performance	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
11	Leave management practise	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
12	Succession Planning and career pathing	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
13	HR Strategy	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
14	Attraction and retention	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
15	Dress code	01/08/2013	06/06/2017	EXECUTIVE DIRECTOR: CORP SERV
16	Bereavement	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV

17	Training and development	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
18	Exit interview	01/08/2013	03/11/2020	EXECUTIVE DIRECTOR: CORP SERV
19	Employment Equity	01/08/2013	28/03/2024	EXECUTIVE DIRECTOR: CORP SERV
20	Records management	31/10/2013	28/03/2024	EXECUTIVE DIRECTOR: CORP SERV
21	Records Management Procedure Manual	29/01/2015	28/03/2024	EXECUTIVE DIRECTOR: CORP SERV
22	VIP Protection	31/10/2012		EXECUTIVE DIRECTOR: SOCIAL SERV
23	Security	06/06/2017	06/10/2020	EXECUTIVE DIRECTOR: SOCIAL SERV
24	Incapacity due to ill-health/ injury	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
25	Induction	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
26	Smoking	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
27	External study bursary	01/11/2010		EXECUTIVE DIRECTOR: CORP SERV
28	Private work and declaration of interest	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
29	Attendance and punctuality	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
30	Employee assistance	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
31	Termination of service	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
32	Intoxication substance abuse	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
33	Transport allowance	03/11/2020		CFO

34	Acting allowance	03/11/2020	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
35	Placement, transfer and redeployment	03/11/2020	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
36	Job Evaluation	08/12/2022		EXECUTIVE DIRECTOR: CORP SERV
37	Danger allowance, Risk assessment and Metrix Policy	04/10/2022		EXECUTIVE DIRECTOR: CORP SERV/CFO
38	Internship	04/10/2022		EXECUTIVE DIRECTOR: CORP SERV
SERVICE DELIVERY PROGRAMME RELATED POLICIES				
1	Community Development Projects Expenditure	31/10/2012		OFFICE OF THE MUNICIPAL MANAGER
2	Immovable Property Disposal Land acquisition and Disposal	31/10/2012	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
3	Municipal Property	04/10/2022		OFFICE OF THE MUNICIPAL MANAGER
4	EPWP	23/01/2014	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
5	Human Settlement chapter allocation	31/10/2013		EXECUTIVE DIRECTOR: TECH SERV
6	Transport Policy	05/06/2014	08/12/2022	EXECUTIVE DIRECTOR: TECH SERV
7	Communication Strategy	05/06/2014	13/04/2021	OFFICE OF THE MUNICIPAL MANAGER
8	Public Participation Strategy	05/06/2014		OFFICE OF THE MUNICIPAL MANAGER
10	Parks and public open space	02/07/2019		EXECUTIVE DIRECTOR: CORP SERV
11	Bulk contribution	22/10/2019		
12	Business Licensing and Spaza shop	08/12/2022	30/01/2024	OFFICE OF THE MUNICIPAL MANAGER
13	Water conservation and demand strategy	04/10/2022		EXECUTIVE DIRECTOR: TECH SERV

BY LAWS				
1	Public health	30/04/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
2	Street trading	30/04/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
3	Cemetery & Crematoria	30/04/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
4	Credit control and collection	07/06/2013	28/03/2024	CFO
5	Property rates	07/06/2013	03/10/2017	CFO
6	Fire Brigade Services	06/06/2017		EXECUTIVE DIRECTOR: SOCIAL SERV
7	Waste management	06/06/2017		EXECUTIVE DIRECTOR: TECH SERV
8	Water and wastewater	28/02/2020		EXECUTIVE DIRECTOR: TECH SERV
9	Tariffs	28/05/2021	28/03/2024	CFO
10	Air quality management	17/07/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
11	Traffic	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
12	Liquor Trading	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
13	Trading	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
14	Land invasion bylaw and strategy	04/10/2022		OFFICE OF THE MUNICIPAL MANAGER

(RISK, INTERNAL AUDIT, COMPLIANCE AND PERFORMANCE POLICIES)				
1	Risk Management Policy	05/06/2014	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
2	Risk Management Strategy	05/06/2014	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
3	Fraud prevention plan		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
4	Risk methodology		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
5	Fraud prevention strategy		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
6	Risk Management Committee charter		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
7	Fraud Prevention and anti-Corruption Policy	31/10/2012	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
8	Whistleblowing		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
9	Combined assurance framework	01/06/2021	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
10	Internal audit charter	01/06/2021	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
11	Internal audit methodology	01/06/2021	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
12	Risk Management Anti-fraud and anti-corruption committee charter	01/06/2021	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
13	Risk Appetite and Tolerance Framework	04/10/2022	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
14	Business Continuity Management	04/10/2022	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
15	Business Continuity Management Framework	01/10/2022	27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
16	Compliance Management Policy		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER

17	Compliance Management Standard Operation Procedure		27/07/2023	OFFICE OF THE MUNICIPAL MANAGER
18	Performance Management	07/08/2012	06/06/2017	OFFICE OF THE MUNICIPAL MANAGER
19	Performance Management Framework	01/06/2021		OFFICE OF THE MUNICIPAL MANAGER
20	Performance Management System Policy Performance Management Development Framework	01/06/2021	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER

ICT RELATED POLICIES				
1	Information Technology Security	31/10/2012	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
2	End-User Account Access Control	31/10/2012	23/01/2014	OFFICE OF THE MUNICIPAL MANAGER
3	E-Mail and Internet Usage	31/10/2012		OFFICE OF THE MUNICIPAL MANAGER
4	ICT change management	23/01/2014	20/06/2023	OFFICE OF THE MUNICIPAL MANAGER
5	ICT Accountability for assets	23/01/2014	17/12/2020	OFFICE OF THE MUNICIPAL MANAGER
6	ICT Backup & retention	23/01/2014	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
7	Disaster recovery plan	23/06/2015	17/12/2020	OFFICE OF THE MUNICIPAL MANAGER
8	ICT business continuity plan	23/06/2015		OFFICE OF THE MUNICIPAL MANAGER
9	ICT governance framework	23/06/2015	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
10	ICT firewall	23/06/2015	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
11	ICT access	17/12/2020	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER

12	ICT information communication standard	17/12/2020	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
13	Cell-phone & Data Card Policy	17/12/2020	29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
14	ICT management procedure	17/12/2020		OFFICE OF THE MUNICIPAL MANAGER
15	ICT strategy	17/12/2020	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
16	ICT Information Security	08/12/2022		OFFICE OF THE MUNICIPAL MANAGER
17	Patch Management		29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
18	ICT Service Standard		29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
19	ICT Cyber Security		29/06/2023	OFFICE OF THE MUNICIPAL MANAGER
20	Incident Management		29/06/2023	OFFICE OF THE MUNICIPAL MANAGER

The Municipality has a total of 114 policies and 14 by-laws that have been approved by Council; the total of 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.

3.30. FINANCIAL SERVICES

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

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

Table 37: Financial Performance

CURRENT YEAR 2023/24			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	YTD Actual
Employee related costs	201 503 000	202 000 000	192 678 700
CURRENT YEAR 2023/24			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL
Repairs and Maintenance	18 117 000	48 748 000	56 143 592
CURRENT YEAR 2023/24			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL
Total Capital Funding	59 074 000	57 129 000	57 129 000

3.31. HUMAN RESOURCE SERVICES

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

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

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

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

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

The Human Resources services include:

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

❖ All Human Resources Administration.

Each Executive Director, manager, assistant manager, departmental head, superintendent, assistant superintendent and foreman are responsible for setting objectives, delegating responsibilities and tasks, motivating staff, disciplining staff, developing skills and career paths, measuring performance and generally guiding their staff.

In these endeavours, management and line management are assisted by the Human Resource Department, who provides policies, guidelines, support, systems and specialised inputs.

3.31.1. GENERAL ADMINISTRATION

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

3.31.2. SECRETARIAT OF MEETINGS

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

3.31.3. PROPERTY ADMINISTRATION

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

3.31.4. ARCHIVES AND RECORD MANAGEMENT

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

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

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

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

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

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

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

We have also improved our wireless network capacity, provided tools of trade to our users, introduced a mobile app to improve communication, continued the use of SMSs to communicate with the community, provision of telecommunication services and data services, and enabling a platform for our users. Highlights of the 2023/24 ICT performance are explained here below:

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

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

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

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

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

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

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

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

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

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

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

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

Table 38: ICT Performance

PROGRAMMES BEING IMPLEMENTED BY INFORMATION	
1) VICTOR KHANYE LOCAL MUNICIPALITY – OPTIC FIBER ROLLOUT, BOTLENG. 2) PUBLIC WIFI IN PROGRESS IN TERMS DATA ANALYSIS THROUGH NKANGALA DISTRICT MUNICIPALITY. 3) ICT HAS MANAGED TO ATTRACT THE MAJOR INTERNET SERVICE PROVIDER (ISP) AND UPGRADE OF THE ICT INFRASTRUCTURE COMPANIES IN THE 2023/24 FINANCIAL YEAR THROUGH TENDER PROCESSES BELOW AN OVERVIEW SCOPE TO PROVIDE A ROBUST ICT ENVIRONMENT.	
OFFICE	SCOPE
VKLM HEAD OF MUNICIPALITY.	The fibre internet speed 250Mbps.
FC DUMAT/TECHNICAL OFFICE.	The fibre internet speed 100Mbps.
WATER TREATMENT PLANT/DRP AND SEWAGE WATER TREATMENT.	The fibre internet speed 100Mbps.
MUNICIPAL WORKSHOP/STORES.	The fibre internet speed 100Mbps.
LICENSING DEPARTMENT	The fibre internet speed 100Mbps.



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

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

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

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

The main objectives are the following:

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

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

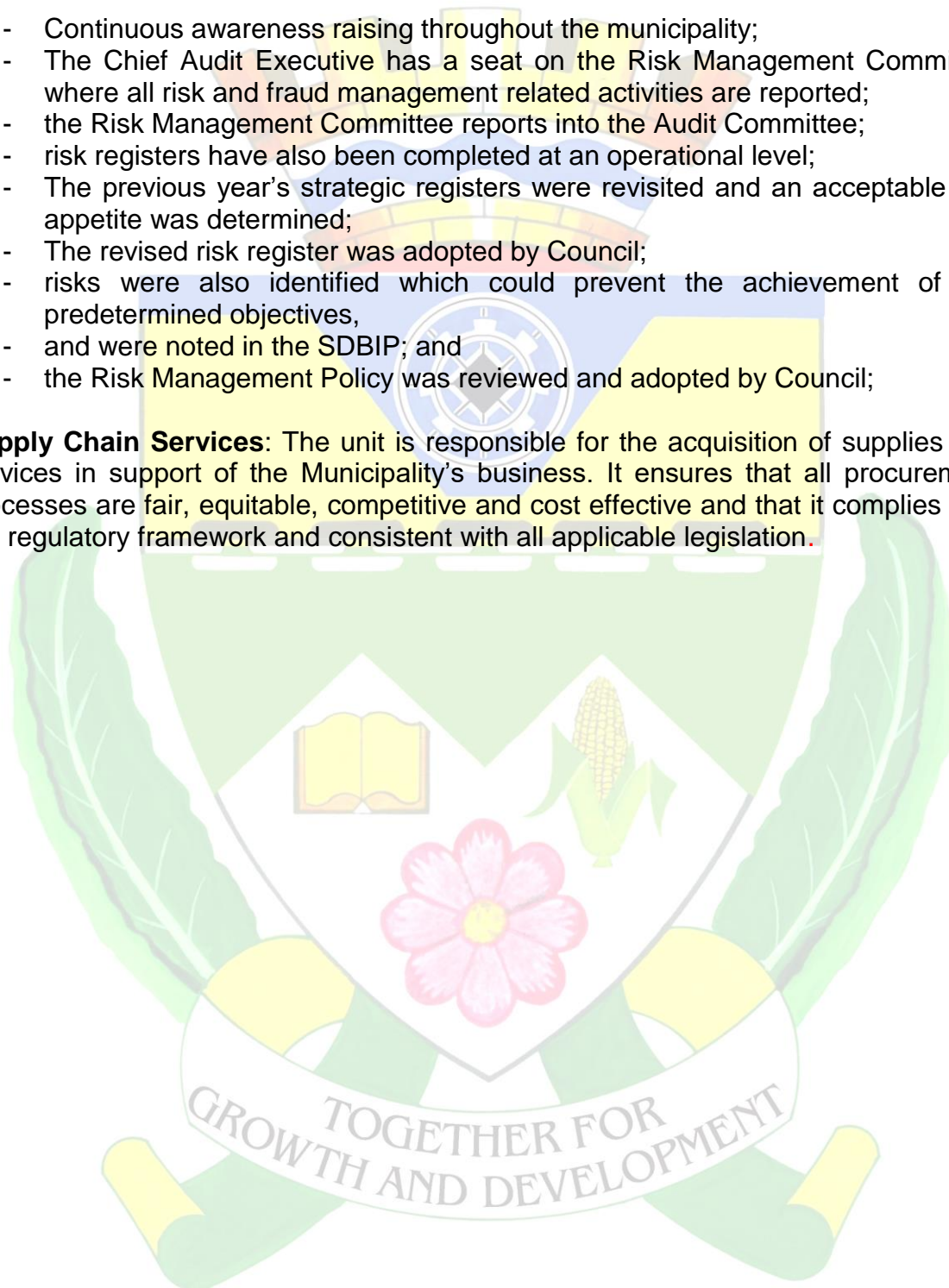
The Corporate Property Admin Archive Housekeeping unit is fully complying with the aim of ensuring Good Governance. The unit provides records management, secretariat services and alienation of Council's properties. This Corporate Service Directorate will therefore continue to provide a high quality of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

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

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

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

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



COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARD

3.34. ORGANISATIONAL PERFORMANCE SCORECARD

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

As with most local government processes performance management is institutionalized by means of legislative and policy requirements. The report covers a specific financial year of the Five Year 2022/2026 IDP, the 2023/24 reviewed IDP, which confirms six strategic objectives and its focus areas as:

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

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

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

- ❖ *Environmental Conservation*
- ❖ *Disaster management*

To create an enabling environment for social development and economic growth

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

To grow the revenue base of the municipality

- ❖ *Sound Financial Planning*

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

- ❖ *Institutional capacity building*

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

- ❖ *Ward committees System*

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

The 2023/24 Annual Performance Report and Financial Statements provide the basis for the 2023/24 Annual Report. Therefore, the Oversight Report as adopted by Council for the prior reporting period is taken into consideration during the drafting of the Annual Performance Report.

3.34.1. PURPOSE

The 2023/24 Annual Performance Report is submitted to Victor Khanye Municipal Council in terms of the Municipal Systems Act, Act 32 of 2000, section 46(1) & (2). This report reflects performance information for the period 01 July 2023 to 30 June 2024 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched as in the Municipality's Integrated Development Plan (IDP) for the year under review.

The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2023/2024. The format of the report will reflect Victor Khanye Local Municipality's Key Performance Indicators (KPI's) per:

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

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

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

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

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

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

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

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

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

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

3.34.2. LEGISLATIVE REQUIREMENTS

This 2023/24 Annual Performance Report was compiled in compliance with the requirements of section 46(1) of the Local Government: Municipal Systems Act, No. 32 of 2000; stipulating the following:

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

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

3.34.3. ORGANISATIONAL PERFORMANCE

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

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

3.34.4. ADOPTION OF A PERFORMANCE MANAGEMENT POLICY FRAMEWORK

The Performance Management Framework System 2022/23 was reviewed and submitted to Council for approval in June 2022. The framework is still effective as per the adoption and will be reviewed as/when there are changes to be effected.

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

The draft review of the Fifth generation IDP was tabled in March 2022 and then publicized for public feedback. In May 2022, Resolution Number: A012/05/2020 Victor Khanye Municipal Council approved the revised Fourth Generation IDP (2021/22 – 2023/24) together with the 2022/23 MTREF Budget. The IDP is the primary planning tool used to steer and inform the municipal budget. Each municipality in South Africa is required by the MSA to establish such a strategic plan to guide all development and management within the municipal territory.

The IDP outlines the municipality of Victor Khanye Local Municipality's development goals for the next five years. Municipal planning and project implementation must be guided and determined by the IDP. The budget for 2023/24 was based on the IDP as well as other domains of government and service providers. The IDP for the period July 2021 to June 2026 expresses the political mandate given to inhabitants in the August 2016 local government election.

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

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

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

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

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

3.34.6. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

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

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

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

The Top-Layer SDBIP 2023/24 was approved by the Executive Mayor, in terms of section 53(1)(c)(ii) of the MFMA on the 28th of June 2023.

3.34.7. THE MUNICIPAL SCORECARD (TOP-LAYER SDBIP)

The Municipal scorecard (Top-Layer SDBIP) consolidates service delivery objectives established by Council / senior management and offers an overall picture of the municipality's performance, indicating performance in its strategic priorities for the 2023/24 fiscal year. The scorecard is a performance evaluation instrument that is used during senior managers' informal and formal performance evaluations.

Components of the Top-Layer SDBIP include:

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

Top-Layer KPIs were prepared based on the following:

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

3.34.8. AMENDMENT OF THE TOP-LAYER SDBIP

The Top Layer SDBIP 2023/24 was reviewed once during the 2023/24 financial year and submitted to Council for approval on 28 February 2024.

3.34.9. ACTUAL PERFORMANCE

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

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

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

3.34.10. MONITORING OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Municipal performance is measured as follows:

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

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

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

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

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

- ❖ Quarter 1 (July to September 2023);
- ❖ Quarter 2 (October to December 2023);
- ❖ Quarter 3 (January to March 2024); and
- ❖ Quarter 4 (April to June 2024).

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

This procedure and format are further governed by MSA Regulation 805 (August 2006). The performance agreements for the Municipal Manager and section 56 appointments for the 2023/2024 fiscal year were signed on the mandated date of July 30, 2023. They contain performance contracts for the following:

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

The performance agreements of the following section 56 employees were signed during the financial year after their appointments;

- Executive Director: Technical Services.
- Executive/Acting Director: Corporate Services;

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

3.34.11. SERVICE DELIVERY PERFORMANCE

This section provides an overview of the key service achievements of the municipality that came to completion during 2023/24 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

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

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

Table 39: Performance Management System Checklist

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

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

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

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

The MFMA Circular No.13 prescribes that:

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

The Top Layer SDBIP was created in the manner outlined below and authorized by the Executive Mayor on June 28, 2023. The Top Layer SDBIP 2023/24, on the other hand, was amended on the 29th of February 2024. These changes were made in accordance with the adjustment budget, internal audit results, and recommendations provided by the South African Auditor General (AGSA). The performance obtained against the Top-Layer SDBIP according to the IDP strategic objectives is highlighted in the paragraphs below. The table below describes how the overall evaluation of actual performance versus objectives established for the SDBIP's key performance indicators (KPIs) is measured:

3.34.12. OVERALL PERFORMANCE PER MUNICIPAL KEY PERFORMANCE AREA

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

Table 40: Performance per KPA 2023/24

KEY PERFORMANCE AREAS	2022/23			2023/2024		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
1. Infrastructure and Basic Service Delivery	40	31	78%	40	30	75%
2. Financial viability and Finance Management	33	22	67%	37	29	78%
3. Institutional Development and Transformation	29	20	69%	27	23	85%
4. Good Governance and Public Participation	45	28	63%	48	32	67%
5. Spatial Rationale	04	02	50%	06	05	83%
6. Local Economic Development	08	06	75%	08	07	88%
Total	159	109	69%	126	126	76%

The table above indicates that Victor Khanye Local Municipality recorded an overall improvement in terms of achieving KPIs set within the 6 KPAs; with an increase of an overall achievement of 76% of the total KPAs, as opposed to the 69% achieved in 2022/23.

The best performing KPA in the 2023/24 financial year Local Economic Development, followed by Institutional Development and Translation, with 88% and 85% respectively, both having improved from the achieved percentage in the 2021/22 FY.

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

4.1. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (OPMS)

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

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

4.2. LEGISLATIVE REQUIREMENTS

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

A municipality must prepare for each financial year a performance report reflecting—
The performance of the Municipality and each external service provider during that financial year;

A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
Measures taken to improve performance.

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

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

4.3. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK

Table 41: Legislative Reporting Framework

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

4.4. OPERATING PROCEDURES AND OVERVIEW

In the 2023/24 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2023/24 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2023/24 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;

- Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the Monitoring and Evaluation Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2022/23 Annual and mid-term 2023/24 were concluded as per the regulated timeframes.

4.5. PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2023/24 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

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

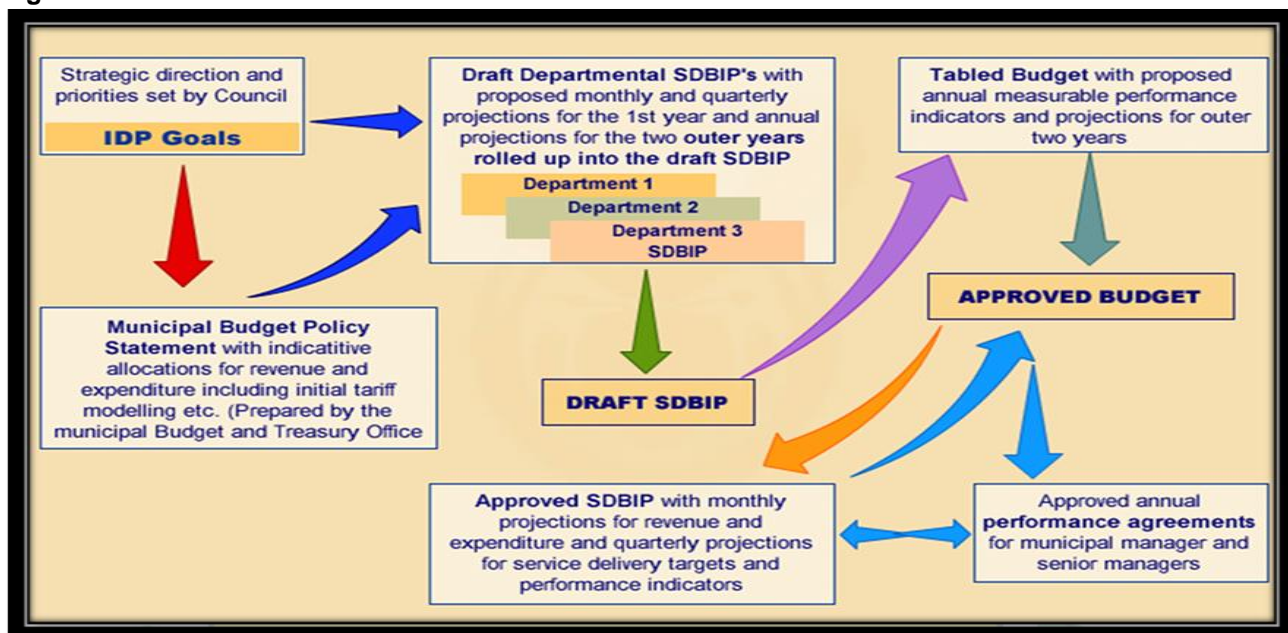
4.6. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

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

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

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

Figure 02: SDBIP Process



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

- To deal decisively with indicators that departments are required to report on, on a monthly basis that are not reflective of their core business, or which cannot be accurately measured;
- To appropriately accommodate and plan for the amendments that are necessitated by external funding increases and/or decreases;
- With a view to evaluate the amount of target capability that will not be realised as a result of the reduced funds;
- To evaluate if funds can be diverted from another source internally within agreed financial transfer mechanisms;
- To address the findings raised by the Auditor-General SA during the 2022/23 financial year through the implementation of the approved Audit Action Plan.

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

4.7. PROCESSES IN AMENDING 2023/24 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

- a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;
- b) Meeting with the Head of Departments (HOD);
- c) Submitted proposed amendments to the Audit Committee;
- d) Submitted proposed amendments to council for adoption;
- e) Submitted the Revised SDBIP 2023/24 to be signed by the Mayor and tabled to council for the acquiring of council resolution
- f) Public advert was posted on the Amended SDBIP 2023/24 and on the on the website and advertised in Local Newspapers.

4.8. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

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

The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2023/24 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2023/24 Financial Year.

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

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

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

4.9. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDETERMINED OBJECTIVES (KPI)

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

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

The MFMA Circular No.13 prescribes that:

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

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

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

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

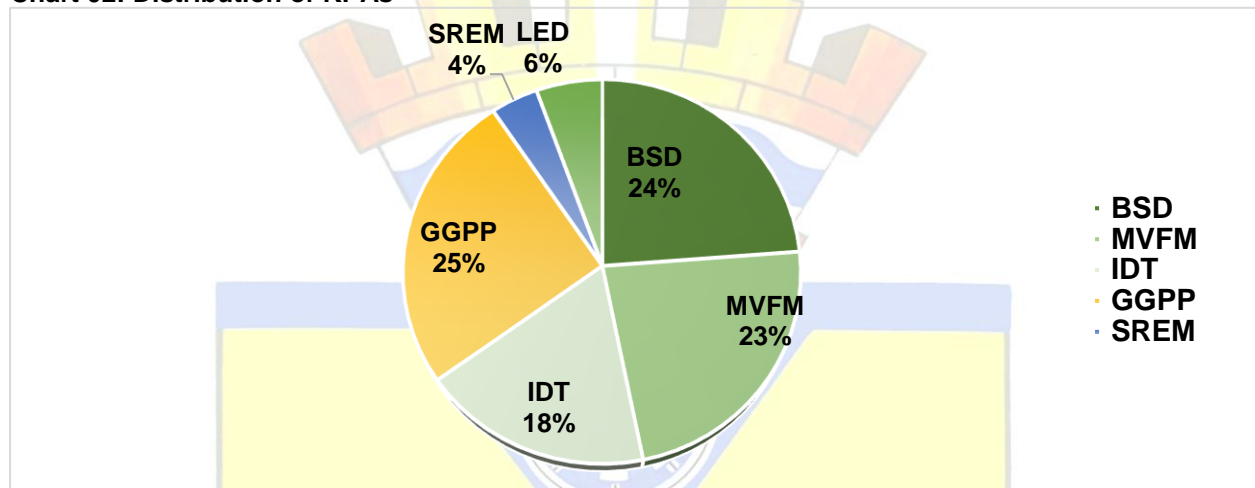
COLOUR CATEGORY	COLOUR CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED

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

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

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

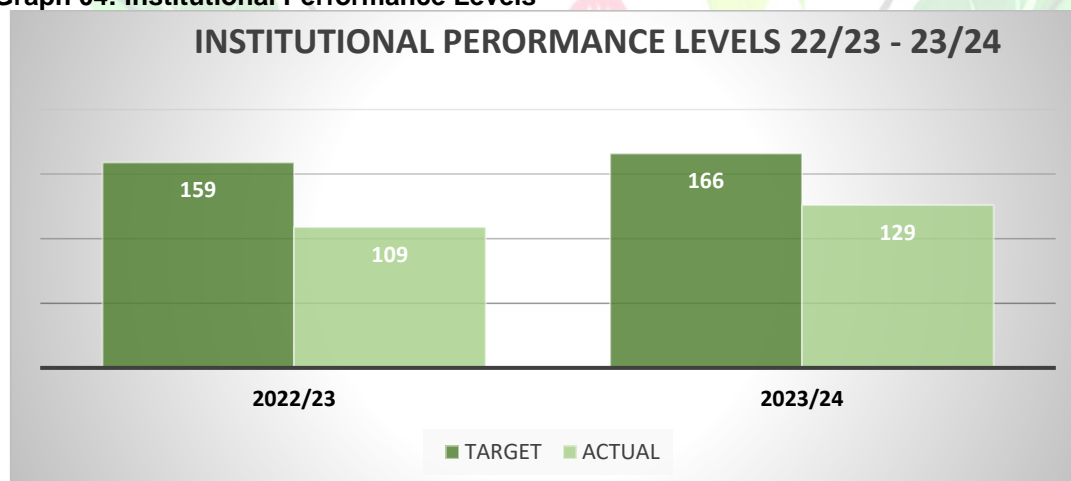
Chart 02: Distribution of KPAs



Evidently, the pie chart shows that the municipality has most of its KPI's in the top two dedicated to; Good Governance and Public Participation at **29%** and Infrastructure and Basic Service Delivery at **24%**. Municipal Financial Viability Management was at **22%**, followed by Institutional Development and Transformation at **16%**, Local Economic Development at **05%** and Spatial Rational and Environmental Management takes **04%**.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the 2023/2024 FY in comparison to that of the 2022/23 FY.

Graph 04: Institutional Performance Levels



The chart illustrates an improvement in the 2023/24 FY in the number of KPIs achieved, as opposed to those achieved in the 2022/23. A total of **129** KPIs were achieved in 2023/24 out of **166** KPIs targeted, which translate to **78%** achievement. The **109** KPIs achieved in 2022/23 against **159** targeted KPIs, translates to **69%** total achievement.

COMPONENT A: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

The overall score for this KPA is **83%** for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality because of its direct impact to community development e.g. the construction of road infrastructure, water provision, etc. The achieved 83% is an improvement of the 78% achieved on 2022/23.

Performance under this KPA was as follows:

Table 42: BSD Performance (2023/24)

KPI Status	Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	33
Target Not Met (below planned)	7
Total	40
% Targets met	83%
% Targets not met	17%

Performance Highlights for the 2023/24

- The MIG conditional grant was fully utilised or spent (100%) which means that there was no roll over of the grant funding.
- All formal households within the municipal area received frequent waste removal services.
- The municipality frequently conducts tests on water samples thereby ensuring that the water that we provide to our communities meets the acceptable standards.

COMPONENT B: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The overall score for this KPA is **78%** for the year under review. This represents an improved achievement from the 67% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators.

Performance under this KPA was as follows:

Table 43: MFVM Performance (2023/24)

KPI Status	Financial Viability and Finance Management
Target Met (as planned and exceeded)	29
Target Not Met (below planned)	08
Total	37
% Targets met	78%
% Targets not met	22%

Performance Highlights for the 2023/24

- The FMG conditional grant was fully spent (100%) on the capacitation of financial management interns.
- The municipality was able to prepare interim financial statements in the third quarter to ensure that at year-end, we are able to submit credible financial statements to the Auditor General.
- The municipality's MTREF budget was approved within the legislated timeframe (31 May 2024).

COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The overall score for this KPA is **85%** for the year under review. This represents a significant improvement from the 69% achieved during the previous financial year. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 69% in 2022/2023 to an impressive 85% in 2023/2024, our commitment to transformational progress is evident and poised for further success.

Performance under this KPA was as follows:

Table 44: MTID Performance (2023/24)

KPI Status	Municipal Transformation and Institutional Development
Target Met (as planned and exceeded)	23
Target Not Met (below planned)	4
Total	27
% Targets met	85%
% Targets not met	15%

Performance Highlights for the 2023/24

- 72 employees were trained in various disciplines for them to be able to perform their duties effectively and efficiently.
- All critical Senior Manager positions were filled with suitably qualified incumbents.
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- Performance assessments were conducted for all section 56 managers and the section 54A manager (both annual and mid-year).

COMPONENT D: GOOD GOVERNANCE & PUBLIC PARTICIPATION

The overall score for this KPA is **67%** for the year under review. This represents a slight but progressive improvement from the 62% achieved during the previous financial year. The greatest contributor to this KPA is the Office of the Municipal Manager Department.

Elevating municipal excellence, Good Governance and Public Participation thrived. Advancing from 50% in Financial Management 2022/2023 to a notable 65% in 2023/2024, our dedication to effective governance and inclusive engagement is evident and paves the way for continued progress. Performance under this KPA was as follows:

Table 45: GGPP Performance (2023/24)

KPI Status	Good Governance and Public Participation
Target Met (as planned and exceeded)	32
Target Not Met (below planned)	16
Total	48
% Targets met	67%
% Targets not met	33%

Performance Highlights for the 2023/24

- All HR related policies were reviewed in accordance with the requirements of the New Local Government Staff Regulations.
- 85% of all risks identified were mitigated.
- Audit Committee meetings were held in all the quarters of the financial year.

COMPONENT E: SPATIAL RATIONALE & ENVIRONMENTAL MANAGEMENT

The overall score for this KPA is **83%** for the year under review. This performance represents a significant improvement from the 50% achieved during the previous financial year.

Performance under this KPA was as follows:

Table 46: SREM Performance (2023/24)

KPI Status	Spatial Rationale
Target Met (as planned and exceeded)	5
Target Not Met (below planned)	1
Total	6
% Targets met	83%
% Targets not met	17%

Performance Highlights for the 2023/24

- All land use applications received were processed within 90 days.

COMPONENT F: LOCAL ECONOMIC DEVELOPMENT

The overall score for this KPA is **88%** for the year under review. This achievement represents an improvement from the 75% achieved from the previous financial year.

Performance under this KPA was as follows:

Table 47: Local Economic Development

KPI Status	Local Economic Development
Target Met (as planned and exceeded)	7
Target Not Met (below planned)	1
Total	8
% Targets met	88%
% Targets not met	12%

Performance Highlights for the 2023/24

- The municipality has implemented 6 capacity building skills workshops aimed at SMME's and Cooperatives.

4.10. INTRODUCTION TO MUNICIPAL PERFORMANCE PREDETERMINED OBJECTIVES

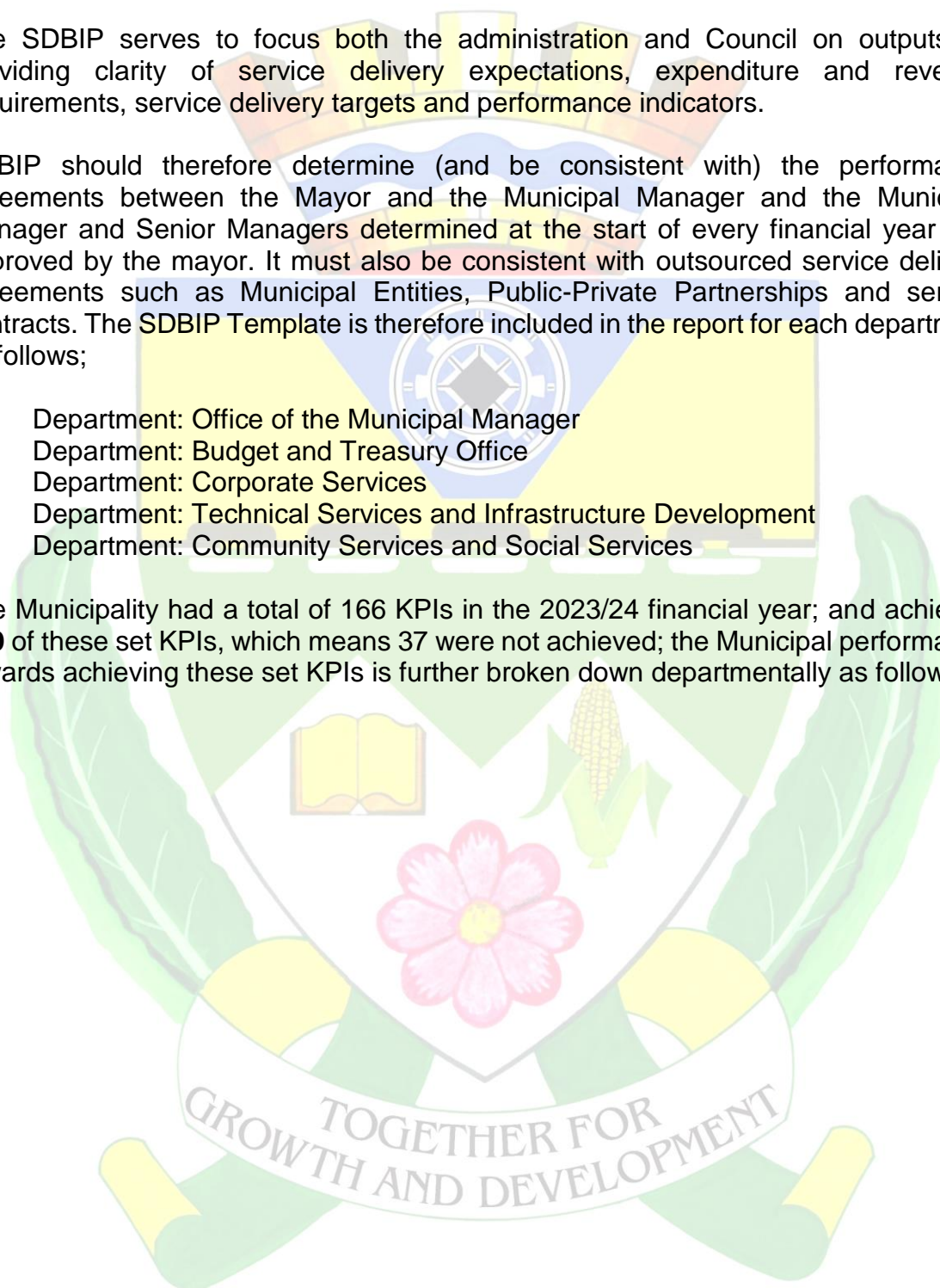
4.10.1. DEPARTMENTAL SDBIP

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

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

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

The Municipality had a total of 166 KPIs in the 2023/24 financial year; and achieved **129** of these set KPIs, which means 37 were not achieved; the Municipal performance towards achieving these set KPIs is further broken down departmentally as follows;

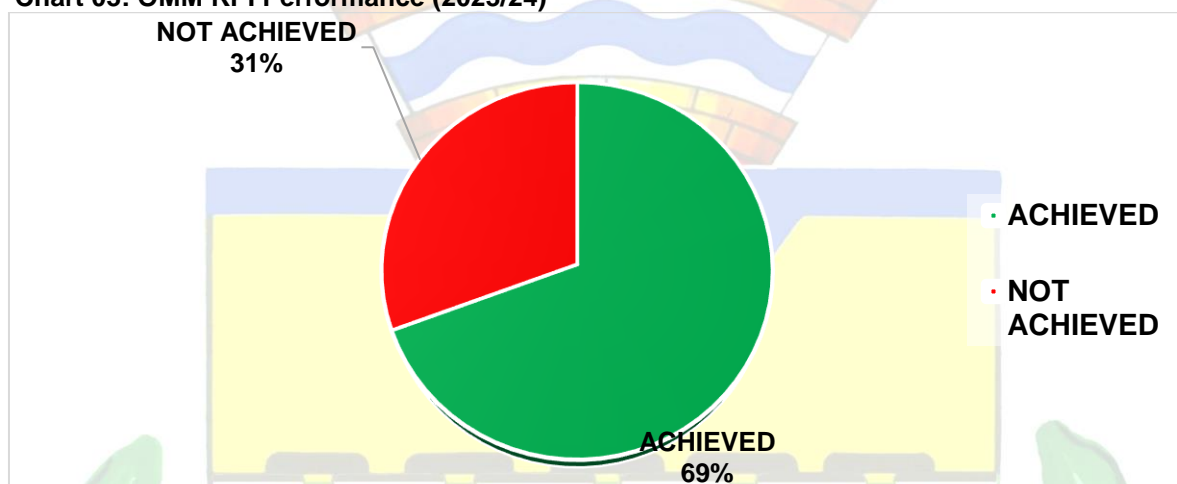


4.11. OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for a total of **62 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 03: OMM KPI Performance (2023/24)



The office of the Municipal Manager achieved a total of 43 KPIs under the year in review, out of a total of 62 KPIs that were targeted at the start of the financial year. This totals to a **69%** achievement.

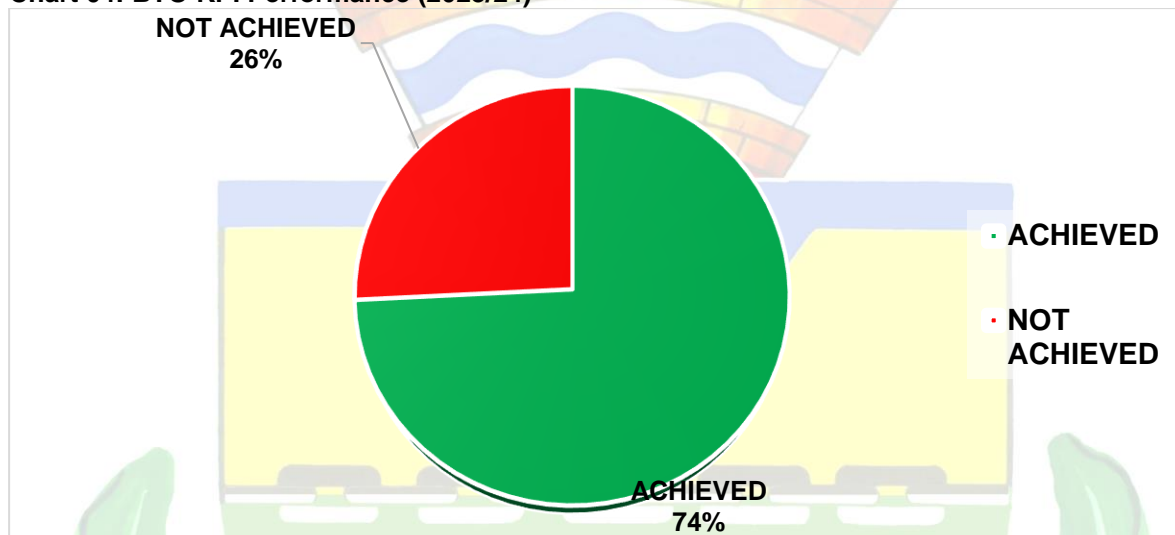


4.12. BUDGET AND TREASURY OFFICE

The Budget and Treasury Department is responsible for a total of **31 KPI's** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 04: BTO KPI Performance (2023/24)



The Budget and Treasury office achieved 23 KPIs, and 7 were not achieved; this translates to a total of 74% achievement in the 2023/24 FY.

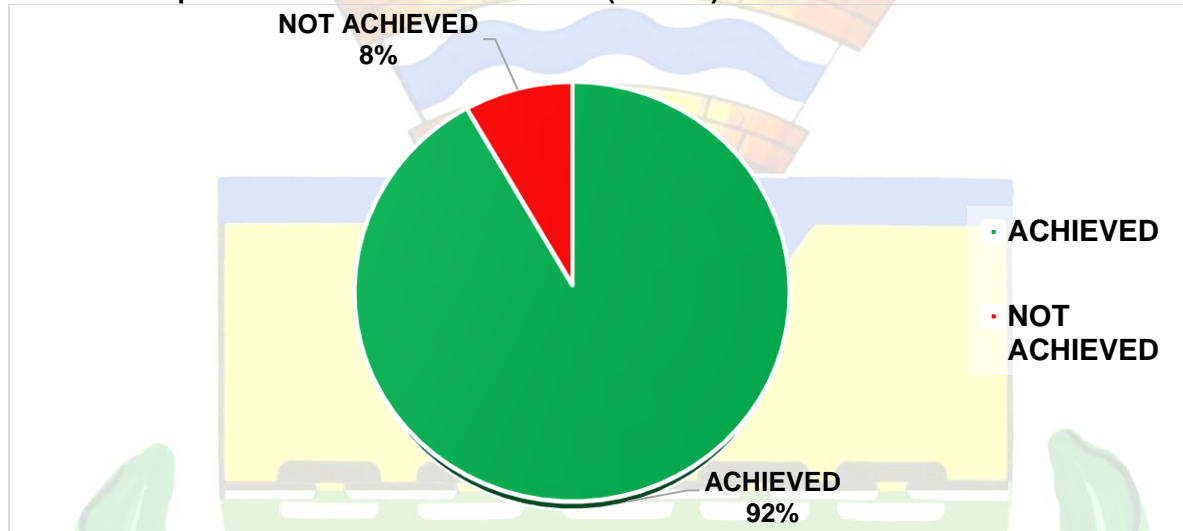


4.13. CORPORATE SERVICES

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

The statistics for the Department are as follows:

Chart 05: Corporate Services KPI Performance (2022/23)

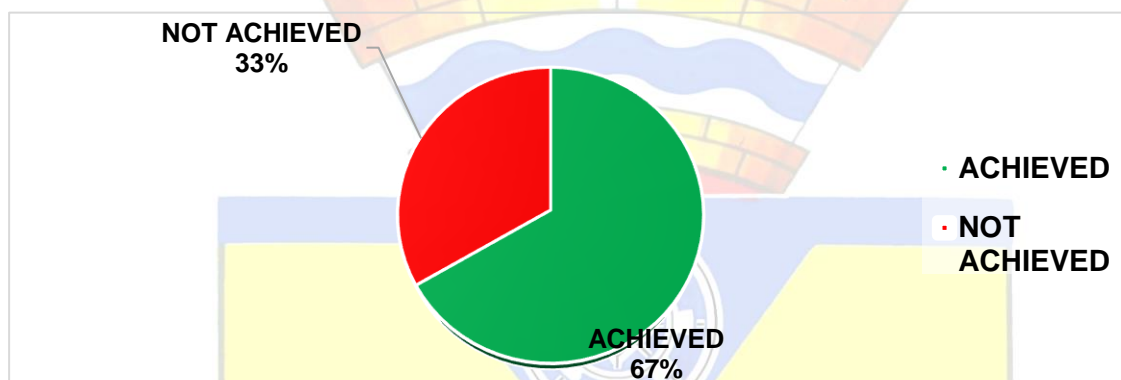


Corporate Services had 24 KPIs in the 2023/24 and all were eligible for assessment, 20 of which were achieved and 6 were not, this equals to a **92%** achievement.

4.14. TECHNICAL SERVICES & INFRASTRUCTURE DEVELOPMENT

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

Chart 06: Technical Services KPI Performance (2023/24)



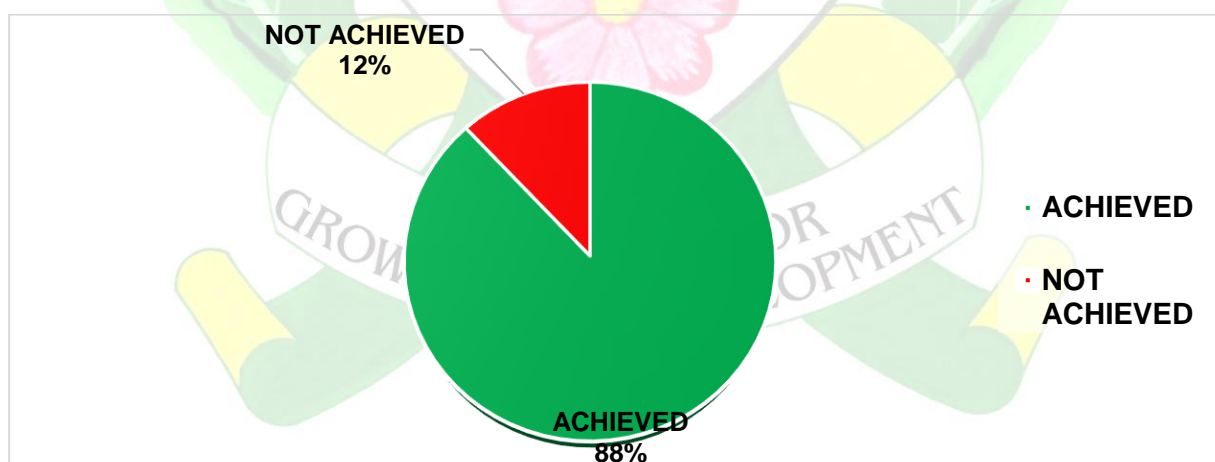
Technical Services and Infrastructure Development department had 24 KPIs and 19 were achieved, leaving 05 KPIs unachieved. This translate to **79%** achievement under the TSID department in the 2023/24 financial year.

4.15. COMMUNITY SERVICES AND SOCIAL SERVICES

The Community and Social Services Department is responsible for a total of **25 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 07: Community Services and Social Services KPI Performance (2023/24)



Community Services and Social Services had a total of 25 KPIs and 22 of which were achieved, this equals to an achievement of **88%** of the KPIs set in the 2023/24 financial year.

COMPONENT B: INTRODUCTION TO THE MUNICIPAL PERSONNEL**4.16. EMPLOYEE TOTALS, TURNOVER, AND VACANCIES**

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

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

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

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

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

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

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

Table 48: Status quo of the Organogram 2023/24

VICTOR KHANYE: MP311				
DIRECTORATE	TOTAL # Posts	Filled	Vacant	
			Budgeted	Not Budgeted
<i>Office of the Municipal Manager</i>	42	38	8	N/A
<i>Corporate Services</i>	49	30	19	N/A
<i>Budget & Treasury</i>	74	66	9	N/A
<i>Social Services</i>	209	131	78	N/A
<i>Technical Services</i>	197	150	45	N/A
Total	571	415	159	N/A

COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE

4.17. MUNICIPAL WORKFORCE MANAGEMENT

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

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

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

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

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

COMPONENT D: CAPACITATING THE MUNICIPAL WORKFORCE

4.18. WORKFORCE CAPACITY DEVELOPMENT

Employees are encouraged to pursue studies that will benefit their personal growth (PDP), individual performance, and ability to contribute successfully to the attainment of organizational goals using the Skills Needs Analysis forms to identify skills needs. The municipality is also utilizing the bursary program to subsidize employee skill development in areas where they are in short supply. The Training and Development programs includes Leaderships, Skills Program, Workshop and Seminars that will benefit the municipality by expanding workers' sets and empowering staff in leadership qualities. The Workplace Skills Plan describes the skills needs and the range of skills development interventions that an organization will use to address these needs. A Workplace Skills Plan is developed annually and is submitted to Local Government Sector Education Training Authority (LGSETA) on the 30th of April every year. The Municipality is required to provide Annually Training Report (ATR) as to how needs are addressed as defined in the Workplace Skills Plan also provides sector information to the LGSETA specifically. The Training Budget was R2 000 000.00 for 2023/2024 Financial Year

COMPONENT E: MANAGING THE WORKFORCE EXPENDITURE

4.19. WORKFORCE EXPENDITURE

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

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

Expenditure in this regard has been stable compared to previous years considering the fact that VKLM has not yet implemented Task Job Evaluation which has the potential of increasing workforce expenditure. **Total employee related cost is at R18 5424 621.00 and this expenditure is equivalent to 23% of the total municipal operational expenditure.**

4.20. DISCLOSURES OF FINANCIAL INTERESTS

Officials declared their financial interests for 2023/24 financial year and declarations are done annually by all staff and councillors in order to foster a culture of integrity and accountability and to give high priority towards the needs of communities as per the code of conduct for both officials and councillors in terms of the Municipal Systems Act.

CHAPTER 5 – FINANCIAL PERFORMANCE

5. FINANCIAL OVERVIEW

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

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

The total revenue of the Municipality is sitting at **R 820 459 000** and the expenditure is **R 889 398 000** therefore the deficit is **R 68 939 000**. It should be taken note that the budget was compiled on the assumption that the payment rate will be **75%**. In respect of council's employee cost expenditure is at **96%** of the Year-to-date (YTD) budgeted amount. In respect of Councillor Allowances, the expenditure is at **103%**.

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

The cash flow has reached critical levels due to the over spending that occurred during the financial year, it could result in fruitless and wasteful expenditure being incurred due to insufficient cash flow to pay creditors on time. Eskom and Rand water debt has reached sky high **total amount of R1.2 billion**. Debtor's payment rate is **at 68% for June 2024**. Sufficient provision was made for debt impairment, however additional controls need to be implemented. The biggest portion of council's debtor's balance is **older than 120 days**. Council total debt for the year that ended **on 30 June 2024 is R869 398 345**.

Capital expenditure as at June 2024 was **at R58 563 000**. The cashbook balance (cash on hand) at **month-end was R6.4 million** which excludes the Equitable Share and other Grants that were received in 2024.



COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE**Victor Khanye Local Municipality**

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	329 749 813	280 225 856
Rental of facilities and equipment	21	1 639 760	2 709 017
Administration and management fees received	22	314 248	264 593
Merchandising and Jobbing	22	24 439	972 034
Fire Services	22	1 266 911	761 455
Cemetery and Burial	22	354 796	317 543
Town Planning and Servitudes	22	643 139	407 444
Interest Income	23	52 412 316	38 561 966
Actuarial gains		-	11 412 460
Total revenue from exchange transactions		386 405 422	335 632 368
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	109 807 094	93 307 017
Property rates - penalties imposed	16	34 213 459	17 377 204
Debt written off	54	59 138 988	26 162 438
Transfer revenue			
Government grants & subsidies	19	201 019 000	184 204 000
Public contributions and donations	18	24 283 093	31 222 835
Fines, Penalties and Forfeits	17	11 239 410	12 123 975
Total revenue from non-exchange transactions		439 701 044	364 397 469
Total revenue		826 106 466	700 029 837
Expenditure			
Employee related costs	25	(192 678 699)	(176 903 032)
Remuneration of councillors	24	(9 363 717)	(8 521 589)
Depreciation and amortisation	27	(55 707 051)	(55 133 146)
Finance costs	28	(92 950 921)	(94 765 617)
Lease rentals on operating lease	32	(995 249)	(2 559 774)
Impairment	26	(224 601 628)	(72 631 595)
Bad debts written off	53	(8 884 558)	-
Bulk purchases	29	(202 461 064)	(167 219 858)
Contracted services	31	(106 662 570)	(90 057 134)
Loss on disposal of assets and liabilities	4	(1 221 864)	(4 743 174)
Actuarial losses	12	(671 979)	-
Inventory consumed	30	(104 808 940)	(87 446 207)
Operational costs	33	(56 768 308)	(64 908 420)
Total expenditure		(1 057 776 548)	(824 889 546)
Deficit for the year		(231 670 082)	(124 859 709)

Victor Khanye Local Municipality at the end financial year **2023/2024**, generated a revenue of R 826 106 466 and the expenditure of **R 1 057 776 548** this reflect the deficit of **R231 670 082**.

Statement of budget comparison: Budget vs Actual

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance**Revenue****Revenue from exchange transactions**

Service charges	444 952 000	(68 294 000)	376 658 000	329 749 813	(46 908 187)	Note 52
Rendering of services	3 137 000	561 000	3 698 000	-	(3 698 000)	Note 52
Rental of facilities and equipment	2 532 000	(526 000)	2 006 000	1 639 760	(366 240)	Note 52
Administration and management fees received	392 000	30 000	422 000	314 248	(107 752)	Note 52
Merchandising and jobbing	-	-	-	24 439	24 439	Note 52
Fire services	-	-	-	1 266 911	1 266 911	Note 52
Cemetery and Burial	-	-	-	354 796	354 796	Note 52
Town planning and Servitude	-	-	-	643 139	643 139	Note 52
Interest received - investment	59 387 000	44 223 000	103 610 000	52 412 316	(51 197 684)	Note 52
Total revenue from exchange transactions	510 400 000	(24 006 000)	486 394 000	386 405 422	(99 988 578)	

Revenue from non-exchange transactions**Taxation revenue**

Property rates	97 467 000	41 990 000	139 457 000	109 807 094	(29 649 906)	Note 52
Property rates - penalties imposed	-	-	-	34 213 459	34 213 459	Note 52
Debt written off	-	-	-	59 138 988	59 138 988	Note 52
Surcharges and Taxes	54 884 000	(5 513 000)	49 371 000	-	(49 371 000)	Note 52

Transfer revenue

Government grants & subsidies: Operational	144 142 000	-	144 142 000	201 019 000	56 877 000	Note 52
Public contributions and donations	-	-	-	24 283 093	24 283 093	Note 52
Fines, Penalties and Forfeits	1 686 000	(591 000)	1 095 000	11 239 410	10 144 410	Note 52

Total revenue from non-exchange transactions **298 179 000** **35 886 000** **334 065 000** **439 701 044** **105 636 044**

Total revenue **808 579 000** **11 880 000** **820 459 000** **826 106 466** **5 647 466**

Expenditure

Personnel	(198 596 000)	(2 978 000)	(201 574 000)	(192 678 699)	8 895 301	Note 52
Remuneration of councillors	(9 101 000)	(30 000)	(9 131 000)	(9 363 717)	(232 717)	Note 52
Depreciation and amortisation	(52 046 000)	1 944 000	(50 102 000)	(55 707 051)	(5 605 051)	Note 52
Finance costs	(33 352 000)	(24 249 000)	(57 601 000)	(92 950 921)	(35 349 921)	Note 52
Lease rentals on operating lease	-	-	-	(995 249)	(995 249)	Note 52
Debt Impairment	(103 571 000)	15 000 000	(88 571 000)	(224 601 628)	(136 030 628)	Note 52
Bad debts written off	(30 000 000)	200 000	(29 800 000)	(8 884 558)	20 915 442	Note 52
Bulk purchases	(185 000 000)	(10 505 000)	(195 505 000)	(202 461 064)	(6 956 064)	Note 52
Contracted Services	(71 449 000)	(37 882 000)	(109 331 000)	(106 662 570)	2 668 430	Note 52
Transfers and Subsidies	(7 336 000)	-	(7 336 000)	-	7 336 000	Note 52
Sale of goods/Inventory	(79 205 000)	(9 807 000)	(89 012 000)	(104 808 940)	(15 796 940)	Note 52
General Expenses	(38 153 000)	(13 282 000)	(51 435 000)	(56 768 308)	(5 333 308)	Note 52

Total expenditure **(807 809 000)** **(81 589 000)** **(889 398 000)** **(1 055 882 705)** **(166 484 705)**

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.1. CAPITAL EXPENDITURE

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
19. Government grants & subsidies		
Operating grants		
Equitable share	140 606 000	127 094 000
Financial Management Grant(FMG)	1 850 000	1 850 000
Expanded public works programme(EPWP)	1 434 000	2 284 000
	143 890 000	131 228 000
Capital grants		
Water service infrastructure grant(WSIG)	30 000 000	20 000 000
Integrated national electrification grant(INEP)	-	5 000 000
Municipal infrastructure grant(MIG)	27 129 000	27 976 000
	57 129 000	52 976 000
	201 019 000	184 204 000

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	60 413 000	57 110 000
Unconditional grants received	140 606 000	127 094 000
	201 019 000	184 204 000

Equitable Share

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

Finance management grant

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

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

EPWP grant

Current-year receipts	1 434 000	2 284 000
Conditions met - transferred to revenue	(1 434 000)	(2 284 000)
	-	-

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

Figures in Rand	2024	2023
19. Government grants & subsidies (continued)		
Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	-	(5 000 000)
	-	-

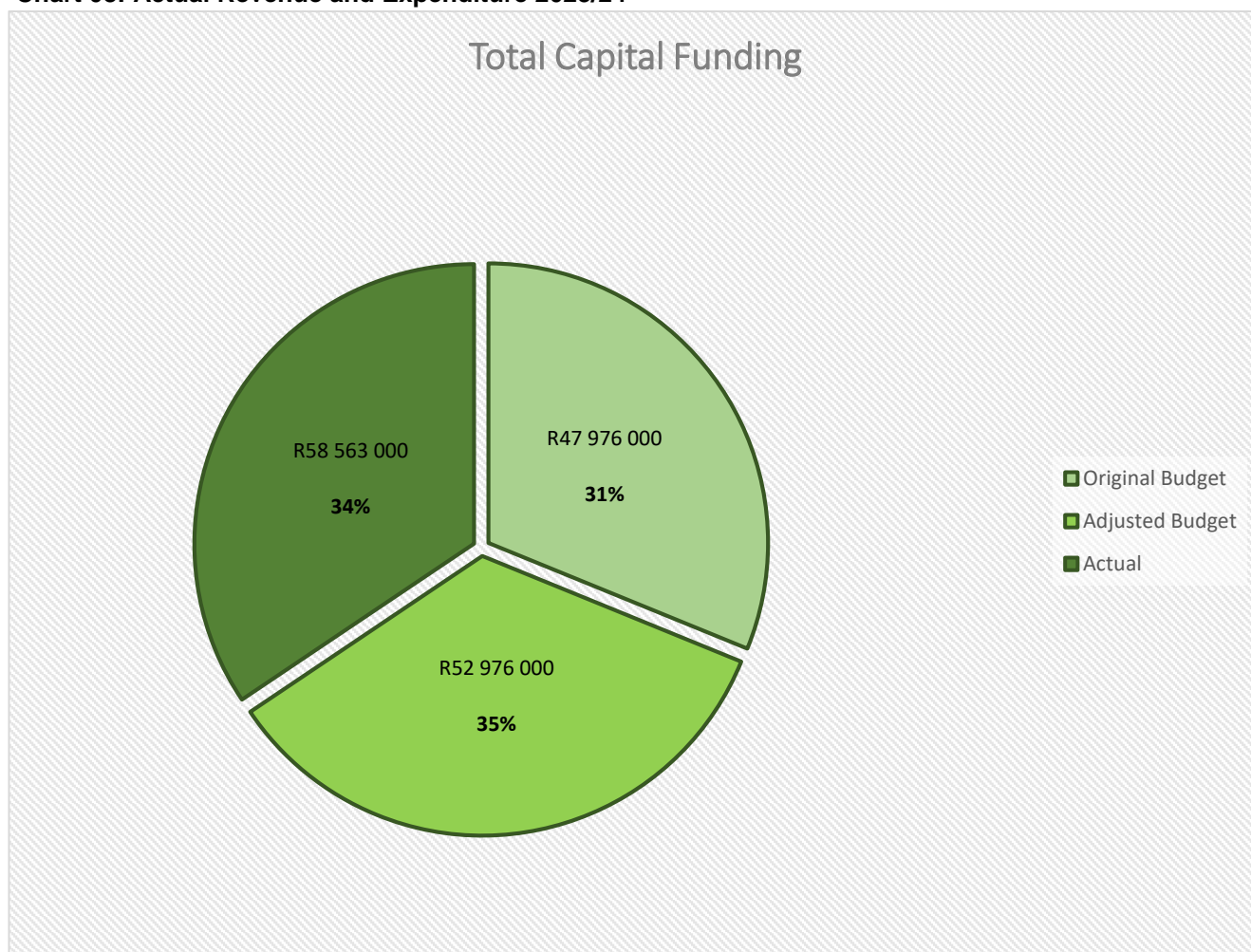
This grant is used for the electrification of households. All conditions of the grant were met.

Water Services Infrastructure Grant

Current-year receipts	30 000 000	20 000 000
Conditions met - transferred to revenue	(30 000 000)	(20 000 000)
	-	-

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

Chart 08: Actual Revenue and Expenditure 2023/24



5.2. CAPITAL SPENDING ON 5 LARGEST PROJECTS

The five largest capital expenditure projects for 2023/24 financial year(s) are depicted in the table below.

Table 49: Spending on Largest Projects

PROJECT NO.	PROJECT TYPE	PROJECT NAME	SUPPLIER	TOTAL SPENT
T/RW07/WISG/2022/ 2023	CAPITAL - WSIG	Provision of civil engineering and construction of water related infrastructure in reducing the Non-revenue water in botleng township in VKLM	DIPHALA	19 999 999.82
T/RW01/MIG/P7/2022/2023	CAPITAL - MIG	Development of portion of farm middleburg 231 –ir no 1202 sanitation services in VKLM	RIENDZO RINENE	9 468 349.81
T/TR01/MIG/P3/2021/2022	CAPITAL - MIG	Development of portion of farm middleburg 231 –ir no 1202 sanitation services in VKLM	KGALEMA LENYATSO	8 79 451.50
T/RWW02/MIG/P2/2020/2021	CAPITAL - MIG	tarring and paving of road	KTN Consulting engineers & projects management	3 160 280.57
T/TECH/ELEC-01/05/2021/2022	CAPITAL - MIG	Refurbishment of intake at Delmas North Substation	Mapulaneng electrical	2 534 129.54

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.3. CASH FLOW STATEMENT

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Services charges		214 739 393	136 029 364
Grants		201 019 000	184 204 000
Rate and fines		59 050 089	93 381 880
Interest income		52 412 316	38 561 966
Other receipts		4 243 293	5 432 086
Penalties imposed		34 213 459	17 377 204
		565 677 550	474 986 500
Payments			
Compensation of employees and councillors,		(199 109 562)	(182 024 904)
Suppliers, service providers and others		(197 988 165)	(155 052 622)
Finance costs		(85 899 176)	(87 686 628)
		(482 996 903)	(424 764 154)
Net cash flows from operating activities	34	82 680 647	50 222 346
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(79 706 630)	(57 327 313)
Cash flows from financing activities			
Finance lease payments		(3 230 001)	8 153 104
Net increase/(decrease) in cash and cash equivalents		(255 984)	1 048 137
Cash and cash equivalents at the beginning of the year		6 653 290	5 605 153
Cash and cash equivalents at the end of the year	7	6 397 306	6 653 290

Cash flow is of vital importance to the financial health of a municipality. The net cash inflows from operating activities (Sub-total A) generated a positive cash *inflow of R82 million*. The net cash outflows of investing activities (Sub-total B) *resulted in a cash outflow of minus (R 79) million*. The net cash inflows from financing activities generated a *positive cash inflow of minus (R 3) million*. Overall the Municipality had ended the financial year with cash and cash equivalents to the amount of **R 6.3 million**

5.4. BORROWING AND INVESTMENTS

5.4.1. EXTERNAL BORROWINGS

The municipality does not have any external borrowings for the 2023/2024 financial year.

5.4.2. PUBLIC PRIVATE PARTNERSHIPS

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

5.4.3. GRANTS

Victor Khanye Local Municipality received R 201 million in 2023/2024 and increased from the R184 million in 2022/2023 allocated from Government (National and Provincial). These include both capital and operational revenue. From the table below shows that EPWP grant was overspent.

Table 50: Grant Allocation 2023/24

Victor Khanye Local Municipality
Annual Financial Statements for the year ended 30 June 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
19. Government grants & subsidies		
Operating grants		
Equitable share	140 606 000	127 094 000
Financial Management Grant(FMG)	1 850 000	1 850 000
Expanded public works programme(EPWP)	1 434 000	2 284 000
	143 890 000	131 228 000
Capital grants		
Water service infrastructure grant(WSIG)	30 000 000	20 000 000
Intergrated national electrification grant(INEP)	-	5 000 000
Municipal infrastructure grant(MIG)	27 129 000	27 976 000
	57 129 000	52 976 000
	201 019 000	184 204 000



5.5. ASSET MANAGEMENT

Victor Khanye Local Municipality has a total carrying value of **R 964 076 096**

Table 51: Asset Register

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	210 602 287	-	210 602 287	215 236 043	(4 633 756)	210 602 287
Plant and machinery	1 495 639	(275 305)	1 220 334	1 805 408	(130 653)	1 674 755
Furniture and fixtures	2 307 753	(211 436)	2 096 317	2 144 016	(96 092)	2 047 924
Motor vehicles	11 387 564	(181 446)	11 206 118	15 700 383	(1 910 835)	13 789 548
IT equipment	1 439 626	(138 544)	1 301 082	1 536 325	(332 052)	1 204 273
Infrastructure	1 280 777 544	(596 137 944)	684 639 600	1 196 434 085	(560 199 057)	636 235 028
Community	125 430 748	(72 729 402)	52 701 346	125 670 962	(70 445 038)	55 225 924
Fire equipment	1 587 803	(1 278 791)	309 012	1 587 803	(1 178 696)	409 107
Total	1 635 028 964	(670 952 868)	964 076 096	1 560 115 025	(638 926 179)	921 188 846



5.6. DEBTOR'S AGE ANALYSIS

Debtor's Age Analysis for the month ended 30 June 2024, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to **R1.1 billion**.

Table 52: Debtor's Age Analysis

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	244 844 549	192 398 485
Consumer debtors - Electricity	39 249 083	35 840 091
Consumer debtors - Water	296 451 123	252 769 444
Consumer debtors - Waste water	28 453 197	24 416 671
Consumer debtors - Refuse	30 877 347	26 998 864
Merchandising, Jobbing and Contracts	172 238 454	163 969 501
Flat rate charges	257 316 867	172 734 546
Other debtors	20 947 995	14 114 906
Traffic fines debtors	59 654 739	50 104 388
	1 150 033 354	933 346 896



COMPONENT D: OTHER FINANCIAL MATTERS

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

5.7. SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2023/2024 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. Victor Khanye Local Municipality's SCM Policy complies with the regulatory framework.

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

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

5.8. GRAP COMPLIANCE

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

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

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

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

6.1. AUDITOR GENERAL REPORT 22/23FY

In the 2022/23 financial year, the Auditor General expressed a **Qualified Audit Opinion** for Victor Khanye Local Municipality.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

I have audited the financial statements of the Victor Khanye Local Municipality set out on pages. to ..., which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Victor Khanye Local Municipality as at 30 June 2023 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 2022 (Dora).

Basis for qualified opinion

PROPERTY, PLANT AND EQUIPMENT

The municipality did not recognise all its property, plant and equipment in accordance with GRAP 17, *property plant and equipment*. Land belonging to the municipality was not accounted for in the statement of financial position, while land that is no longer registered in the name of the municipality was still included in the accounting records of the municipality. Consequently, I was unable to determine the full extent of the misstatement of land stated at R162,3 million (2022: R162,3 million) included in Note 3, to the financial statements as it was impracticable to do so.

The municipality did not accurately assess, at reporting date, for the prior year whether there was an indication that work in progress for water infrastructure, as presented in note 3 to the financial statements may be impaired in accordance with GRAP 21, *impairment of non-cash generating assets*. As a result, the comparative figures for accumulated depreciation and impairment was understated

and the carrying value of the water infrastructure was overstated. This also resulted in an understatement of the impairment loss on property, plant and equipment as stated in the statement of financial performance. I was unable to quantify the full extent of the overstatement of water infrastructure and the understatement of impairment loss on property, plant and equipment, for the comparative figure as it was impracticable to do so.

The municipality did not review useful lives of property, plant and equipment for the prior year in accordance with GRAP 17, property, plant and equipment. Assets with zero useful life were in use and assessed as in good condition as at reporting date. Additionally, assets were depreciated not in line with the assets management accounting policy of the municipality. Consequently, I was unable to determine the full extent of the misstatement of property, plant and equipment, for the comparative stated at R873,7 million in note 3 to the financial statements, and the depreciation of property, plant and equipment expense for the comparative stated at R48,7 million in note 26 to the financial statements as it was impracticable to do so.

Additionally the municipality did not accurately disclose the restatements of corresponding amounts for property plant and equipment, depreciation and amortisation and accumulated surplus as required by *GRAP 3, accounting policies, changes in accounting estimates and errors*. The municipality did not accurately disclose the restatements of corresponding amounts as disclosed in note 38, to the financial statements, the restatement was made to rectify a previous year misstatement but it could not be substantiated by supporting audit evidence. Consequently, I was unable to determine whether any adjustments were necessary to the prior year adjustments note in the financial statements.

BULK PURCHASES

I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality did not maintain proper accounting records. I could not confirm bulk purchases expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bulk purchases stated at R167,2 million (2022: R171,1 million), trade payables stated at R1 147 million (2022: R917,9 million) in note 14 to the financial statements. This also had an impact on the deficit and on the accumulated surplus for the period.

FRUITLESS AND WASTEFUL EXPENDITURE

The municipality did not have adequate controls to identify and disclose all fruitless and wasteful expenditure incurred during the year, as required by section 125(2)(d) of the MFMA. This resulted in the understatement of fruitless and wasteful expenditure. I was unable to quantify the full extent of the understatement to fruitless and wasteful expenditure of R87,1 million as disclosed in note 35 to the financial statements as it was impracticable to do so.

IRREGULAR EXPENDITURE

The municipality did not have adequate controls to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d) of the MFMA. This resulted in the understatement of irregular expenditure. I was unable to quantify the full extent of the understatement to irregular expenditure of R214,3 million as disclosed in note 36 to the financial statements as it was impracticable to do so.

CONTEXT FOR OPINION

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.

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.

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

EMPHASIS OF MATTER

MATERIAL LOSSES / IMPAIRMENTS – CONSUMER DEBTORS

As disclosed in note 9 to the financial statements, material losses of R641,6million (2022: R672,7million) was incurred as a result of an allowance for provision for impairment on consumer debtors.

MATERIAL LOSSES – ELECTRICITY

As disclosed in note 28 to the financial statements, material electricity losses of R33,7million (2022: R52,7 million) was incurred, which represents 32 % (2022: 43 %) of total electricity purchased.

MATERIAL LOSSES – WATER

As disclosed in note 28 to the financial statements, material electricity losses of R47, 3 million (2022: R51,1 million) was incurred, which represents 68% (2022: 70%) of total water purchased.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the municipality is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 key performance area presented in the annual performance report. The municipality is responsible for the preparation of the annual performance report.

I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
KPA 1 – basic services delivery and infrastructure development	x-x	Improve provision of basic service delivery to the residents of VKLM

I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

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

The indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

The targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

The indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

The reported performance information is presented in the annual performance report in the prescribed manner

There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

The material findings on the reported performance information for the selected key performance area are as follows:

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Based on audit evidence, the actual achievement for three indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially more.

Performance indicator description	Planned indicator	Reported achievement
% of households with access to basic levels of sanitation by 30 June 2023 - (GKPI).	100%	100%
% of households with access to basic levels of water by 30 June 2023 - (GKPI).	100%	100%
Number of households earning less than R4000 per month provided with access to free basic services by 30 June 2023 (GKPI.)	500	544

Various indicators

Adequate processes had not been established to consistently measure and reliably report on these indicators. Consequently, I could not confirm the reliability of the reported achievement against the target for the following indicators.

Performance indicator description	Planned indicator	Reported achievement
Number of formal streets with street cleaning services per week as per schedule	22	22
Number of formal household areas with refuse collection services per week as per approved schedule (inclusive of the repeated areas)	25	25
Number of spots cleared of illegal dumping per quarter as per schedule (including repeated areas)	30	26

Percentage of households with access to basic levels of electricity by 30 June 2023.

An achievement of 100% was reported against a target of 100%. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

OTHER MATTERS

I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

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. This information should be considered in the context of the material findings on the reported performance information.

MATERIAL MISSTATEMENTS

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 1: basicservice delivery. Management did not correct the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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 municipality is responsible for the municipality's compliance with legislation.

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.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the Municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

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

ASSET MANAGEMENT

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

Capital assets were permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.

Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

EXPENDITURE MANAGEMENT

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

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R10,8 million, as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R87,1 million, as disclosed in note 35 to the annual financial statements, in contravention of section 62(1)(d) of the

MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged due to over accounts.

Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and authorisation of funds, as required by section 65(2)(a) of the MFMA.

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

CONSEQUENCE MANAGEMENT

Some of the 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.

Some of the losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by supply chain management (SCM) regulation 29(5)(b).

Some of goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service (Sars) to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who, abused the SCM system of the municipality.

The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation (PPR) 8(2). Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

The performance management system and related controls were inadequate, as it did not describe how the performance measurement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

OTHER INFORMATION IN THE ANNUAL REPORT

The municipality is responsible for the other information included in the annual report the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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.

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

Management did not ensure that there is reconciliation of underlying listings that were used to support achievements in the annual performance report.

The technical indicator definitions of key performance indicators did not provide accurate information pertaining to the indicators to enable the correct measurement of key performance indicators.

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

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

MATERIAL IRREGULARITIES

In accordance with the PAA and the material irregularity (MI) regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

MATERIAL IRREGULARITIES IN PROGRESS

I identified two instances of material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2).

By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in next year's auditor's report.

Auditor-General

Mbombela

30 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



6.2. AUDITOR GENERAL REPORT 2023/24FY

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Victor Khanye Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets. Cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Victor Khanye Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Property, plant and equipment

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

Bulk Purchases

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

Irregular expenditure

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

Context for opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
8. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to ongoing concern

10. I draw attention to the matter below. My opinion is not modified with respect of this matter.
11. I draw attention to note 45 to the financial statements, which indicate that the municipality has a deficit of R 259,6 million (2022-23: R 135,7 million). The municipality's liabilities exceed its assets by R177,1 million (2022-23: R 82,5 million net asset position). The municipality had a net cash outflow position for the current year of R0,3million (2022-23: R1,0 million cash inflow). This may cast significant doubt on the municipality's ability to continue as a going concern. As stated in note 45, these events or conditions, along with other matters as outlined in note 45, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Bulk purchases - Electricity losses

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

Inventory consumed – Water losses

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

Material losses/impairments – consumer debtors

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

Restatement of corresponding figures

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

Other matter

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

Unaudited disclosure notes

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

19. The municipality is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and for such internal control as the municipality determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
20. In preparing the financial statements, the municipality is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

21. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the annual performance report

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

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

- % of new households with access to basic levels of sanitation as per received applications by 30 June 2024_(GKPI)
- % of new households with access to basic levels of water as per received applications by 30 June 2024 - (GKPI).
- Number of water samples tested per month.
- Number of times refuse collection services rendered per week at wards 1,2,3,4,5,6,8 and 9(GKI)
- % of new households with access to basic levels of electricity by 30 June 2024(GKPI) (excluding Eskom licensed areas)
- Number of Km of surfaced roads constructed by 30 June 2024.
- % availability of emergency response vehicles per quarter to comply with the codes of practice (SANS 10090).
- % response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate.
- % response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate.
- Number of households earning less than R4220 per month provided with access to free basic services by 30 June 2024 (GKPI).

25. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery of its mandate and objectives.

26. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported measures taken to improve performance.

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

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

Other matter

29. I draw attention to the matter below.

Achievement of planned targets

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

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

KPA 1: Basic service delivery and infrastructure development.

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

Report on compliance with legislation

32. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
33. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
34. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily

available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements, performance reports, and annual reports

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

Asset Management

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

Expenditure Management

38. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.
39. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R252,9,2 million, as disclosed in note 38 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R85,14 million, as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditures were caused by interest charged due to over accounts.
41. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Consequence Management

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

Human Resources Management

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

Procurement and Contract Management

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

Conditional Grants

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

Other information in the annual report

47. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
48. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
49. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
50. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

51. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
52. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
53. The controls designed by management are not operating as intended to promptly detect and correct material misstatements.

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

Material irregularities

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

Material irregularity in progress

56. I identified a material irregularity during the prior year audit and notified the accounting officer as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. This material irregularity will be included in next year's auditor's report.

Mbombela

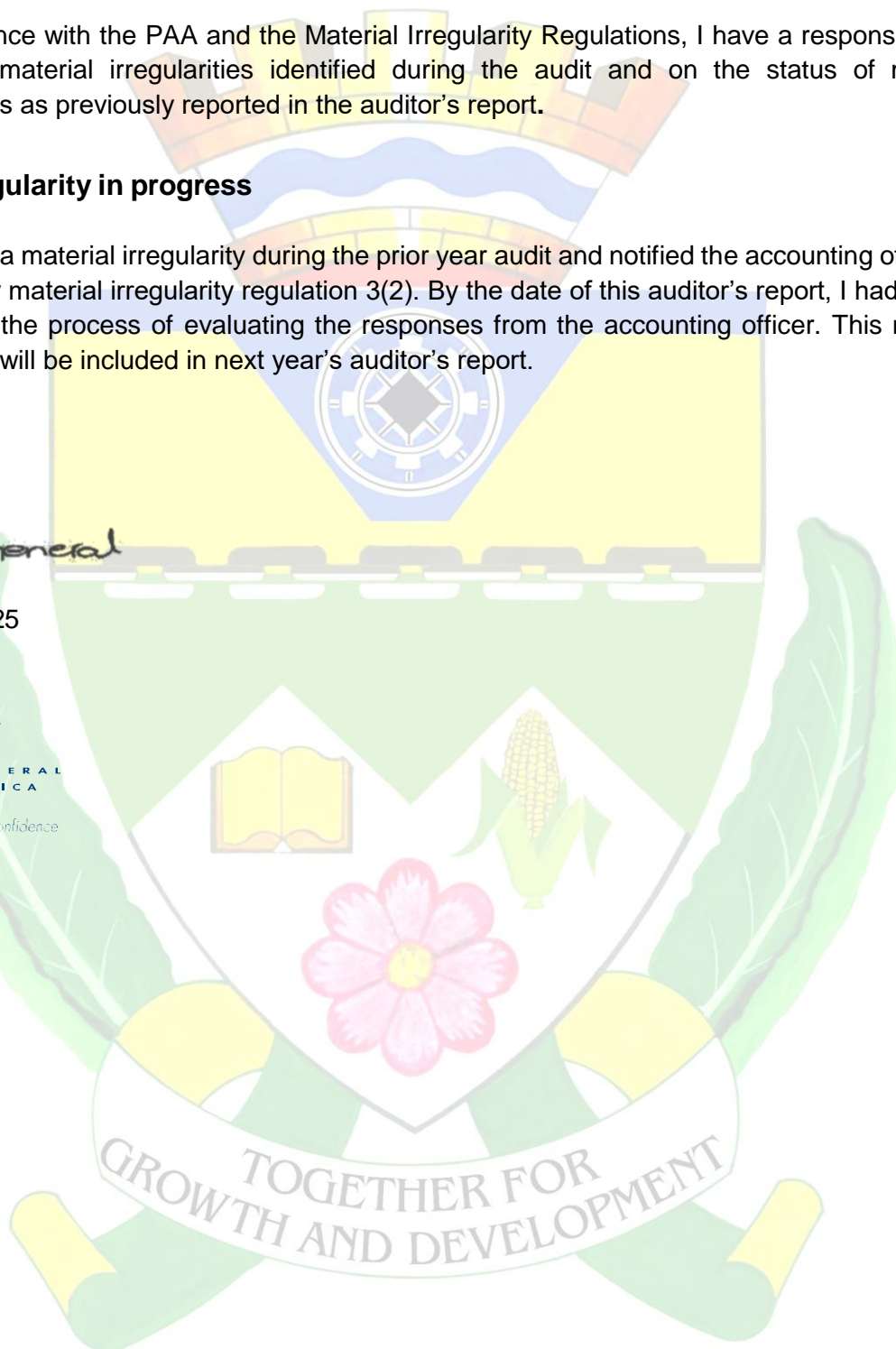
Auditor-General

16 January 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-generals responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

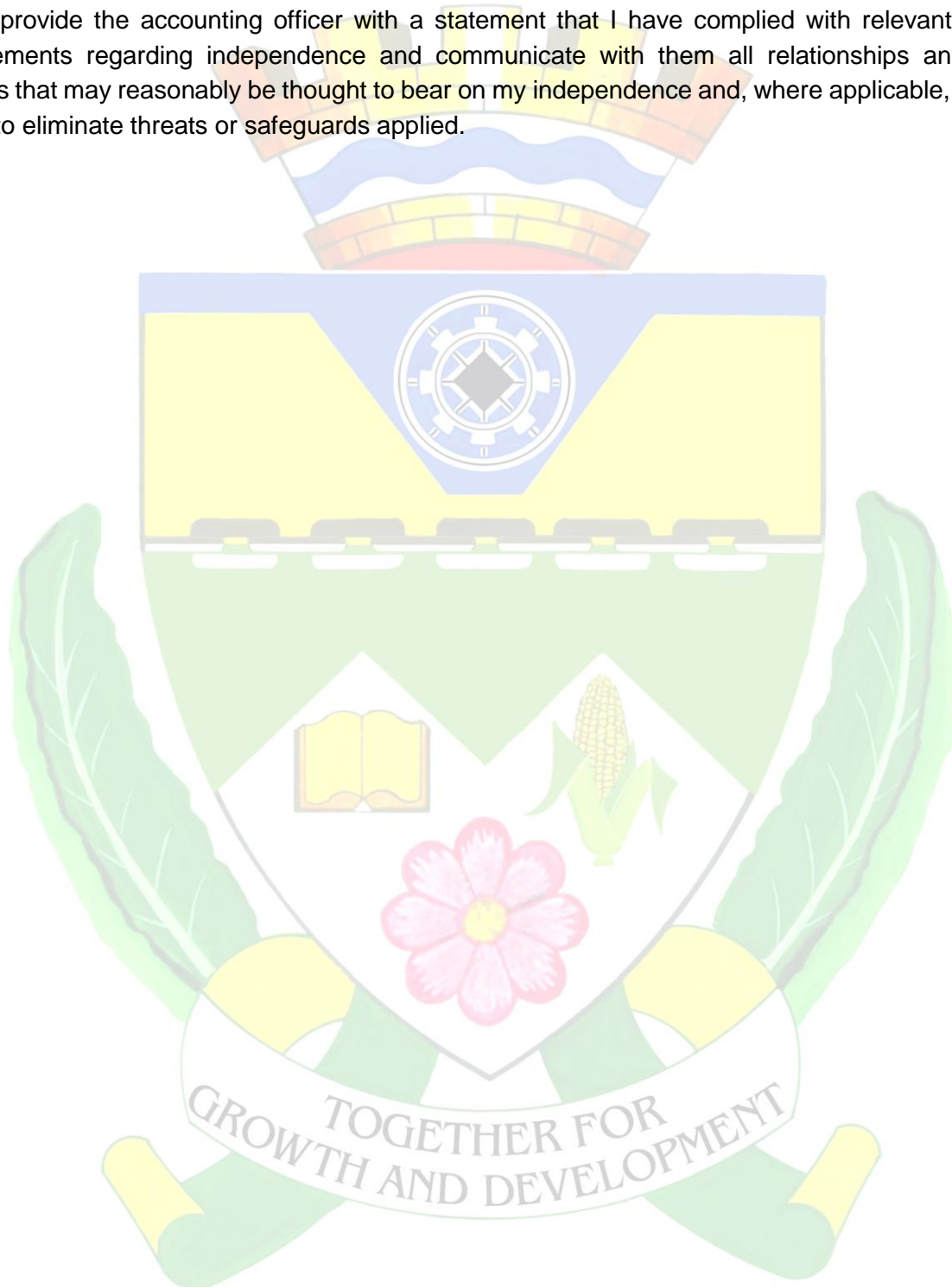
In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Compliance with legislation – selected legislative requirements.

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)

Legislation	Sections or regulations
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)







APPENDIX A

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

TOGETHER FOR
GROWTH AND DEVELOPMENT



APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

VICTOR KHANYE LOCAL MUNICIPALITY - COUNCIL STRUCTURE

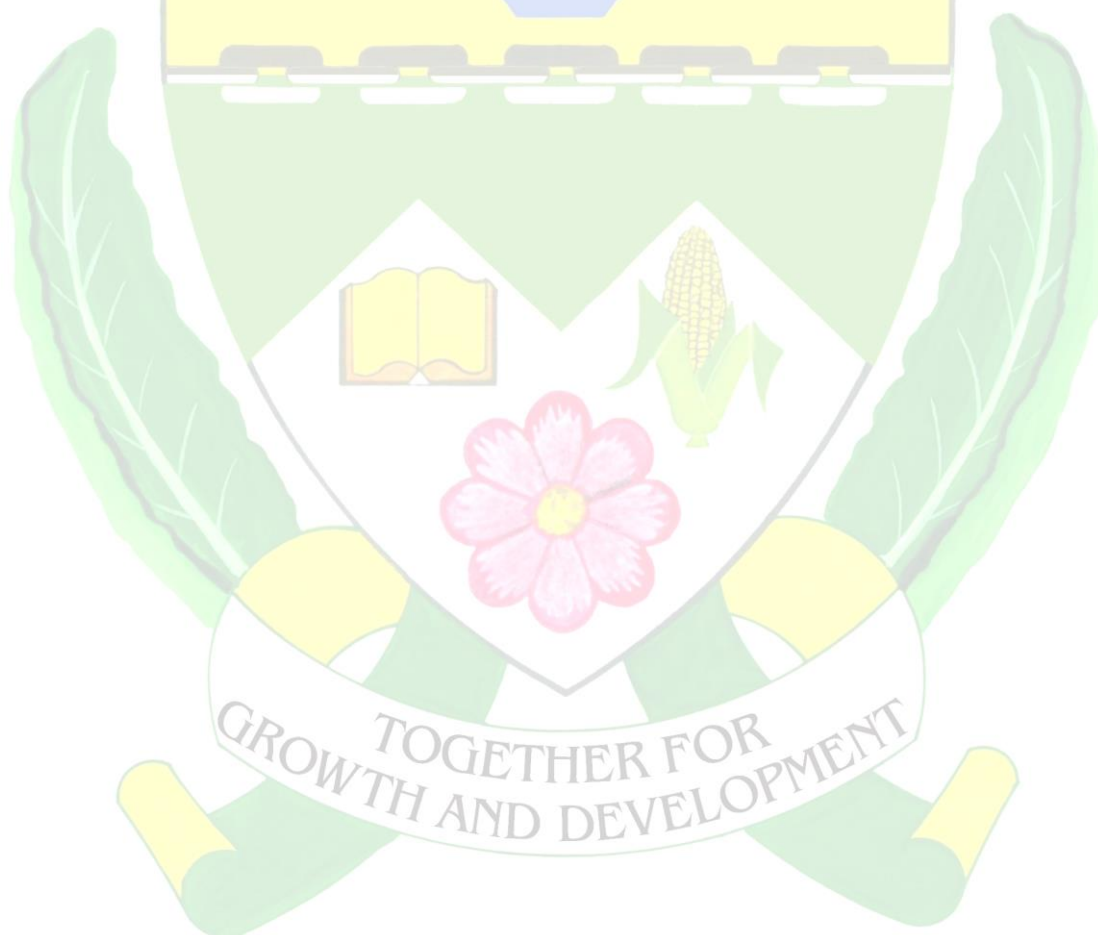
Established in terms of Municipal Structures Act, section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed. The Council continues with its role as a strong and effective advocate, lobbying on behalf of our community for action on important local issues and continues to receive grants from other spheres of government and external bodies.

The following Councillors formed part of Victor Khanye Local Municipality's Council Structure.

NAMES OF COUNCILLORS	POLITICAL PARTY	WARD REPRESENTED	PLANNED MEETINGS	TOTAL PRESENT
1. Councillor HM Ngoma; Speaker	ANC	WARD 5	5	5
2. Councillor KV Buda Executive Mayor	ANC	PR	5	4
3. Councillor EM Masilela; MMC – Fin and Corp	ANC	WARD 9	5	4
4. Councillor BD Yeko; MMC – HSS	ANC	WARD 2	5	5
5. Councillor TG Malomane; MMC – PITS	ANC	WARD 3	5	5
6. Councillor NS Ngcobo Council Whip	ANC	WARD 6	5	5
7. Councillor DJ Bath	DA	WARD 8	5	5
8. Councillor NE Mohoadibe	EFF	PR	5	2
9. Councillor BL Mbalati	ANC	WARD 1	5	4
10. Councillor SG Mkhawane R: Replaced by Cllr A Smith on 28 Feb 2023	AVPP	PR	5	2
Councillor A Smith 28 Feb 2023	AVPP	PR	5	3
11. Councillor M Mofomme D: Deceased replaced by LS Lebatse on 06 April 2023 1 July 2022- 18 Dec 2022	ANC	WARD 4	5	1
Councillor LS Lebatse	ANC	WARD 4	5	2



06 April 2023				
12. Councillor ZJ Ndlovu	ANC	WARD 7	5	5
13. Councillor M Rautenbach	DA	PR	5	5
14. Councillor RK Segone R: Replaced by Cllr ST Segone on 28 Feb 2023.	AVPP	PR	5	2
Councillor ST Segone 28 Feb 2023	AVPP	PR	5	2
15. Councillor P Senekal	VFP	PR	5	5
16. Councillor MM Sepenyane	AVPP	PR	5	3
17. Councillor SM Skosana	DA	PR	5	4





APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES





PURPOSE OF THE PORTFOLIO COMMITTEES

Victor Khanye Local Municipality has a total of 12 Portfolio Committees, 09 of which are Section 79 and 3 are Section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed.

A section 79 committee reports to the council while a section 80 committee reports to the executive mayor in the manner prescribed by the Mayoral Committee or the Executive Mayor.

SECTION 79 COMMITTEES

Section 79 Committees are usually temporal and appointed by the Mayoral Committee as and when needed. They are usually set up to investigate a particular issue and do not have any decision-making powers. They make recommendations to Council.

POLICY DEVELOPMENT COMMITTEE	
1. Councillor M Mofomme	Chairperson
2. Councillor KV Buda	Executive Mayor
3. Councillor NE Mohoadibe	Member
4. Councillor NS Ngcobo	Member
5. Councillor MM Sepenyane	Member
6. Councillor HM Ngoma	Member
7. Councillor BL Mbalati	Member

LOCAL GEOGRAPHIC NAMES CHANGE COMMITTEE	
1. Councillor NE Mohoadibe	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor BL Mbalati	Member
4. Councillor SM Skosana	Member
5. Councillor M Mofomme	Member

LOCAL LABOUR FORUM	
1. Councillor EM Masilela	Chairperson
2. Councillor SG Mkhawane	Member
3. Councillor BL Mbalati	Member

RULES AND ETHICS COMMITTEE (Speaker is the chairperson of this committee in terms of delegated powers)	
1. Councillor HM Ngoma	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor MM Sepenyane	Member
4. Councillor NE Mohoadibe	Member



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	
1. Councillor JZ Ndlovu	Chairperson
2. Councillor DJ Bath	Member
3. Councillor BL Mbalati	Member
4. Councillor M Mofomme	Member
5. Councillor RK Segone	Member
6. Councillor NE Mohoadibe	Member
7. Councillor P Senekal	Member

FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE	
1. Councillor BL Mbalati	Chairperson
2. Councillor RK Segone	Member
3. Councillor NS Ngcobo	Member
4. Councillor S Skosana	Member

PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE:	
1. Councillor DJ Bath	Chairperson
2. Councillor JZ Ndlovu	Member
3. Councillor P Senekal	Member
4. Councillor BL Mbalati	Member

HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE	
1. Councillor M Rautenbach	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor NE Mohoadibe	Member
4. Councillor M Mofomme	Member

BUDGET STEERING COMMITTEE	
1. Councillor KV Buda	Chairperson
2. Councillor EM Masilela	Member
3. Councillor TG Malomane	Member
4. Councillor DJ Bath	Member
5. Councillor BL Mbalati	Member

SECTION 80 COMMITTEES

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



FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE	
1. Councillor EM Masilela	Chairperson
2. Councillor M Rautenbach	Member
3. Councillor NS Ngcobo	Member
4. Councillor NE Mohoadibe	Member
5. Councillor M Mofomme	Member

PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE	
1. Councillor TG Malomane	Chairperson
2. Councillor BL Mbalati	Member
3. Councillor RK Segone	Member
4. Councillor NS Ngcobo	Member
5. Councillor S Skosana	Member

HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE	
1. Councillor BD Yeko : Chairperson	Chairperson
2. Councillor DJ Bath	Member
3. Councillor ZJ Ndlovu	Member
4. Councillor P Senekal	Member
5. Councillor BL Mbalati	Member

PURPOSE OF THE MAYORAL COMMITTEE

MAYORAL COMMITTEE

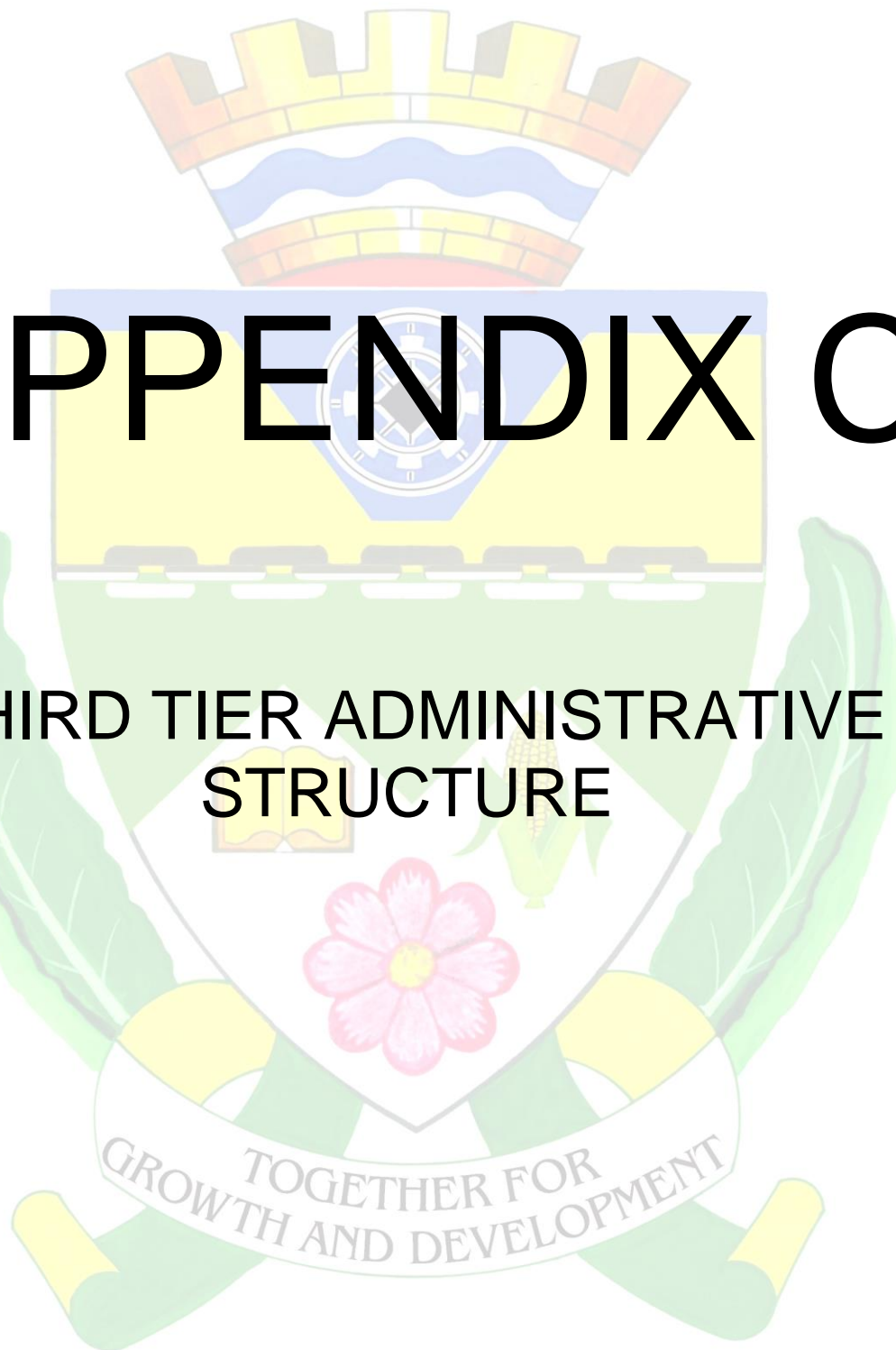
Members of the Mayoral Committee are appointed by the Mayor from among Councillors. The duties of the Mayoral Committee are to assist the Mayor in the execution of his/her duties. The Mayor may delegate specific responsibilities to each member of the Mayoral Committee. The following Councillors are the members of the Mayoral Committee of Victor Khanye Local Municipality.

MAYORAL COMMITTEE	
Executive Mayor	Cllr VK Buda
MMC	Cllr E.M Masilela
MMC	Cllr T.G Malomane
MMC	Cllr B.D Yeko



APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE





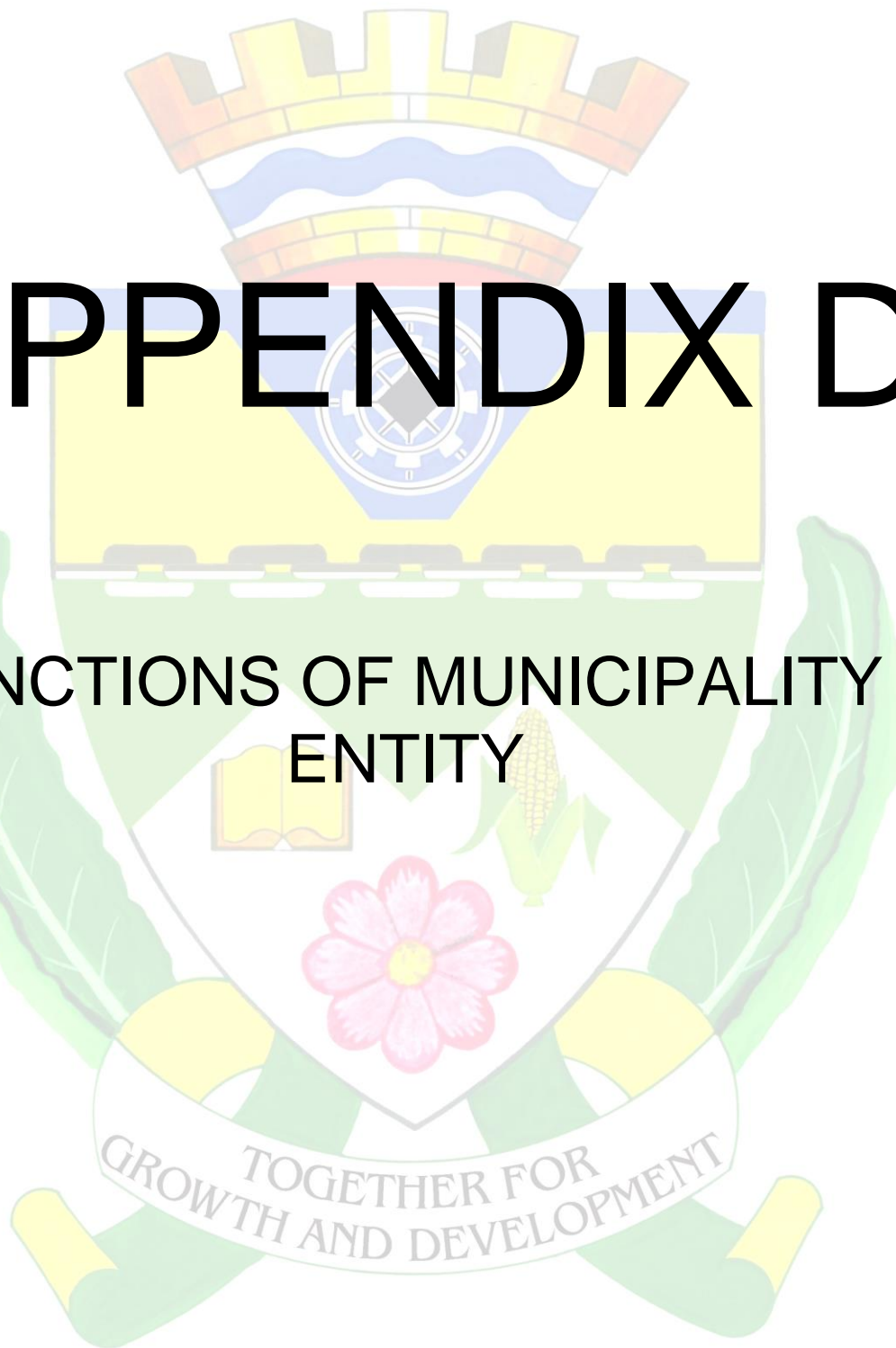
VICTOR KHANYE LOCAL MUNICIPALITY 2023/24 FY

CTI MUNICIPAL MANAGER TM MASHABELA 0071				
CTI EXECUTIVE DIRECTOR CORPORATE SERVICE LM MAHLANGU PAGE 3	CTI CHIEF FINANCIAL OFFICER TP MAHLANGU 0338 PAGE 4	CTI EXECUTIVE DIRECTOR TECHNICAL SERVICE GM MATLALA PAGES 5 - 8	CTI EXECUTIVE DIRECTOR SOCIAL SERVICE BN MOKOENA PAGES 9 - 12	MANAGER: OFFICE OF MM MJ DUMA 0498 PAGE 2
ARCHIVES FACILITY MANAGEMENT HR DEVELOPMENT HR MANAGEMENT PROPERTY ADMIN SECRETARIAT SERVICES SECURITY SERVICES SUPPORT SERVICES	ACCOUNT ADMIN ASSET MANAGEMENT DEBT COLLECTION EXPENDITURE FINANCIAL MANAGEMENT FINANCIAL SYSTEMS PAYROLL REVENUE STORES SUPPLY CHAIN MANAGEMENT	POLITICAL OFFICE PMS: INSTITUTIONAL IDP LED EPWP MONITORING & EVALUATION PUBLIC PARTICIPATION INTERNAL AUDIT YOUTH DEVELOPMENT RISK MANAGEMENT ICT COMMUNICATION CUSTOMER CARE LEGAL SERVICES & IR	BUILDING CONTROL CIVIL ENGINEERING ELECTRICITY MECHANICAL W/S FLEET MANAGEMENT BLACKSMITH W/S LAND & HOUSING PROJECT MANAGEMENT SANITATION TOWN PLANNING WATER	CEMETERIES ENVIRONMENTAL HEALTH FIRE SERVICE LAW ENFORCEMENT LIBRARY SERVICE PARKS SOCIAL SERVICES SPORT & RECREATION
1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Photocopying 9. Archives 10. Administration: EDMS 11. Official Notices 12. HR Management & Development 13. Leave Administration 14. Skills Development 15. Occupational Health & Safety 16. Employee Wellness 17. Injury on Duty 18. Property Admin 19. Estate Management 20. Support Service 21. Postal & Messenger Service	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Financial System Man 9. Financial Planning & Statistics 10. Financial Reporting 11. Financial Year-end 12. Investment Management 13. Insurance Admin & Management 14. Loan Management & Admin 15. Asset Management 16. Liaison: External Auditors 17. Creditors Administration 18. Debtors Administration 19. Credit Control: 20. Indigent Policy: 21. Meter Reading Function 22. Municipal Stores 23. Pay Office 24. SCM 25. Contract Management	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Integrated Development Planning 9. Performance Management 10. EPWP 11. Transversal Affairs 12. LED 13. Internal Audit 14. Risk Management 15. Youth Development 16. Public Participation 17. Legal Compliance 18. Gazettes: Govern / Prov 19. Policies & Bylaws 20. ICT 21. Legal Matters 22. Communication	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Building control 9. Land Use Management 10. Fleet management 11. Mechanical Workshop 12. Town Planning 13. Repair & Maintenance Elec Reticulation Network 14. Repair & Maintenance: Elec Installations & Equipment 15. Repair & Maintenance: Sewerage Network 16. Repair & Maintenance: Waste Water Care works 17. Repair & Maintenance: Water Care works 18. Repair & Maintenance: Water Reticulation Network	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Estate Management 9. Cleansing 10. Landfill Sites 11. Environmental Health 12. Traffic Services 13. Fire Services 14. Licenses: Drivers & Vehicles 15. Library Service 16. Manage and control : a) Parks division b) Cemeteries c) Sport fields d) Open spaces e) Pavements f) Municipal gardens



APPENDIX D

FUNCTIONS OF MUNICIPALITY / ENTITY





Municipal Function	Yes / No
Constitution Schedule 4, Part B functions:	
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

The coat of arms of Victor Khanye Local Municipality is centered in the background. It features a shield with a yellow and green design, a central emblem, and a banner at the bottom with the text 'TOGETHER FOR GROWTH AND DEVELOPMENT'. The shield is flanked by two green leaves and a yellow banner at the bottom.

APPENDIX E

WARD REPORTING



WARD COMMITTEE ALLOCATION (2023/24)

Ward committees are crucial in the local government system as they are the link between the councillor and the community. The ward committee system is also said to play a critical role in giving meaning to the notion of “the people shall govern”. This is so because local government is regarded as the level of government closest to the people and ward committees are just one way to ensure that citizens give input to the decisions that local councils make.

The South African Local Government Association, which is the sole representative of all municipalities, says ward committees are also important in fostering relations between ward councillors and key stakeholders at ward level, such as traditional councils and community development workers.

The terms of office of ward committees are aligned to that of municipal councils and the municipality must, as soon as possible after the results of the elections have been declared, arrange ward meetings in order for the interest groups in the ward to be identified and subsequently for the ward committees to be elected, according to the system applicable in each respective municipality.

The following are the ward allocation for the 17 Ward Committees of Victor Khanye Local Municipality for the 2023/24 financial year;

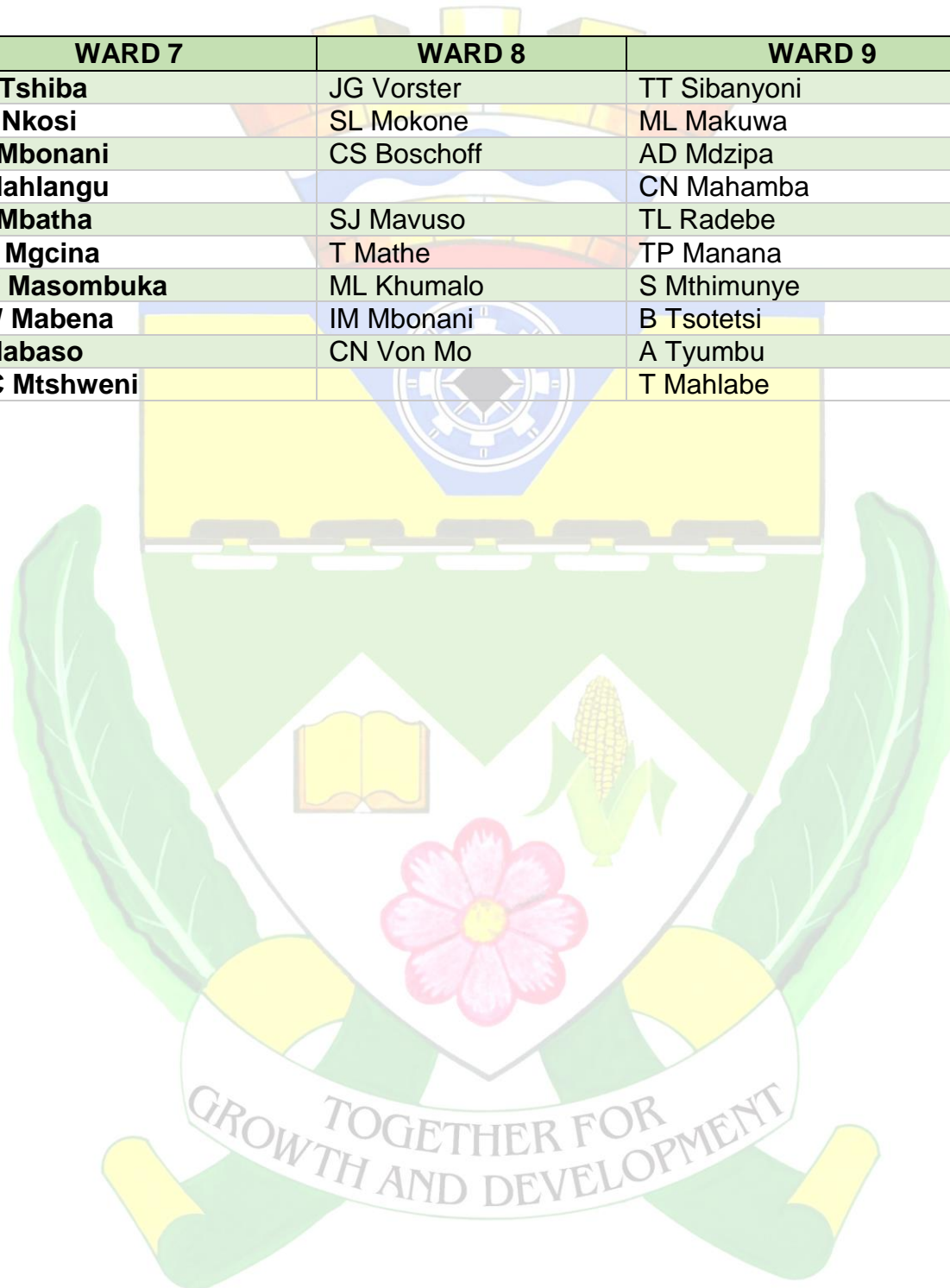
Ward Committee Members Per Ward

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

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



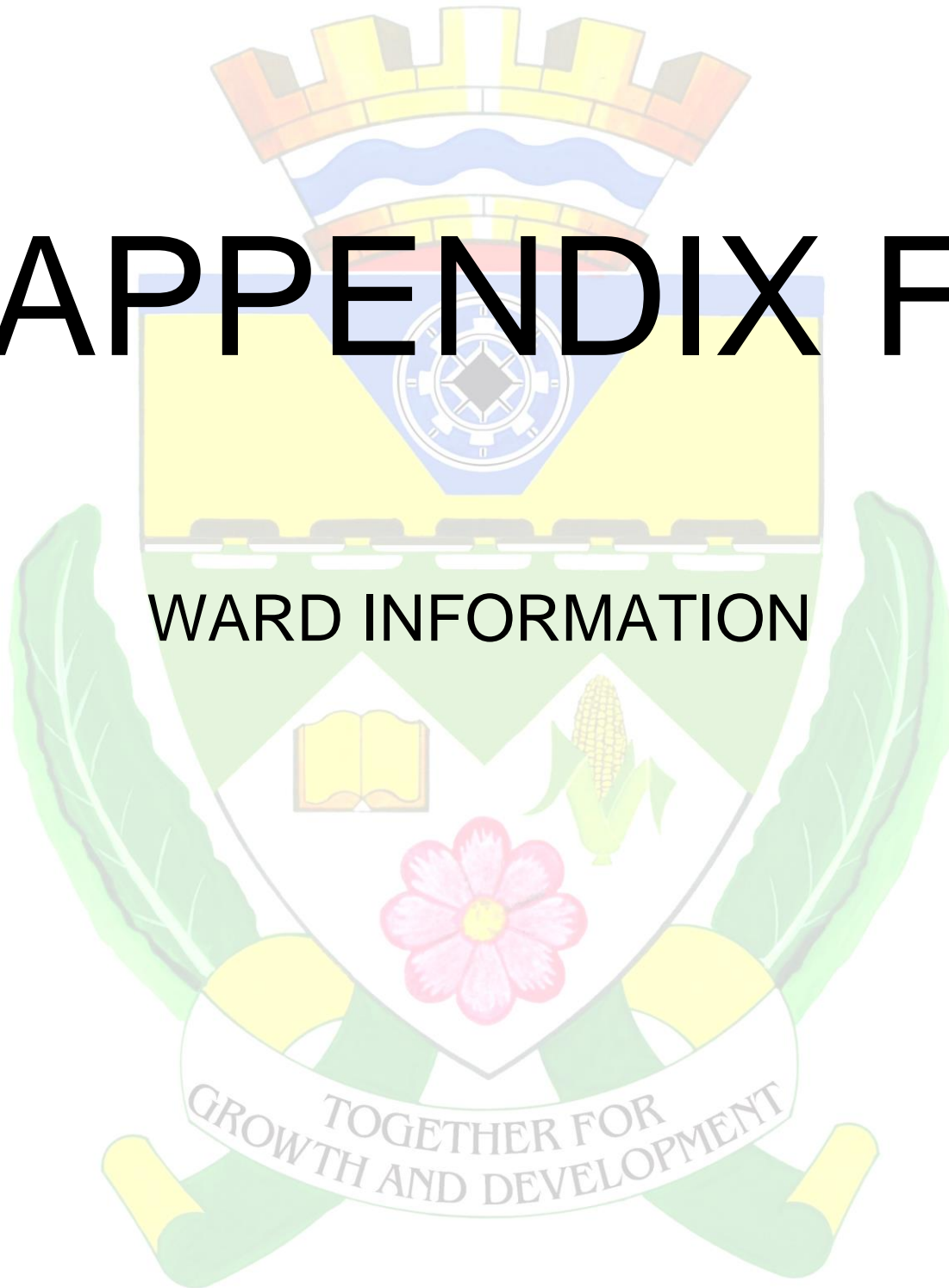
WARD 7	WARD 8	WARD 9
TC Tshiba	JG Vorster	TT Sibanyoni
LM Nkosi	SL Mokone	ML Makuwa
SJ Mbonani	CS Boschhoff	AD Mdzipa
P Mahlangu		CN Mahamba
JS Mbatha	SJ Mavuso	TL Radebe
HM Mgcina	T Mathe	TP Manana
BW Masombuka	ML Khumalo	S Mthimunya
MW Mabena	IM Mbonani	B Tsotetsi
S Mabaso	CN Von Mo	A Tyumbu
MC Mtshweni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





APPENDIX F

WARD INFORMATION





WARD INFORMATION

Progress on functionality of ward committees as at end of 2023/24 financial year:

The functionality of ward committees has a greater impact on how members of the community sees the municipality. It is of great importance for ward committees to do execute their duties to their best abilities to ensure that the community are satisfied with the municipality.

The following table illustrates that the Victor Khanye Local Municipality's Ward Committees are functional, as out of the 108 planned meetings, all the planned meetings sat.

This represents a total of 100% of meeting sittings:

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

The background of the page features a large, faded coat of arms of Victor Khanye Local Municipality. It includes a crown at the top, a shield with a gear and a flower, and a banner at the bottom that reads "TOGETHER FOR GROWTH AND DEVELOPMENT".

APPENDIX G

AUDIT COMMITTEE RECOMMENDATION

**PLEASE REFER TO THE AUDITOR GENERAL'S REPORT ON
CHAPTER 06 OF THIS DOCUMENT**

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APPENDIX H

LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS



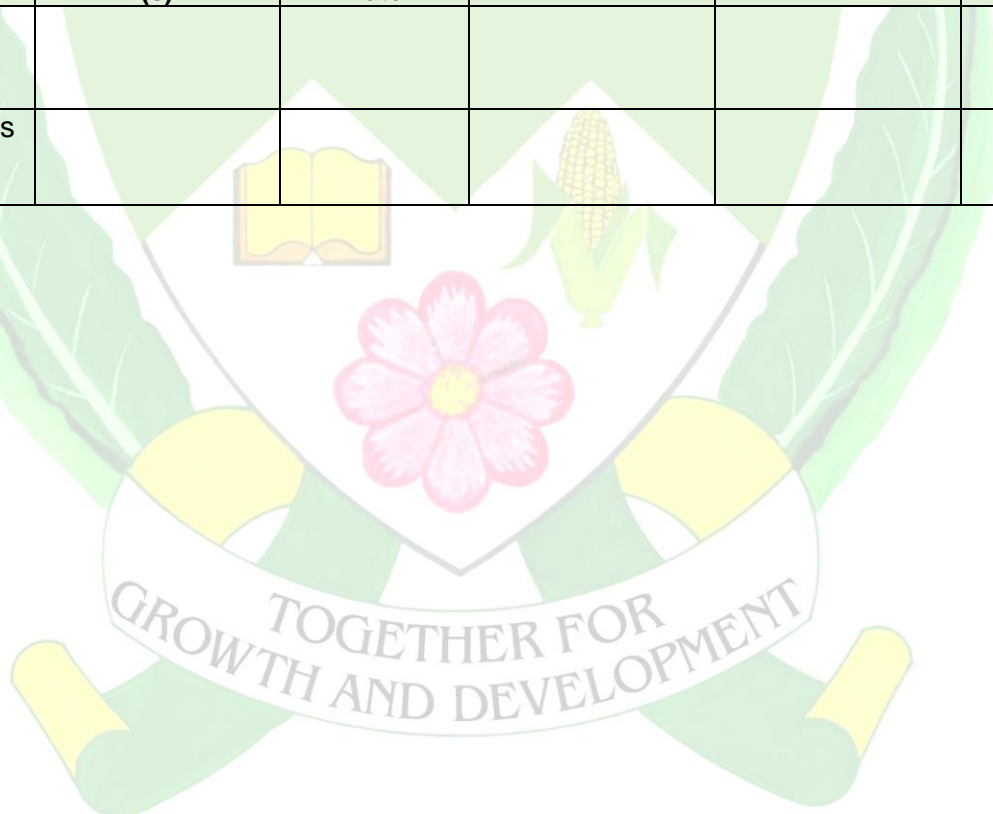
2023/24

LONG TERM CONTRACT R'000

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value
None					
The Municipality does not have contracts that are longer than three (3) years					

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2023/24

Name and Description of Project	Name of Partner (s)	Initiation Date	Expiry Date	Project Manager	Value
None					
The Municipality does not have an entity					





APPENDIX I

MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

TOGETHER FOR
GROWTH AND DEVELOPMENT



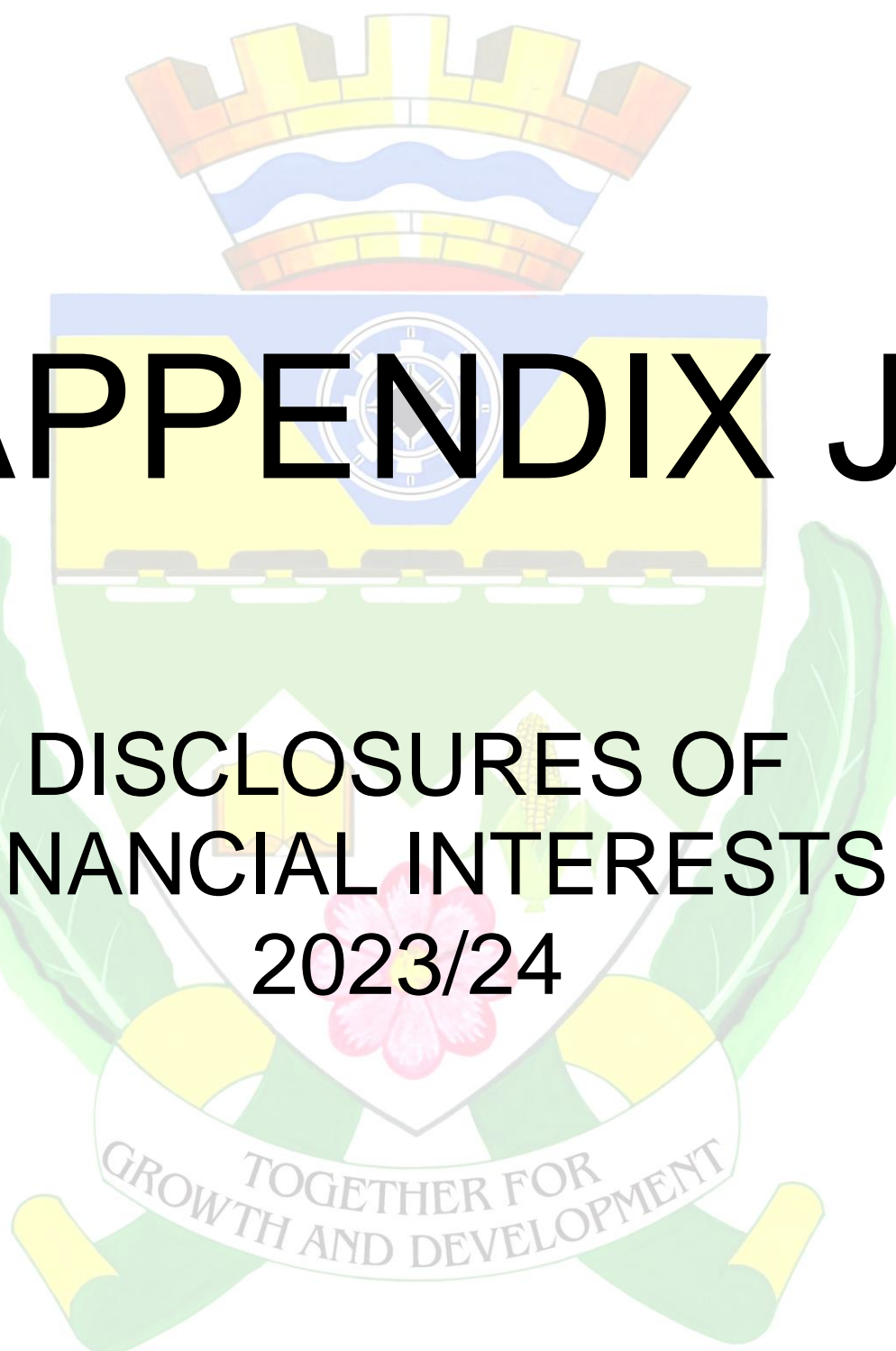
2023/24 CURRENT OPERATIONAL TENDER REGISTER

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount	Type of Contract
Tsoga molemi trading	Supply and delivery of petrol and diesel, on as and when required for the period of 36 months	28 July 2022	13 February 2022	R1784.80	Long Term - 3 Year Contract
Sense it (pty)ltd	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	28 July 2022	13 February 2022	R1 599 882.30	Long Term - 3 Year Contract
Unics technologies	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	21 July 2022	13 February 2022	R608 552.40	Long Term - 3 Year Contract
Elangeni services Cc	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	21 July 2022	13 February 2022	R525 411.52	Long Term - 3 Year Contract
Eugene chem solutions	Supply and delivery of water treatment chemicals and maintenance of ozone generation system, on as and when required basis for a period of 3 years	21 July 2022	13 February 2022	R187 986.10	Long Term - 3 Year Contract
Irhalane construction	Supply (Rental), install and maintain / service portable chemical toilets at informal settlement around VKLM, for the period of 36 months	05 August 2022	13 February 2022	R345 000.00	Long Term - 3 Year Contract
Imisebe engineering technologies	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R2 855 617.90	Long Term - 3 Year Contract
Melokuhle manageent	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 436 183.29	Long Term - 3 Year Contract
Ochad holdings	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 212 548.00	Long Term - 3 Year Contract
Kotp waste solutions	Operational and maintenance of Delmas / Botleng landfill site for the period of 3 years	05 April 2023	25 October 2022	R6 665 400.00	Long Term - 3 Year Contract



APPENDIX J

DISCLOSURES OF FINANCIAL INTERESTS 2023/24





DISCLOSURES OF FINANCIAL INTERESTS BY:-

POLITICAL LEADERSHIP

1. EXECUTIVE MAYOR: CLLR VK BUDA
2. SPEAKER: CLLR H.M NGOMA
3. CHIEF WHIP: CLLR N.S NGCOBO
4. MMC: CLLR E.M MASILELA
5. MMC: CLLR T.G MALOMANE
6. MMC: CLLR B.D YEKO

TOP MANAGEMENT

MUNICIPAL MANAGER - TM MASHABELA

CHIEF FINANCIAL OFFICER: TP MAHLANGU

EXECUTIVE DIRECTOR SOCIAL SERVICES - BN MOKOENA

EXECUTIVE DIRECTOR TECHNICAL SERVICES – GM MATLALA

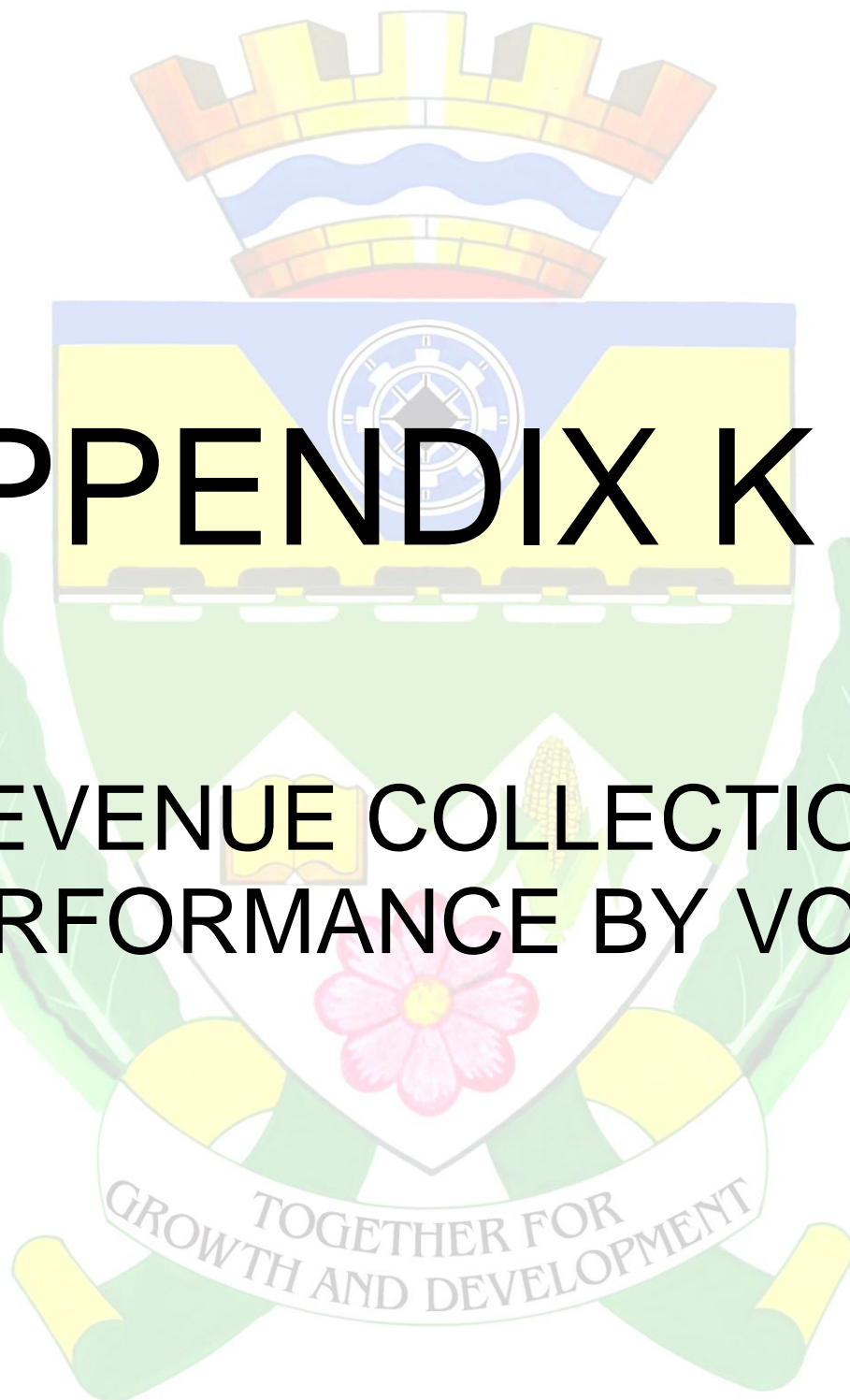
EXECUTIVE DIRECTOR CORPORATE SERVICES – LM MAHLANGU

All other Councillors and officials of the Municipality were also required to submit the declaration forms available in the Office of the Municipal Manager.



APPENDIX K (i)

REVENUE COLLECTION PERFORMANCE BY VOTE



MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 - June

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		248 096	359 314	382 748	19 733	312 253	382 748	(70 495)	-18.4%	382 748
Vote 3 - Corporate Services		-	-	-	-	-	-	-		-
Vote 4 - Community and Social Services		2 602	2 292	2 060	45	1 789	2 060	(271)	-13.2%	2 060
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-		-
Vote 6 - Public Safety		12 879	2 623	2 311	676	1 600	2 311	(712)	-30.8%	2 311
Vote 7 - Housing		2 654	2 094	1 934	79	1 624	1 934	(309)	-16.0%	1 934
Vote 8 - Health Services		-	-	-	-	-	-	-		-
Vote 9 - Planning and Development		-	1 572	1 572	-	-	1 572	(1 572)	-100.0%	1 572
Vote 10 - Roads Transport		29 826	-	-	-	-	-	-		-
Vote 11 - Electricity Services		131 296	314 370	250 877	13 886	178 524	250 877	(72 353)	-28.8%	250 877
Vote 12 - Water Services		99 124	144 924	137 664	6 823	57 697	137 664	(79 966)	-58.1%	137 664
Vote 13 - Waste Water Management		22 513	66 580	63 220	1 058	11 909	63 220	(51 311)	-81.2%	63 220
Vote 14 - Solid Waste Management		115 846	18 686	75 113	1 127	97 438	75 113	22 325	29.7%	75 113
Vote 15 -		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	664 836	912 454	917 499	43 427	662 834	917 499	(254 665)	-27.8%	917 499
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		59 937	54 596	69 269	5 844	58 063	69 269	(11 206)	-16.2%	69 269
Vote 2 - Budget and Treasury		222 125	256 722	263 526	49 249	234 880	263 526	(28 646)	-10.9%	263 526
Vote 3 - Corporate Services		410	137	5 011	1 016	8 940	5 011	3 929	78.4%	5 011
Vote 4 - Community and Social Services		13 587	9 186	19 778	2 548	27 975	19 778	8 197	41.4%	19 778
Vote 5 - Sport and Recreation		553	1 537	2 492	31	2 300	2 492	(192)	-7.7%	2 492
Vote 6 - Public Safety		18 906	44 860	50 061	3 296	38 648	50 061	(11 413)	-22.8%	50 061
Vote 7 - Housing		-	-	748	167	1 299	748	551	73.7%	748
Vote 8 - Health Services		1 648	200	835	2	520	835	(315)	-37.8%	835
Vote 9 - Planning and Development		3 564	6 277	8 263	560	7 746	8 263	(517)	-6.3%	8 263
Vote 10 - Roads Transport		63 769	41 741	40 881	2 422	25 612	40 881	(15 268)	-37.3%	40 881
Vote 11 - Electricity Services		248 345	220 122	262 667	40 716	262 678	262 667	11	0.0%	262 667
Vote 12 - Water Services		92 078	113 796	113 653	16 043	107 799	113 653	(5 854)	-5.2%	113 653
Vote 13 - Waste Water Management		32 678	36 008	32 514	3 154	35 738	32 514	3 224	9.9%	32 514
Vote 14 - Solid Waste Management		31 200	25 534	11 428	725	8 970	11 428	(2 458)	-21.5%	11 428
Vote 15 -		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	788 799	810 716	881 126	125 773	821 170	881 126	(59 956)	-6.8%	881 126
Surplus/ (Deficit) for the year	2	(123 963)	101 738	36 374	(82 346)	(158 335)	36 374	(194 709)	-535.3%	36 374

The background of the page features a large, faded watermark of the Government of Karnataka emblem. The emblem consists of a crown at the top, a shield in the center, and a banner at the bottom. The shield is divided into four quadrants: top-left (blue with a white gear), top-right (yellow with a white gear), bottom-left (green with a white gear), and bottom-right (green with a white gear). The banner at the bottom contains the text "TOGETHER FOR GROWTH AND DEVELOPMENT".

APPENDIX K (ii)

REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		155 582	347 266	291 085	13 924	184 431	291 085	(106 653)	(0)	291 085
Service charges - Water		48 880	67 794	60 702	6 823	56 595	60 702	(4 107)	(0)	60 702
Service charges - Waste Water Management		22 354	15 635	12 275	1 058	11 909	12 275	(366)	(0)	12 275
Service charges - Waste management		20 525	14 257	12 597	1 127	12 494	12 597	(103)	(0)	12 597
Sale of Goods and Rendering of Services		1 486	3 137	3 698	182	2 266	3 698	(1 432)	(0)	3 698
Agency services		—	—	—	—	—	—	—		—
Interest		—	—	—	—	—	—	—		—
Interest earned from Receivables		37 799	59 387	103 610	6 389	85 315	103 610	(18 295)	(0)	103 610
Interest from Current and Non Current Assets		763	—	15	—	1 037	15	1 023	0	15
Dividends		—	—	—	—	—	—	—		—
Rent on Land		—	—	—	—	—	—	—		—
Rental from Fixed Assets		2 709	2 532	2 007	79	1 624	2 007	(383)	(0)	2 007
Licence and permits		—	—	—	—	—	—	—		—
Operational Revenue		1 237	392	422	31	337	422	(85)	(0)	422
Non-Exchange Revenue										
Property rates		93 307	97 467	139 457	9 031	109 807	139 457	(29 650)	(0)	139 457
Surcharges and Taxes		32 885	54 884	49 371	4 222	49 204	49 371	(167)	(0)	49 371
Fines, penalties and forfeits		12 124	1 686	1 095	559	744	1 095	(350)	(0)	1 095
Licence and permits		—	—	—	—	—	—	—		—
Transfers and subsidies - Operational		131 228	144 142	144 142	—	143 890	144 142	(252)	(0)	144 142
Interest		17 377	—	—	—	—	—	—		—
Fuel Levy		—	—	—	—	—	—	—		—
Operational Revenue		—	—	—	—	—	—	—		—
Gains on disposal of Assets		—	—	—	—	—	—	—		—
Other Gains		2 381	—	(5 198)	—	3 179	(5 198)	8 377	(0)	(5 198)
Discontinued Operations		—	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		580 638	808 580	815 277	43 427	662 834	815 277	(152 443)	-19%	815 277
Expenditure By Type										
Employee related costs		176 955	201 504	202 059	16 001	186 893	202 059	(15 166)	(0)	202 059
Remuneration of councillors		8 522	9 101	9 131	673	9 364	9 131	233	0	9 131
Bulk purchases - electricity		167 220	185 000	195 505	39 097	203 040	195 505	7 535	0	195 505
Inventory consumed		40 189	79 205	90 252	26 594	129 362	90 252	39 110	0	90 252
Debt impairment		61 064	103 571	88 571	—	—	88 571	(88 571)	(0)	88 571
Depreciation and amortisation		64 174	52 046	50 102	—	29 000	50 102	(21 103)	(0)	50 102
Interest		94 766	33 352	57 601	11 288	85 022	57 601	27 420	0	57 601
Contracted services		90 057	71 449	111 191	14 559	115 261	111 191	4 070	0	111 191
Transfers and subsidies		—	7 336	5 936	—	—	5 936	(5 936)	(0)	5 936
Irrecoverable debts written off		—	30 000	29 800	—	—	29 800	(29 800)	(0)	29 800
Operational costs		67 416	38 153	50 975	18 443	61 482	50 975	10 507	0	50 975
Losses on Disposal of Assets		6 374	—	—	—	—	—	—		—
Other Losses		12 064	—	—	—	10 507	—	10 507	#DIV/0!	—
Total Expenditure		788 799	810 716	891 123	126 654	829 929	891 123	(61 194)	-7%	891 123
Surplus/(Deficit)		(208 162)	(2 136)	(75 847)	(83 227)	(167 095)	(75 847)	(91 249)	0	(75 847)
Transfers and subsidies - capital (monetary allocations)	52 976	59 174	57 522	—	—	57 522	(57 522)	(0)	57 522	
Transfers and subsidies - capital (in-kind)	31 223	44 700	44 700	—	—	44 700	(44 700)	(0)	44 700	
Surplus/(Deficit) after capital transfers & contributions		(123 963)	101 738	26 376	(83 227)	(167 095)	26 376			26 376
Income Tax		—	—	—	—	—	—	—		—
Surplus/(Deficit) after income tax		(123 963)	101 738	26 376	(83 227)	(167 095)	26 376			26 376
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—	—		—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—	—		—
Surplus/(Deficit) attributable to municipality		(123 963)	101 738	26 376	(83 227)	(167 095)	26 376			26 376
Share of Surplus/Deficit attributable to Associate		—	—	—	—	—	—	—		—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—	—		—
Surplus/ (Deficit) for the year		(123 963)	101 738	26 376	(83 227)	(167 095)	26 376			26 376

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APPENDIX L

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

TRANSFERS RECOGNISED – CONDITIONAL GRANTS

GRANTS	GAZZETTED AMOUNT	TOTAL RECEIVED	YTD SPENDING
Finance Management Grant	R1 850 000	R1 850 000	100%
Expended Public Works Programme	R1 434 000	R1 434 000	100%
Water Services Infrastructure Grant	R30 000 000	R30 000 000	100%
Municipal Infrastructure Grant	R27 129 000	R27 129 000	100%



APPENDIX M

(i)

CAPITAL EXPENDITURE NEW ASSETS PROGRAMME

NONE



APPENDIX M (ii)

CAPITAL EXPENDITURE UPGRADE/RENEWAL PROGRAMME

NONE

APPENDIX N

CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

NONE

TOGETHER FOR
GROWTH AND DEVELOPMENT

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APPENDIX O

CAPITAL EXPENDITURE NEW ASSETS PROGRAMME

CAPITAL PROJECTS – 2023/2024				
Project Name	Project Location		Amount	Progress
	Ward	Settlement/village		
Reconstruction of paved roads in Victor Khanye	Ward 3,4 & 5	Botleng Extension 2,3,4,5,7, Sundra & Eloff	R12 271.937.55	Construction 95%
Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 697 231.92	Construction 96,0%
Development of Portion 6 of the Farm Middelburg 231 ER -Sanitation Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 757 124.83	Construction 94,0%
Development of the 2nd Phase of the Landfill Site in Delmas	Ward 3	Botleng Extension 7	R421 705.00	Design & Tender
Drilling of Boreholes in rural areas and provision of elevated steel tanks	Ward 7 & 9	Groenfontein & Brakfontein	R2 763 703.69	Construction 66%
Installation of High Mast Light at Victor Khanye Municipality	Ward 3	Botleng Extension 7	R2 863 121.82	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Botleng Township Extensions	R30 000 000,00	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Delmas, Delpark and Botleng	R20 000 000,00	Construction 55%

APPENDIX P

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

NONE

TOGETHER FOR
GROWTH AND DEVELOPMENT



APPENDIX Q

SERVICE BACKLOGS
EXPERIENCED BY THE
COMMUNITY WHERE ANOTHER
SPHERE OF GOVERNMENT IS
RESPONSIBLE FOR SERVICE
PROVISION

NONE



APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

NONE



APPENDIX S

DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

THERE ARE NO RETURNS OUTSTANDING

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APPENDIX T

NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

THE FUNCTIONS OF THE MUNICIPALITY HAVE BEEN DETAILED IN THE ANNUAL REPORT UNDER THE DEPARTMENTAL FUNCTIONS ON PAGE 40 AS WELL AS THE SHARING OF FUNCTIONS WITH OTHER SECTOR DEPARTMENTS ON PAGES 43 TO 48 OF THIS REPORT.

VICTOR KHANYE LOCAL MUNICIPALITY

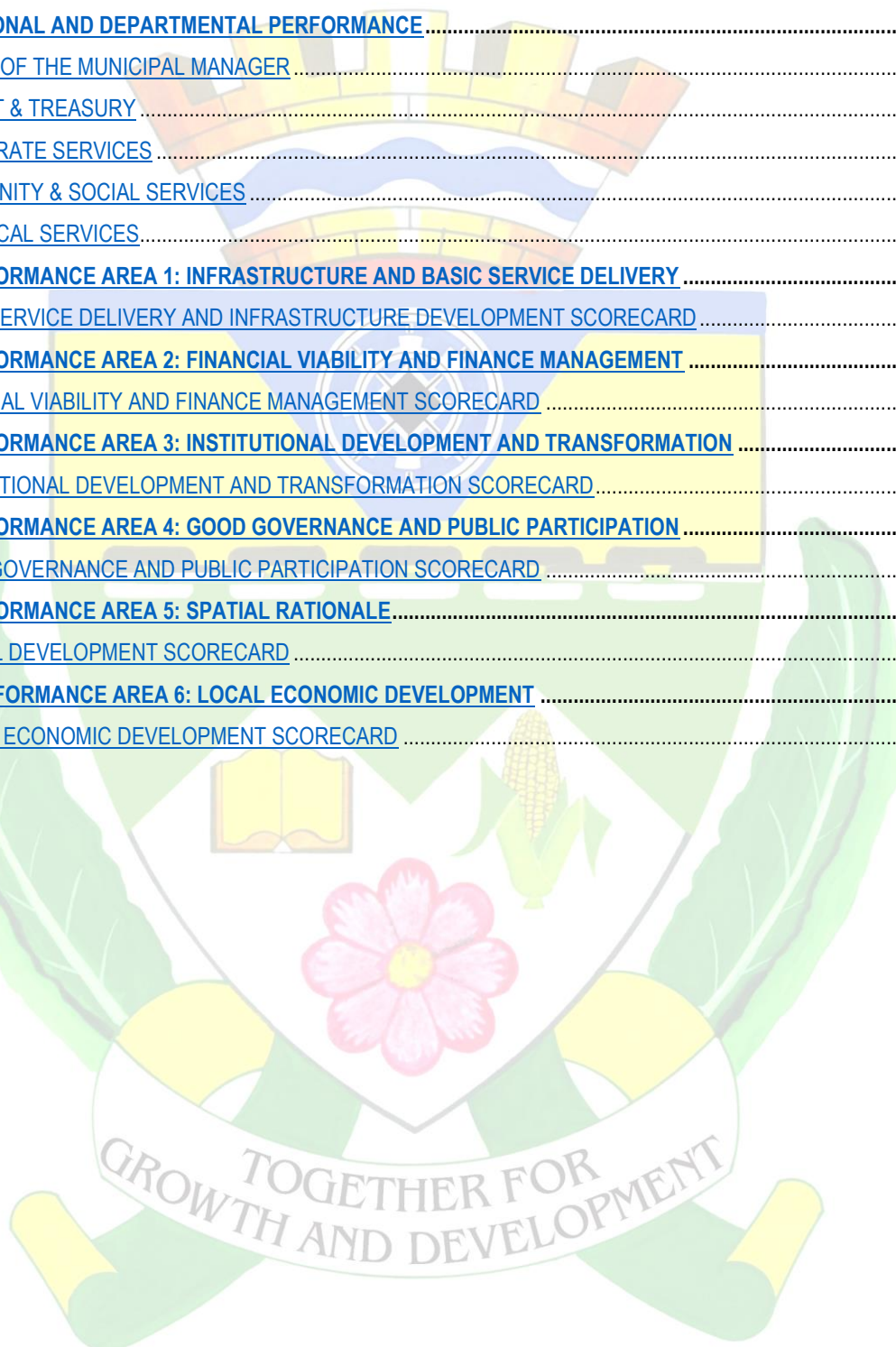
*“A repositioned municipality for a better and sustainable
service delivery for all”*



2023/24 Institutional (Non-Financial) Annual Performance Report

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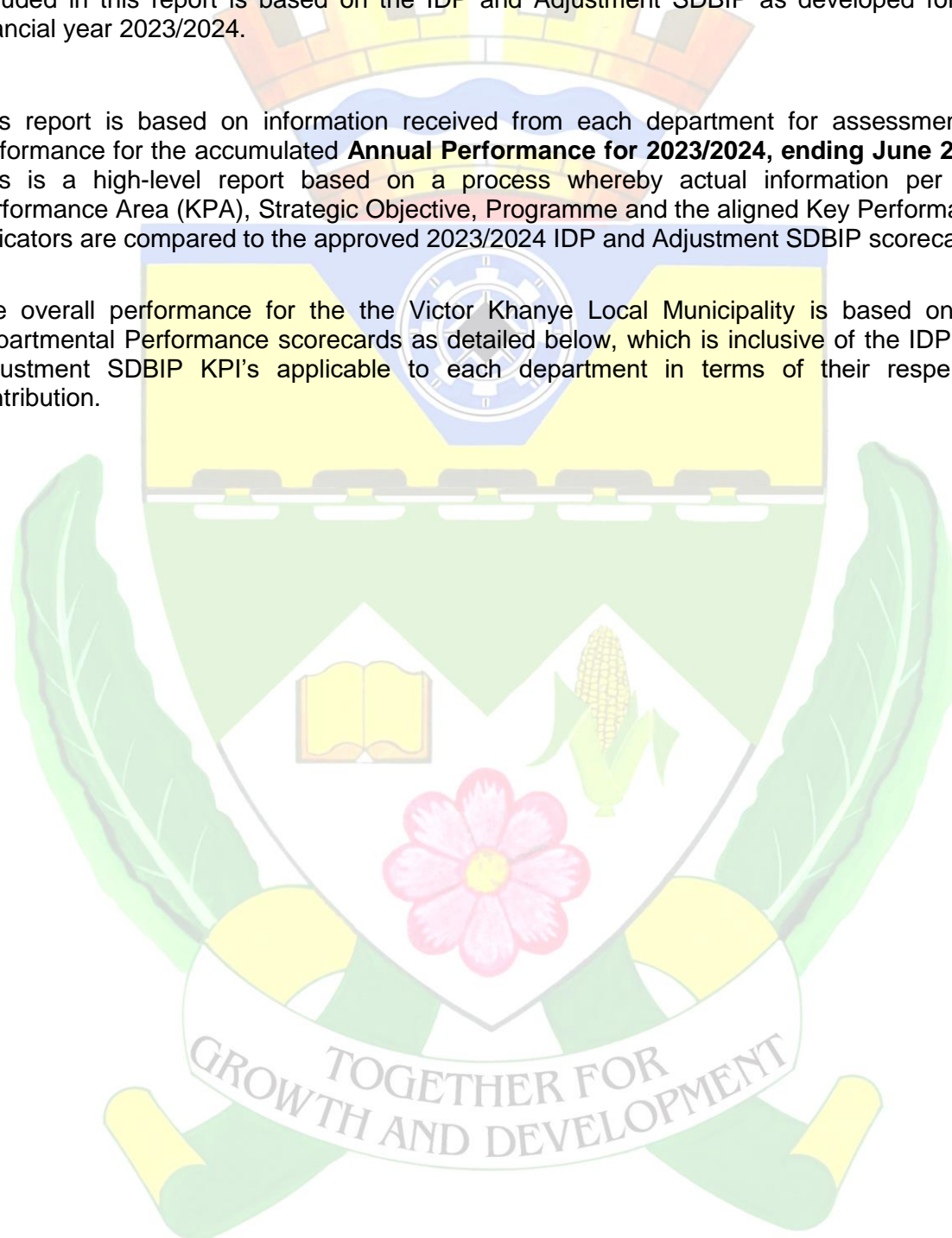


1.0 PURPOSE

The purpose of this report is to give feedback regarding the performance of the Victor Khanye Local Municipality as required through The Municipal Systems Act No 32 of 2000, section 41(e) and the Municipal Finance Management Act 56 of 2003, section 52(d). The information included in this report is based on the IDP and Adjustment SDBIP as developed for the financial year 2023/2024.

This report is based on information received from each department for assessment of performance for the accumulated **Annual Performance for 2023/2024, ending June 2024**. This is a high-level report based on a process whereby actual information per Key Performance Area (KPA), Strategic Objective, Programme and the aligned Key Performance Indicators are compared to the approved 2023/2024 IDP and Adjustment SDBIP scorecards.

The overall performance for the the Victor Khanye Local Municipality is based on the Departmental Performance scorecards as detailed below, which is inclusive of the IDP and Adjustment SDBIP KPI's applicable to each department in terms of their respective contribution.



2.0 EXECUTIVE SUMMARY

This report serves as the Institutional **Annual Performance Report** for the **2023/2024** financial year **ending 30 June 2024**. It provides effective and informative feedback on the performance level achieved (accumulative reporting) against the targets as laid out in the IDP and Adjustment SDBIP Scorecards. In the case of under-performance, the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures taken to address these challenges are included thereto.

The overall performance for the Victor Khanye Local Municipality is based on a composite Performance Scorecard of each Department comprising of all indicators inclusive of the IDP and Adjustment SDBIP. The institution is responsible for a **total of 166 KPI's, of which all were assessed**. All these KPI's combine to contribute to the overall performance level of the IDP and Adjustment SDBIP Scorecards.

The overall accumulative Institutional performance score achieved for the **Annual Performance Report of 2023/2024, ending June 2024** was **78%**, based on **129 of 166 KPI's** assessed achieving their respective annual targets.



3.0 KEY PERFORMANCE AREAS AND ORGANISATIONAL STRATEGIC GOALS

The following Key Performance Areas and Strategic Goals have been adopted by the municipality for the purposes of reporting on the attainment of the Institutional performance indicators and targets

KPA 1: Infrastructure and Basic Service Delivery

Goal 1: Improved provision of basic services to the residents of VKLM

Goal 2: Improved social protection and education outcomes

KPA 2: Financial viability and Finance Management

Goal 3: Improved Compliance to MFMA and VKLM Policy Framework

KPA 3: Institutional Development and Transformation

Goal 4: Improved efficiency and effective of the Municipal Administration

KPA 4: Good Governance and Public Participation

Goal 5: Improve community confidence in the system of local government

KPA 5: Spatial Rationale

Goal 6: Increase regularization of built environment

KPA 6: Local Economic Development

Goal 7: Increased economic activity and job creation

The traffic light system used in the report of performance is as follows:

GREEN	ACHIEVED
RED	NOT ACHIEVED

4. Comparison of Institutional Performance Levels 2022/23 – 2023/24

Table 1: Annual Performance Comparison

Key Performance Areas	2022/23			2023/24		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
KPA 1: Infrastructure and Basic Service Delivery	40	31	78%	40	33	83%
KPA 2: Financial viability and Finance Management	33	22	67%	37	29	78%
KPA 3: Institutional Development and Transformation	29	20	69%	27	23	85%
KPA 4: Good Governance and Public Participation	45	28	63%	48	32	67%
KPA 5: Spatial Rationale	4	2	50%	6	5	83%
KPA 6: Local Economic Development	8	6	75%	8	7	88%
Overall	159	109	69%	166	129	78%

5. INSTITUTIONAL AND DEPARTMENTAL PERFORMANCE

Below is a summary of the overall combined KPI and Project performance level achieved by each Department, depicting both the individual departmental performance and the achievement per KPA.

Comparison of Institutional KPI's per KPA - 2023/24

Table 1: KPI's Attaining Target

KPA	KPA 1: Infrastructure and Basic Service Delivery	KPA 2: Financial viability and Finance Management	KPA 3: Institutional Development and Transformation	KPA 4: Good Governance and Public Participation	KPA 5: Spatial Rationale	KPA 6: Local Economic Development	Total	Dept. %
Budget and Treasury	0/1	20/26	0/0	3/4	0/0	0/0	23/31	74%
	0%	77%	N/A	75%	N/A	N/A		
Technical Services	13/16	0/2	1/1	1/1	2/2	2/2	19/24	79%
	81%	0%	100%	100%	100%	100%		
Community and Social Services	14/16	4/4	0/0	4/5	0/0	0/0	22/25	88%
	88%	100%	N/A	80%	N/A	N/A		
Corporate Services	0/0	2/2	16/17	4/5	0/0	0/0	22/24	92%
	N/A	100%	94%	80%	N/A	N/A		
Office of the Municipal Manager	6/7	3/3	6/9	20/33	3/4	5/6	43/62	69%
	86%	100%	67%	61%	75%	83%		
Total Achieved	33	29	23	32	5	7	129	
Total Assessed	40	37	27	48	6	8	166	
Percentage %	83%	78%	85%	67%	83%	88%	78%	

The following section contains a comprehensive breakdown of the **individual Departmental performance**. The results highlight the progress with respect to performance not only at a departmental level, but also represents the **progress made within each Key Performance Area (KPA)**.

The individual performance of each KPI per KPA is highlighted in the following departmental scorecard.

5.1. OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for a total of **62 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows

Table 2: Office of the Municipal Manager Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	62	43	69%	19	31%
Total	62	43	69%	19	31%

5.2. BUDGET & TREASURY

The Budget and Treasury Department is responsible for a total of **31 KPI's** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 3: Budget & Treasury Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	31	23	74%	8	26%
Total	31	23	74%	8	26%

5.3. CORPORATE SERVICES

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

Table 4: Corporate Services Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	24	22	92%	2	8%
Total	24	22	92%	2	8%

5.4. COMMUNITY & SOCIAL SERVICES

The Community and Social Services Department is responsible for a total of **25 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 5: Community and Social Services Statistics

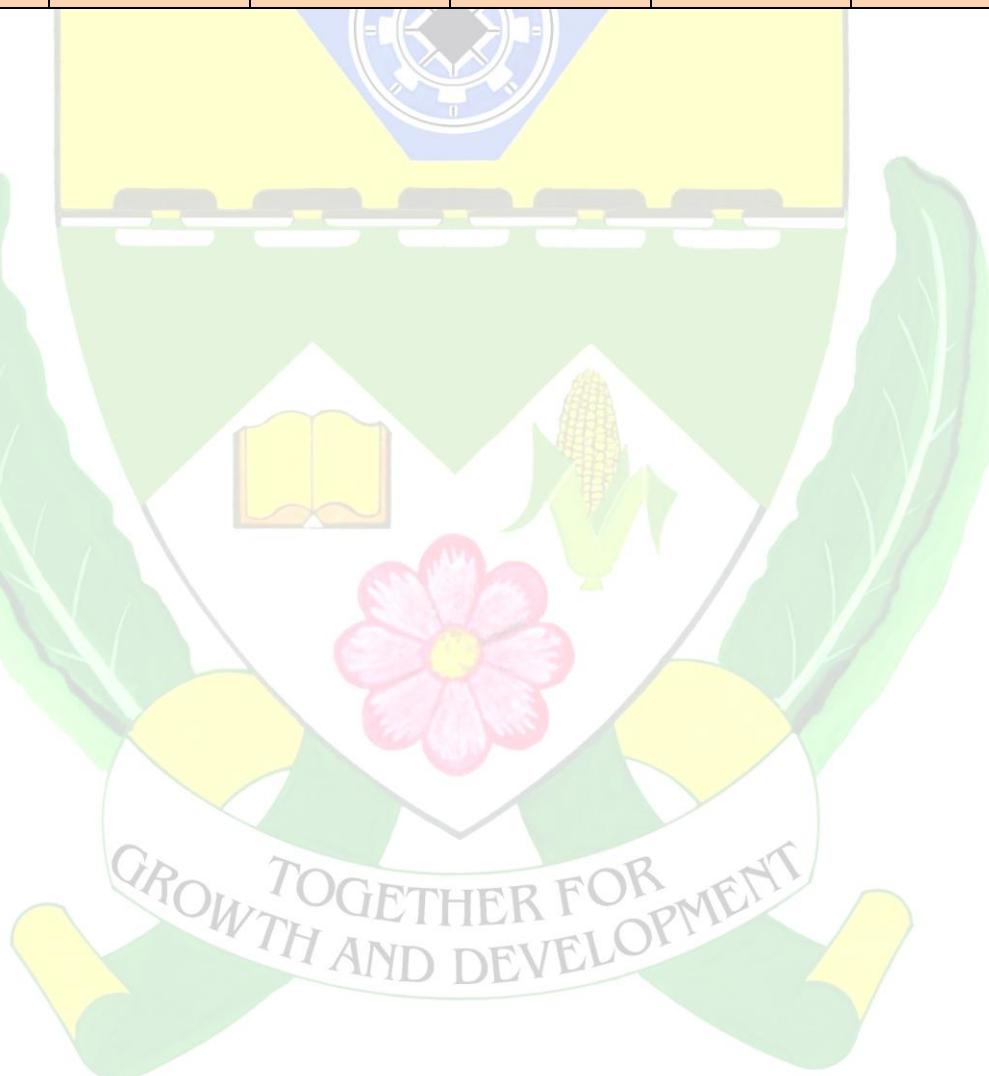
Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	25	22	88%	3	12%
Total	25	22	88%	3	12%

5.5. TECHNICAL SERVICES

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

Table 6: Technical Services Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	24	19	79%	5	21%
Total	24	19	79%	5	21%



6. KEY PERFORMANCE AREA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY

The overall score for this KPA is **83%** for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality as a result of its direct impact to community development e.g. the construction of road infrastructure, water provision, etc.

Indicators related to the development of electricity, water and sanitation master plans were all not achieved due to delays by the DBSA in appointing services providers for the said developments. This resulted in a regression of 5% in achievement compared to the previous financial year.

KPI Status	KPA 1: Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	33
Target Not Met (below planned)	7
Total	40
% Targets met	83%
% Targets not met	17%

Performance Highlights for the 2023/24

- The MIG conditional grant was fully utilised or spent (100%) which means that there was no roll over of the grant funding.
- All formal households within the municipal area received frequent waste removal services.
- The municipality frequently conducts tests on water samples thereby ensuring that the water that we provide to our communities meets the acceptable standards.

Challenges	Corrective Action
1. No applications for new sanitation connections were received from residents. Hence no new connections were made during financial year	This is an as when required service and informed by residents applying for the new sewer connections
2. The Water Services Master Plan and the WSDP were not developed. The application that was submitted to DBSA through COGTA was approved in the 2022 financial year. What is outstanding now is finalisation on the appointment of service providers.	VKLM is having regular engagements with both DBSA and COGTA so as to fast track the process on the appointment of service providers. As recent as the month of June 2024, there was a meeting between DWS, DBSA and CoGTA to finalize the implementation process.

Challenges	Corrective Action
3. The surfacing of roads was not achieved due to high water table. It was decided to prioritize the construction of storm water to improve drainage	The surfacing of roads has been deferred to the 2024/2025 financial year
4. Only 58% of the required 80% emergency response vehicles was available. Challenges in obtaining quotations for vehicle repairs - (only one Authorized service provider, no deviations allowed)	Consideration from Management to approve the deviation in order to enter into a maintenance service level agreements with the existing two qualifying Emergency services vehicle manufacturers in order to get the vehicles repaired
5. For the quarter under review, the municipality did not receive any applications from consumers who applied to be part of the indigent programme albeit numerous campaigns that the municipality embarked upon to make the programme known.	The municipality will from the 1 st of July 2024, embark on the credit control initiative of blocking prepaid meters for customers who have not paid their current account. The municipality is anticipating that more customers will come and apply to be indigent.
6. Not all planned Sports, Arts and Culture tournaments were held due to negative cash flow affected the hosting of soccer/netball tournaments amongst others as a none co-function of the municipality	A collaboration between the DCSR, private sector and the municipality is a solution towards the funding of Sports, arts and culture events



7.1. BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT SCORECARD

Strategic Goal 1: Improved provision of basic services to the residents of VKLM

Strategic Goal 2: Improved social protection and education outcomes

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Service Delivery	Sanitation	% of new households with access to basic levels of sanitation as per received applications by 30 June 2024 (GKPI)	Rw23-2022	ED:TS	1.1	In house	17,451	100% of all new households connections for access to basic levels of sanitation as per received applications	0%	Not Achieved	No applications for new sanitation connections were received from residents. Hence no new connections were made during financial year	This is an as when required service and informed by residents applying for the new sewer connections	Register of Work-Orders and Connection Booklets
	Water	% of new households with access to basic levels of water as per received applications by 30 June 2024 (GKPI)		ED:TS	1.2	In house	17,451	100% of all new households connections for access to basic levels of water as per received applications	100%	Achieved	None	None	Register of Work-Orders and Connection Booklets
Service Delivery	Water	Number of water samples tested per month	Rw23-2022	ED:TS	1.1.4	In house	New	12 water samples tested	12	Achieved	None	None	Copy of water quality reports
		Number of monthly progress reports on Installation of Water Meters submitted to the MM		ED:TS	1.1.5	In house	New	12 progress reports on Installation of Water Meters submitted to the MM	12	Achieved	None	None	Copy of progress reports on Installation of Water Meters
Service Delivery	Water/ Sanitation	Water Services Master Plan and WSDP developed and submitted to Council by 30 June 2024	Rw30-2022	ED:TS	1.3	DBSA	0	1 Water Services Master Plan and WSDP developed and	0	Not Achieved	The application that was submitted to DBSA through COGTA was approved in the 2022 financial year. What is outstanding now is	VKLM is having regular engagements with both DBSA and COGTA so as to fast track the process on the appointment of service	Copies of Water Services Master Plan and WSDP

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
								submitted to Council			finalisation on the appointment of service providers.	providers. As recent as the month of June 2024, there was a meeting between DWS, DBSA and CoGTA to finalize the implementation process.	
	Housing	Number of monthly progress reports submitted to the MM with respect to the # of new RDP Housing units provided by the PDoHS by 30 June 2024	Hs 01-2022	ED:TS	1.7	In house	12	12 progress reports submitted to the MM with respect to the # of new RDP Housing units provided by the PDoHS	12	Achieved	None	None	Copies of monthly progress reports submitted to the MM
Service Delivery	Project Management	Number of Capital projects (infrastructure) completed in terms of agreed schedule excluding NDM funded projects by 30 June 2024	Rw25-2022	ED:TS	1.8	Incl.	16	6 Capital projects (infrastructure) completed in terms of agreed schedule excluding NDM funded projects	6	Achieved	None	None	Copies of practical completion certificates
		% of expenditure of Capital projects in terms of budget excl., NDM funded projects by 30 June 2024		ED:TS	1.9	59,974	100%	100% expenditure of Capital projects in terms of budget excl., NDM funded projects	100%	Achieved	None	None	Monthly expenditure report
Service Delivery	Project Management	% spend on conditional MIG grant by 30 June 2024	Rw06-2022	ED:TS	1.1.0	Incl.	100%	100% spend on conditional MIG grant	100%	Achieved	None	None	MIG expenditure report
Service Delivery	Project Management	% of new Capital projects started on time In terms of the	Rw06-2022	MM	1.1.1	Incl.	100%	100% new Capital projects	0%	Not Achieved	Due to high number of bid responses, the bid committees were	Bid evaluation committee members were increased so as to	Copies of the individual

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		appointment of consultants / contractors excluding NDM funded projects by 30 Sept 2023						started on time in terms of the appointment of consultants / contractors excluding NDM funded projects			struggling on the finalization of tenders. This however excludes the appointment of consultants as they were already appointed on a multi-year contract the previous year	spread the load. Capital projects prioritized in terms of evaluation to take precedence over operational tenders	project appointment letters in terms of consultants /contractors
	Improved Community awareness	Number of community awareness campaigns held in terms of waste management per quarter	Wr02-2022	ED:SS	1.1.2	In house	3	3 community awareness campaigns held in terms of waste management	3	Achieved	None	None	Copy of close-out report for each campaign
Service Delivery	Waste removal	Number of times refuse collection services rendered per week at Ward 1,2,3,4,5,6,8 and 9 (GKPI)	Wr01-2022	ED:SS	1.1.3	13,000	15,395	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 8 and 9	52	Achieved	None	None	Refuse collection schedule and signed refuse collection monthly reports
	Electricity	% of new households with access to basic levels of electricity as per received applications by 30 June 2024 (GKPI) (excluding Eskom licenced areas)	Es02-2022	ED:TS	1.1.7	In house	16,066	100% of new household connections with basic levels of electricity as per received applications	100%	Achieved	None	None	Register of Work-Orders and Connection Booklets
Service Delivery	Electricity	Electricity Master Plan developed and submitted to Council by 30 June 2024	Es10-2022	ED:TS	1.1.8	DBSA	0	1 Electricity Master Plan developed and submitted to Council	0	Not Achieved	The application that was submitted to DBSA through COGTA was approved in the 2022 financial year. What is outstanding now is finalisation on the	VKLM is having regular engagements with both DBSA and COGTA so as to fast track the process on the appointment of service providers. As recent as the month of June 2024,	Copy of Electricity Master Plan & Council Resolution

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
											appointment of service providers.	there was a meeting between DWS, DBSA and CoGTA to finalize the implementation process.	
		Number of reports of households disconnected due to electricity tempering submitted to MM per quarter	Es10-2022	ED:TS	1.1.9	In house	4	4 reports of households disconnected due to electricity tempering submitted to MM	4	Achieved	None	None	Quarterly Reports submitted to the MM
Service Delivery	Roads and Storm Water	Number of Kms of surfaced roads constructed by 30 June 2024	Rsw02-2022	ED:TS	1.2.0	Incl.	4.5km	1km of surfaced roads constructed	0	Not Achieved	Due to high water table, it was decided to prioritize the construction of storm water to improve drainage	The surfacing of roads has been deferred to the 2024/2025 financial year	Completion /practical completion certificates
Service Delivery	Roads and Storm Water	Number of monthly reports of potholes patched submitted to the MM by 30 June 2024	Rsw07-2022	ED:TS	1.2.1	In house	12	12 reports of potholes patched submitted to the MM	12	Achieved	None	None	Monthly pothole patching report submitted to the MM with Photographs
Service Delivery	Roads and Storm Water	Number of monthly reports on Road Maintenance submitted to the MM by 30 June 2024	Rsw06-2022	ED:TS	1.2.2	In house	12	12 reports on Road Maintenance submitted to the MM	12	Achieved	None	None	Copy of monthly reports on Road Maintenance
Service Delivery	Roads and Storm Water	Number of monthly reports of storm water drainage systems cleaned & submitted to the MM by 30 June 2024	Rsw10-2022	ED:TS	1.2.3	In house	12	12 reports of storm water drainage systems cleaned & submitted to the MM	12	Achieved	None	None	Monthly pothole patching report submitted to the MM
	Disaster Management	% availability of emergency response	Dm02-2022	ED:SS	1.2.4	800	82%	80% availability of	58%	Not Achieved	Challenges in obtaining quotations for vehicle	Consideration from Management to approve	Copies of monthly

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		vehicles per quarter to comply to the codes of practice (SANS 10090)						emergency response vehicles quarter to comply to the codes of practice (SANS 10090)			repairs - (only one Authorized service provider, no deviations allowed)	the deviation in order to enter into a maintenance service level agreements with the existing two qualifying Emergency services vehicle manufacturers in order to get the vehicles repaired	statistics register
Service Delivery	Disaster Management	% response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate	Dm07-2022	ED:SS	1.2.5	In house	91%	80% response time normal hours (5 min) with respect to the request for emergency services received	81%	Achieved	None	None	Copies of monthly statistics register
Service Delivery	Disaster Management	% response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate	Dm07-2022	ED:SS	1.2.6	In house	86%	85% response time after hours (10 min) with respect to the request for emergency services received	85%	Achieved	None	None	Copies of monthly statistics register

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Service Delivery	Disaster Management	Number of community awareness programmes conducted per quarter with respect to emergency / disaster risk awareness	Dm07-2022	ED:SS	1.2.7	0	9	4 community awareness programmes conducted with respect to emergency / disaster risk	4	Achieved	None	None	Copies of the Public Education Awareness Report and/or Website screen shot.
Service Delivery	Indigent	Number of households earning less than R4220 per month provided with access to free basic services by 30 June 2024 (GKPI)	Rw04-2022	CFO	1.2.8	0	5,465	500 households earning less than R4220 per month provided with access to free basic services	277	Not Achieved	Not enough customers applying for the indigent programme available at the municipality. The municipality will from the 1st of July 2024 embark on the credit control initiative of blocking prepaid meters for customers who have not paid their current account.	Indigent registration is an ongoing process and consumers are encouraged to apply for the programme, the section is making calls to customers who have been identified to be eligible for the programme to apply and together with the political	Copy of a list of households provided with FBS

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
											The municipality is anticipating that more customers will come and apply to be indigent.	office we will still encourage the ward committees to assist with applications for the household they have identified as indigent households. The municipality will on the 1st of July embark on the credit control initiative of blocking prepaid meters for customers who have not paid their current account.	
Service Delivery	Community Upliftment	Number of initiatives focused on improving the life of designated groups by 30 June 2024	Vg03-2022	MM	1.2.9	350	6	3 initiatives focused on improving the life of designated groups	3	Achieved	None	None	Copy of close-out reports for each initiative
Service Delivery	Community Upliftment	Number of learners provided with financial support (Mayoral community programme) by 31 March 2024	Led 34-2022	MM	1.3.0	250	78	80 learners provided with financial support (Mayoral community programme)	142	Achieved	The budget was based on the University registration fees however most of the applications received were from TVET Colleges which are less compared to Universities. This created some savings hence the approval of more students	None	Copies of successful learner applications and report on Registration Fee Assistance Fund allocation and Copy

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
													of close-out reports
Service Delivery	Community Upliftment	Number of Matric Excellence Awards held by 31 March 2024	Led 34-2022	MM	1.3.12	100	New	1 Matric Excellence Awards held	1	Achieved	None	None	Copy of a close-out report for the awards
	Environmental Protection	Number of trees planted in public and private spaces per quarter	Wr13-2020	ED:SS	1.3.1	75	0	50 trees planted in public and private spaces	1570	Achieved	1500 trees were donated by the Department of Forestry Fisheries and Environment and were planted as detailed in the attached close out report 20 trees were planted by an Non-Profit Organisation DELMAS REVIVE and were planted as detailed in the attached report	None	Copy of close out reports
Service Delivery	Mainstream Disability and Gender	Number of events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children by 30 June 2024	Vg 01-05 2022	ED:SS	1.3.2	150	11	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	9	Achieved	LGBTQI, we have partner with Department of Health. - Disabled we have done it together with Department of Social Development - Children we have partner with Department of Social Development and Department of Education.	None	Copy of close-out reports for each event
Service Delivery	Youth	Number of educational initiatives implemented in terms of the Youth by 30 June 2024	Led35-2022	MM	1.3.3	200	6	6 educational initiatives implemented in terms of the Youth	6	Achieved	None	None	Copy of close-out reports for each initiative
Service Delivery	Youth	Number of Sports and Arts and Culture events held by 30 June 2024	Ts07-2022	ED:SS	1.3.4	500	2	4 Sports and Arts and Culture events held	2	Not Achieved	Negative cash flow affected the hosting of soccer/netball tournaments amongst others as a none co-function of the municipality	A collaboration between the DCSR, private sector and the municipality is a solution towards the funding of	Copy of close-out reports for each event

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
												Sports, arts and culture events	
		Number of Youth Imbizos held by 30 June 2024	Pa27-2022	MM	1.3.5	200	3	2 Youth Imbizos held	2	Achieved	None	None	Copy of close-out reports for each Imbizos held
	Parks	Number of main municipal intersections with ornamental structures maintained per month	Cs 03-2022	ED:SS	1.3.6	In house	15	12 main municipal intersections with ornamental structures maintained	12	Achieved	None	None	Copy of main municipal intersection s with ornamental structures maintained with pictures
Service Delivery	Libraries	Number of community members utilizing the library facilities monthly	Ls03-2022	ED:SS	1.3.7	In house	11831	20 000 community members utilizing the library facilities	33404	Achieved	During the year, the library was heavily utilized by school children for projects and by the public for job applications, internet browsing, and other tasks. Computer classes resumed in September with 28 registered students attending daily.	Library usage fluctuates based on user needs, with no control over who visits or when. The library experiences varying levels of activity, with some months being busier than others, depending on users' needs and activities.	Copies of monthly summary of the statistics register
Service Delivery	Libraries	Number of library awareness campaigns conducted per quarter	Ls03-2022	ED:SS	1.3.8	50	New	4 library awareness campaigns conducted	5	Achieved	Normally there is 1 awareness campaign conducted per quarter however in quarter 4 the DCSR organised the National Archives week which was celebrated at VKLM schools. It is done on a rotational basis	None	Copy of close-out report for each campaign conducted
	Environmental Protection	Number of air quality education and awareness campaigns	Wr10-2020	ED:SS	1.3.9	In house	New	2 air quality education and awareness	2	Achieved	None	None	Copy of close-out reports for each

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		conducted by 30 June 2024						campaigns conducted					campaign conducted
Service Delivery	Environmental Protection (Air Quality Management Plan)	Number of compliance inspections conducted to monitor facility performance in terms of Air Quality Act by 30 June 2024	Wr10-2020	ED:SS	1.3.10	In house	New	2 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	2	Achieved	None	None	Copy of inspections report
		Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter		ED:SS	1.3.11	In house	New	4 state of ambient air quality reports submitted to HHS Portfolio Committee	4	Achieved	None	None	An extract of a copy of HSS Monthly Report
Service Delivery	Mainstream HIV/AIDS	Number of HIV/AIDS's educational awareness campaigns held each quarter	Vg06-2022	ED:SS	1.4.0	In house	5	4 HIV/AIDS's educational awareness campaigns held	5	Achieved	Support from Nkangala District for LAC sittings partnership with Social Development and Dep of Health	None	Copy of close-out report of each campaign held
Service Delivery	All Services	Number of service delivery reports compiled and submitted to the MM per quarter	As01-2022	MM	1.4.1	In house	New	4 service delivery reports compiled and submitted to the MM	4	Achieved	None	None	Copy of signed service delivery reports

8. KEY PERFORMANCE AREA 2: FINANCIAL VIABILITY AND FINANCE MANAGEMENT

The overall score for this KPA is **78%** for the year under review. This represents an improved achievement from the 67% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators

Highlighting our commitment to responsible financial management, the municipality's Financial Viability and Management demonstrated an upward trend. In 2022/2023, we scored 67%, reflecting fiscal responsibility. Progressing, 2023/2024 saw remarkable growth to an impressive 78%, affirming our strategic financial approach for ongoing success.

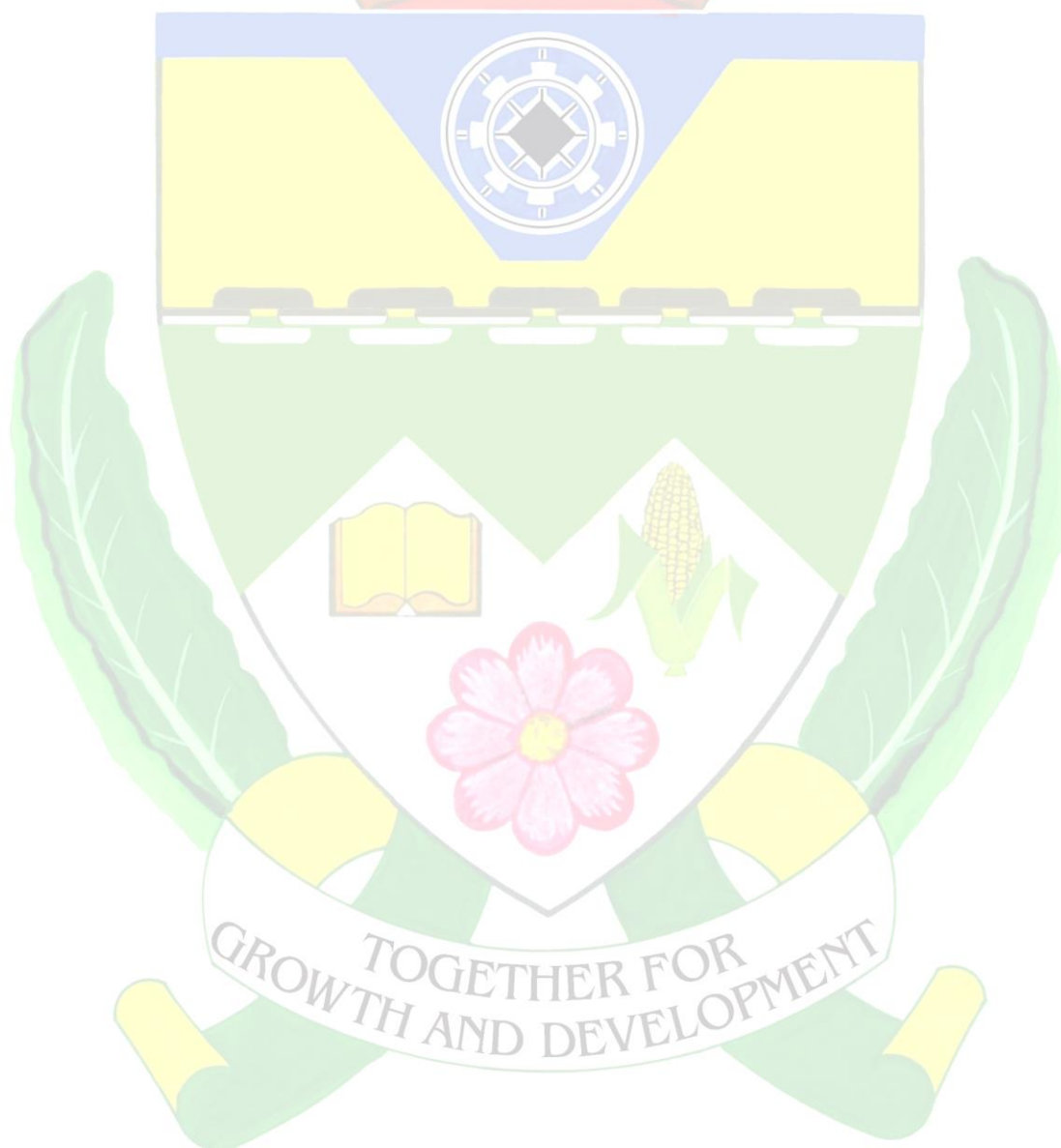
KPI Status	KPA 2: Financial viability and Finance Management
Target Met (as planned and exceeded)	29
Target Not Met (below planned)	8
Total	37
% Targets met	78%
% Targets not met	22%

Performance Highlights for the 2023/24

- The FMG conditional grant was fully spent (100%) on the capacitation of financial management interns.
- The municipality was able to prepare interim financial statements in the third quarter to ensure that at year-end, we are able to submit credible financial statements to the Auditor General.
- The municipality's MTREF budget was approved within the legislated timeframe (31 May 2024).

Challenges	Corrective Action
1. 27% of households billed was achieved due to none payment of services by residents especially in wards 4 and 5 which are in the ESKOM licensed areas. Credit control in those areas is an issue simply because there are currently no measures which the municipality can execute to have an increased payment rate.	The municipality will initiate credit control on the areas by means of water restrictions on the quest to encourage the customers in those areas to start paying the municipality, apply for the debt incentive or apply to be registered as an indigent.
2. Not all approved compliant invoices were paid within the legislated 30 days due to the negative cash flow of the municipality that prevents the payment of invoices within the stipulated time.	The municipality will embark on a full implementation of credit control & debt collection policies to ensure that there is enough revenue to honour our financial obligations.

Challenges	Corrective Action
3. The Technical Services Department exceeded the legislated overtime levels for both 40 and 45 hours due to aged infrastructure that constantly breaks down, employees are required to work overtime. When delivering hot asphalt, workers need to work until they finish the product because if not done, the asphalt will no longer be usable.	<p>The municipality is to ensure that 10% of the MIG is allocated towards Operations and maintenance.</p> <p>The municipality to ensure that the delivery of asphalt is done in small quantities to enable us to finish the work in normal working hours</p> <p>The DWS project is aimed at replacing the old asbestos pipes were breaking frequently</p>



9. 6.1 FINANCIAL VIABILITY AND FINANCE MANAGEMENT SCORECARD

Strategic Goal 3: Improved compliance to MFMA and VKLM policy Framework

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Viability	Financial Viability	Approval of MTREF Budget by 31 May 2024	Mf22-2022	CFO	2.1	In house	1	1 Approval of MTREF Budget	1	Achieved	None	None	Copy of the approved Final Annual budget
		% of amounts of households billed collected per quarter	Mf05-2022	CFO	2.2	In house	30.50%	75% amounts of households billed collected	27%	Not Achieved	Non-payment of services by residential especially in ward 4 and 5 which are wards in the ESKOM licensed areas. Credit control in those areas is an issue simply because there are currently no measures which the municipality can execute to have an increased payment rate	The municipality will initiate credit control on the areas by means of water restrictions on the quest to encourage the customers in those areas to start paying the municipality, apply for the debt incentive or apply to be an indigent	Copies of the Credit Control and debt collection report
		% of amounts of businesses billed collected per quarter		CFO	2.3	In house	94%	80% amounts of businesses billed collected	90%	Achieved	Top 50 Businesses and mines pay their accounts on a monthly basis	None	Copies of the Credit Control and debt collection report
Financial Management	Financial Management	Unaudited Annual Financial Statements (AFS) submitted on or before 31 Aug 2023	Mf19-2022	CFO	2.4	1,500	1	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1	Achieved	None	None	Copy of the Unaudited AFS & Acknowledgement from AG

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Management	Financial Management	Number of interim financial statements prepared and submitted to the MM by 28 February 2024	Mf19-2022	CFO	2.5	1,500	0	1 interim financial statements prepared and submitted to the MM	1	Achieved	None	None	Interim financial statements & acknowledgement of receipt by the MM
Financial Management	Financial Management	Number of monthly section 71 MFMA reports submitted to Mayoral committee within legislative timeframes	Mf16-2022	CFO	2.6	In house	12	12 section 71 MFMA reports submitted to Mayoral committee	12	Achieved	None	None	Copy of monthly section 71 report
		Midyear section 72 MFMA report submitted to Executive Mayor within legislative timeframes by 25 January 2024	Mf17-2022	CFO	2.7	In house	1	1 Midyear section 72 MFMA report submitted to Executive Mayor	1	Achieved	None	None	Copy of the Section 72 Report
		Number of quarterly section 52(d) MFMA reports submitted to Mayoral committee within legislative timeframes		CFO	2.8	In house	4	4 section 52(d) MFMA reports submitted to Mayoral committee	4	Achieved	None	None	Copy of the quarterly section 52(d) report
Financial management	Financial Management	% of approved (compliant) invoices paid within 30 days	SC01-2022	CFO	2.9	In house	92%	100% approved (compliant) invoices paid	16%	Not Achieved	The negative cash flow of the municipality prevents the payment of invoices within the stipulated time	Full implementation of credit policy and debt collections	Copy of the monthly creditors reconciliation report
		% spend on conditional FMG grant per quarter	Mf15-2022	CFO	2.1.0	1,720	100%	100% spend on conditional FMG grant	100%	Achieved	None	None	Copies of the monthly FMG Report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial management	Financial Management	% Debt coverage ratio (GKPI) by 30 September 2023	Mf15-2022	CFO	2.1.2	In house	18%	45% Debt coverage ratio	0%	Not Achieved	The municipality has a plan to implement its credit control & debt collection policy upon the appointment of the new service provider for Vending.	Full implementation of credit control & debt collection policy during the second quarter	Statement of financial position and statement of financial performance
Financial management	Financial Management	% outstanding service debtors to revenue (GKPI) by 30 September 2023	Mf15-2022	CFO	2.1.3	In house	32%	68% Outstanding service debtors to revenue	67%	Not Achieved	In terms of the Ratio the norm is 95%, However the collection rate is sitting at 67%. The municipality for 2023/2024 financial is strengthening its credit control & debt collection policy,	The rectification of 32% as quarterly performance vs 95% as a norm.	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS
		Cost coverage ratio (GKPI) by 30 September 2023		CFO	2.1.4	In house	0.26	1:3 Cost coverage ratio	0	Not Achieved	The Ratio indicates the Municipality's or Municipal Entity's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The Ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to-day operational expenditure but rather reserved for Grant related expenditure. Therefore, without any additional revenue collected for one month the municipality will not meet its obligation.	The municipality must increase or intensify its collection criteria in order to have short term Investment.	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial management	Supply Chain Management	Number of days taken to conclude and award tenders above R200 000 by 30 June 2024	SC04-2022	CFO	2.1.5	In house	67.5	<90 days taken to conclude and award tenders above R200 000	90	Achieved	None	None	Copy of the SCM Register
Financial management	Supply Chain Management	Number of monthly deviation reports submitted to the MM (Total organisation)	SC01-2022	CFO	2.1.6	In house	12	12 deviation reports submitted to the MM	12	Achieved	None	None	Copy of the quarterly SCM deviation report
		Number of monthly SCM reports submitted to the MM	SC01-2022	CFO	2.1.7	In house	12	12 SCM reports submitted to the MM	12	Achieved	None	None	Copy of the monthly SCM report
		Number of monthly UIFW reports submitted to the MM		CFO	2.1.8	In house	12	12 UIFW reports submitted to the MM	12	Achieved	None	None	Copy of UIFW Report submitted to the MM
Financial Management	Asset Management	Annual submission of the asset verification report to the MM by 15 August 2023	As02-2022	CFO	2.1.9	In house	1	1 Annual submission of the asset verification report to the MM	1	Achieved	None	None	Copy of the fixed asset verification report
		Fixed Asset Register updated per quarter		CFO	2.1.10	In house	New	12 Monthly update of the Fixed Asset Register	12	Achieved	None	None	Copy of the Fixed Assets Register
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% spend of the total operational Budget per quarter	Mf15-2022	CFO	2.2.0	In house	82%	96% spend of the total operational Budget	123%	Not Achieved	The variance is based on the increase of debt impairment that was calculated at year end which was under budgeted.	Ensuring the budget is realistic and reliable to avoid any overspending at year end.	Copy of the quarterly section 52(d) report

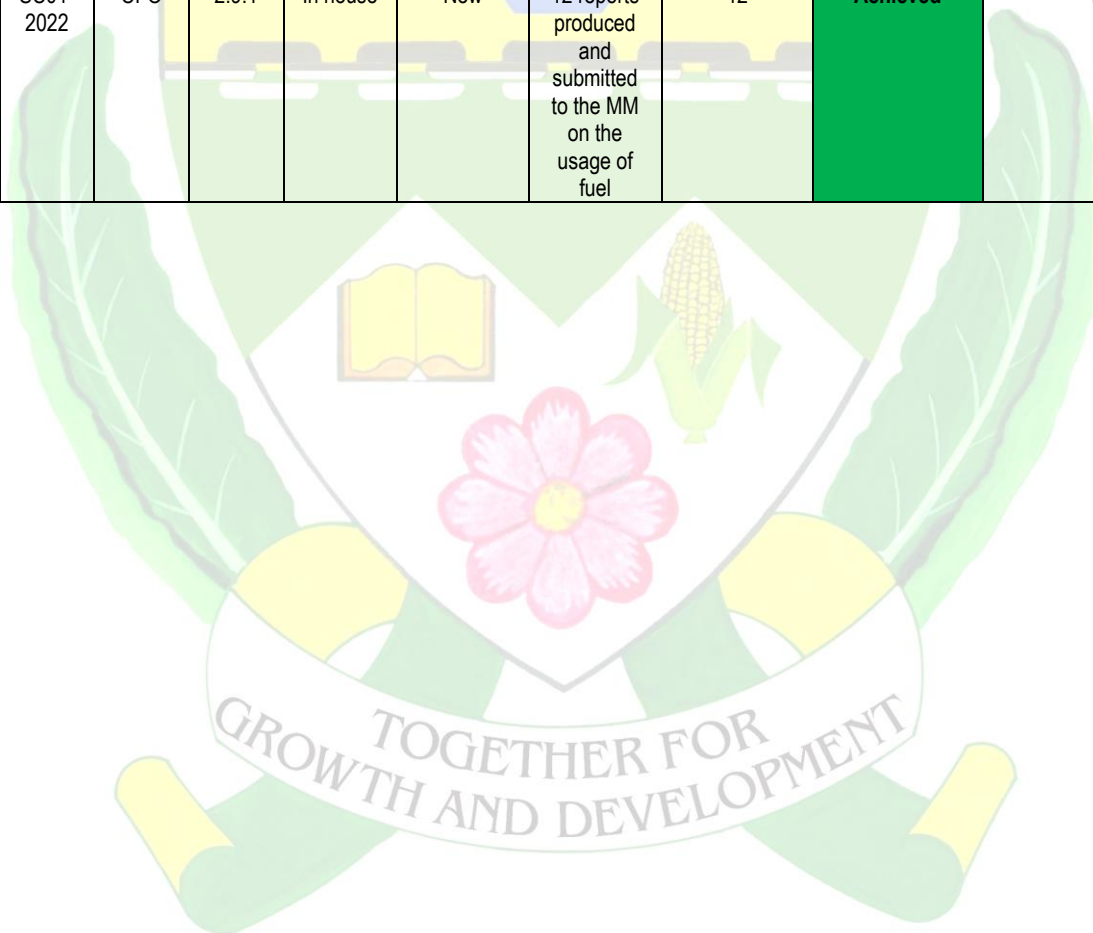
Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% spend on employee costs in terms of the total operational Budget per quarter	Mf15-2022	CFO	2.2.1	In house	34%	<34% spend on employee costs in terms of the total operational Budget	27%	Achieved	None	None	Copy of the quarterly section 52(d) report
		Number of monthly reports submitted to Council in terms of legislated overtime levels (Total Organisation)		ED:CS	2.2.3	In house	10	11 reports submitted to Council in terms of legislated overtime levels	12	Achieved	The reason for over-achievement was due to the fact that Council did not sit during the month of December 2023 and 2 reports for Nov and Dec were both submitted in January 2024.	None	Copies of monthly overtime report submitted to Council
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (OMM)	Mf15-2022	MM	2.2.4	In house	0%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (CS only)		ED:CS	2.2.5	In house	0%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (Finance only)	Mf15-2022	CFO	2.2.6	In house	2.75%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (SS only) (excl., essential services)	Mf15-2022	ED:SS	2.2.7	In house	0.25%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
		% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee (SS only) (essential services)		ED:SS	2.2.8	In house	12.65%	0% employees exceeding legislated overtime levels stipulated as not more than (45) hours per month (essential services)	0%	Achieved	None	None	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies	% of employees exceeding legislated overtime levels stipulated as not more	Mf15-2022	ED:TS	2.2.9	In house	1.25%	0% employees exceeding legislated	9%	Not Achieved	Due to aged infrastructure that constantly breaks down, employees are required to work overtime.	The municipality is to ensure that 10% of the MIG is allocated towards	Copies of approved financial

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Management	(Financial Management)	than (40) hours per month per employee (TS) (excl., essential services)	Mf15-2022					overtime levels stipulated as not more than (40) hours per month			When delivering hot asphalt, workers need to work until they finish the product because if not done, the asphalt will no longer be usable.	Operations and maintenance. The municipality to ensure that the delivery of asphalt is done in small quantities to enable us to finish the work in normal working hours	overtime schedule
	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee (TS) (essential services)		ED:TS	2.3.0	In house	1.25%	0% employees exceeding legislated overtime levels stipulated as not more than (45) hours per month (essential services)	7%	Not Achieved	Due to aged infrastructure that constantly breaks down, employees are required to work overtime. When delivering hot asphalt, workers need to work until they finish the product because if not done, the asphalt will no longer be usable.	The municipality is to ensure that 10% of the MIG is allocated towards Operations and maintenance. The municipality to ensure that the delivery of asphalt is done in small quantities to enable us to finish the work in normal working hours The DWS project is aimed at replacing the old asbestos pipes were breaking frequently	Copies of approved financial overtime schedule
Financial Management	Financial Management & Revenue Enhancement	Number of road traffic safety operations conducted per month	Tp02-2022	ED:SS	2.3.1	In house	16	12 road traffic safety operations conducted	15	Achieved	Additional operations was done with the Service provider to effectively manage the outstanding fines and warrants of arrests	None, Re-adjustment of Targets can be considered to include operations done with TMS Service provider	Copy of close up report for road traffic safety operations conducted
Financial Management	Financial Management	Number of flammable liquids permits issued by 30 June 2024	Mf02-2022	ED:SS	2.3.2	In house	35	34 flammable liquids permits issued	48	Achieved	12 new applications received, 1 Temporary application (construction site) received and permits issued. One company	Total renewable totals will be updated as to reflect new renewal status	Copy of permits register

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
	& Revenue Enhancement										renewed their permit which was not renewed the previous year.		
		% of trade licenses issued by 30 June 2024		MM	2.3.3	In house	7	100% trade licenses issued	100%	Achieved	None	None	Copies of trade license register.
Financial Management	Financial Management & Revenue collection	Number of monthly reports on the implementation of credit control and debt collection policy submitted to Council by 30 June 2024	SCM0 1- 2022	CFO	2.3.4	In house	4	12 reports on the implementation of credit control and debt collection policy submitted to Council	12	Achieved	None	None	Copy of Monthly Credit Control Report
		Number of quarterly reports submitted to Council on budget funding plan		CFO	2.3.5	In house	New	4 reports submitted to Council on budget funding plan	4	Achieved	No Variance however the result is not of the quality as is expected to make the municipality to reduce its unfunded budget. However, the implementation of credit control & debt collection policy using both water & electricity going forward might give better result.	The municipality must intensify its credit control & debt collection policy. The department must report on actual performance relating to its activities on the budget funding plan.	Copies of quarterly budget funding plan reports.
Financial Management	Financial Management & Revenue collection	Number of business licences verifications conducted bi-annually	Mf02- 2022	MM	2.3.5b	In house	New	20 business licences verifications conducted	34	Achieved	The annual target of 30 verifications was reached, 34 business license verifications were conducted in the 2nd quarter for the 2023/2024 financial year.	New verifications will be conducted in the 2024/2025 financial year	Register of businesses verified and a copy of a close-out report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	Number of Bank reconciliation submitted to the Municipal Manager within 10 days after the end of the month'	Mf15-2022	CFO	2.2.10	In house	New	12 Bank reconciliations submitted to the Municipal Manager	12	Achieved	None	None	Bank reconciliation and proof of submission
	Financial Management	Number of monthly reports produced and submitted to the MM on the usage of fuel	SC01-2022	CFO	2.9.1	In house	New	12 reports produced and submitted to the MM on the usage of fuel	12	Achieved	None	None	Copy of signed fuel usage report



10. 7.0 KEY PERFORMANCE AREA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The overall score for this KPA is **85%** for the year under review. This represents a significant improvement from the 69% achieved during the previous financial year. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 69% in 2022/2023 to an impressive 85% in 2023/2024, our commitment to transformational progress is evident and poised for further success.

KPI Status	KPA 3: Institutional Development and Transformation
Target Met (as planned and exceeded)	23
Target Not Met (below planned)	4
Total	27
% Targets met	85%
% Targets not met	15%

Performance Highlights for the 2023/24

- 72 employees were trained in various disciplines for them to be able to perform their duties effectively and efficiently.
- All critical Senior Managers positions were filled with suitably qualified incumbents.
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- Performance assessments were conducted for all section 56 managers and the section 54A manager (both annual and mid-year).

Challenges	Corrective Action
1. 79% of findings in terms of ICT were resolved due to the resignation of the Assistant Manager: ICT, led instability within the unit	The appointment of the new Assistant Manager: ICT as well as the revised Audit Action Plan will ensure that the findings are resolved by June 2024
2. The employee wellness programme that was scheduled for the 2 nd quarter was not implemented due to some community protest.	All programmes that were not achieved due to specific reasons should be re-scheduled to other dates.

11. 7.1 INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION SCORECARD

Strategic Goal 4: Improved efficiency and effectiveness of the Municipal Administration

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Operational Efficiency	Performance Management	% of KPIs attaining organisational targets by 30 June 2024 (Total organisation)	Pm02-2022	MM	3.1	In house	56%	100% KPIs attaining organisational targets	78%	Not Achieved	See respective departmental comments (failure by departments in achieving affects this KPI)	See respective departmental comments	Copies of the quarterly consolidated performance report
	Organisational Development	% approved critical positions processed within 3 months (Sec 56/54 A) which will become vacant during 2023/24	Eq11-2022	ED:CS	3.2	In house	100%	100% approved critical positions processed within (3) months (Sec 56/54 A)	100%	Achieved	None	None	Copies of Progress reports submitted to the Council
		Submit a final report to the MM after conducting an employee satisfaction survey by 30 June 2024	Eq1-2022	ED:CS	3.3	In house	1	1 Submit a final report to the MM after conducting an employee satisfaction	1	Achieved	None	None	Copy of final satisfaction survey evaluation report acknowledged by MM
Operational Efficiency	Organisational Development	Calendar of events developed and approved by Council by 30 June 2024	Pa18-2022	MM	3.4	In house	1	1 Calendar of events developed and approved by Council	1	Achieved	None	None	Approved calendar of events and Council Resolution

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Organisational Development	Organisational Development	% of employees from previously disadvantaged groups appointed in the three highest Task Grades of management as per the approved 2023-25 EE plan (GKPI)	Eq2-2022	ED:CS	3.5	In house	85%	85% employees from previously disadvantaged groups appointed in the three highest Task Grades of management	85%	Achieved	None	None	Copies of appointment letters
Organisational Development	Organisational Development	% of budget spent implementing the Workplace Skills Plan (GKPI) by 30 June 2024	Ts06-2022	ED:CS	3.6	1,300	70%	100% budget spent implementing the Workplace Skills Plan	100%	Achieved	None	None	Copy of an extract from a Section 52 (d) report
Operational Efficiency	Organisational Development	Number of bi-annual reports submitted to the MM on disciplinary matters reported and finalized by 30 June 2024.	Pa36-2022	ED:CS	3.7	In house	100%	2	2	Achieved	None	None	Reports submitted to the MM on disciplinary matters reported and finalized
		% of Internal Audit findings in terms of ICT resolved by year-end	Pa13-2022	MM	3.9	In house	57.75%	100% Internal Audit findings in terms of ICT resolved	79%	Not Achieved	The resignation of the Assistant Manager: ICT, led instability within the unit	The appointment of the new Assistant Manager: ICT as well as the revised Audit Action Plan will ensure that the findings are resolved by June 2024	Copy of a follow-up on Internal Audit Report
Operational Efficiency	ICT	Number of ICT Projects implemented per quarter	It 02- 08 2022 It 02- 08 2022	MM	3.1.1	3,600	In house	4 ICT Projects implemented	4	Achieved	None	None	Quarterly reports on implementation of ICT projects

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Operational Efficiency	ICT	Number of ICT Steering Committee reports per quarter		MM	3.1.2	In house	2	4 ICT Steering Committee reports	3	Not Achieved	The ICT Steering Committee was not sitting as per the schedule due to a lack of quorum	A new ICT Steering Committee was appointed in quarter 1 The Committee has been inducted and is meeting as per schedule from quarter 2	ICT Steering Committee reports signed by the MM per Quarter
	Legal Services	Number of quarterly reports on the status of municipal service level agreements approved by the MM by 30 June 2024	SCM01-2022	ED:CS	3.1.3	In house	1	4 quarterly reports on the status of municipal service level agreements approved by the MM	4	Achieved	None	None	Quarterly Reports on the status of municipal service level agreements approved by the MM
Operational Efficiency	Legal Services	Number of quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM by 30 June 2024	Mf15-2022	ED:CS	3.1.4	In house	1	4 quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM	4	Achieved	None	None	Quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM
Organisational Development	Organisational Development	Review and submit organisational structure (aligned to the IDP and Budget) to Council for approval before June 2024	Eq9-2022	ED:CS	3.2.0	In house	1	1 Review and submit organisational structure (aligned to the IDP and Budget) to Council for approval	1	Achieved	None	None	Copy of an approved by Council annual organogram

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Organisational Development	Organisational Development	Number of monthly Human Capital reports submitted to Council by 30 June 2024.	Eq10-2022	ED:CS	3.2.1	In house	12	11 staff turnover reports submitted to Council	12	Achieved	The reason for over-achievement was due to the fact that Council did not sit during the month of December 2023 and 2 reports for Nov and Dec were both submitted in January 2024.	None	Copies of monthly staff turnover reports submitted to Council
Organisational Development	Fleet Management	Number of quarterly fleet management reports submitted and approved by the MM by 30 June 2024	Pa36-2022	ED:TS	3.2.3	In house	4	4 fleet management reports submitted and approved by the MM	4	Achieved	None	None	Fleet management reports approved by the MM
	Organisational Development	Number of job descriptions report approved by the MM by 30 June 2024	Eq12-2022	ED:CS	3.2.4	In house	0	2 job descriptions report approved by the MM	2	Achieved	None	None	Copy of job descriptions report signed by the MM
Organisational Development	Workplace Skills Development	Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted to LGSETA on due date 30 April 2024	Ts04-2022	ED:CS	3.2.5	In house	1	1 Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted to LGSETA	1	Achieved	None	None	Copies of WSP and ATR submitted to the LG SETA
		Number of quarterly training status reports submitted to the District		ED:CS	3.2.6	In house	4	4 Training status reports submitted to the District	4	Achieved	None	None	Copy of quarterly training status report submitted to the District

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Organisational Development	Workplace Skills Development	Number of employees trained per quarter in line with the approved 2023/24 WSP	Ts04-2022	ED:CS	3.2.7	1,800	97	70 employees trained per quarter in line with the approved 2023/24 WSP	72	Achieved	None	None	Copies of the quarterly training report. submitted to the District
Organisational Development	Workplace Health and Safety	Number of monthly workplace inspections conducted and submitted to the MM	Oh06-2022	ED:CS	3.2.8	In house	12	12 workplace inspections conducted and submitted to the MM	12	Achieved	None	None	Copies of monthly inspection reports submitted to the MM
		Number of quarterly SHE related reports submitted to the MM	Oh06-2022	ED:CS	3.2.9	In house	8	4 SHE related reports submitted to the MM	4	Achieved	None	None	Copy of the quarterly SHE related reports submitted to the MM
		Number of employee wellness reports submitted to the MM per quarter	Oh05-2022	ED:CS	3.3.0	640	114	4 employee wellness reports submitted to the MM	3	Not Achieved	The employee wellness programme that was scheduled for the 2 nd quarter was not implemented due to some community protest.	All programmes that were not achieved due to various reasons were re-scheduled to other dates.	Copy of the close-out report
Organisational Development	Labour Relations	Number of Local Labour Forum (LLF) meetings agendas processed every quarter as per approved Calendar of Events	Pa36-2022	ED:CS	3.3.1	In house	2	4 Local Labour Forum (LLF) meetings agendas processed	4	Achieved	None	None	Copy of the agenda signed by the Chairperson

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Operational Efficiency	Performance Management	Number of formal bi-annual performance reviews conducted with Section 56 & 54A employees	Pm06-2022	MM	3.3.2	50	1	2 formal bi-annual performance reviews conducted with Section 56 & 54A employees	2	Achieved	None	None	Performance Assessment Reports
Operational Efficiency	Performance Management	Performance Agreements of Senior Managers signed by 31 July. 2023	Pm05-2022	MM	3.3.3	In house	1	5 Performance Agreements of Senior Managers signed	5	Achieved	None	None	Signed Performance Agreements and proof of submission to CoGTA
		Compilation of the Annual Performance Report (2022/23 FY) and submitted to AG by 31 Aug. 2023	Pm02-2022	MM	3.3.4	In house	1	1 Annual Performance Report (2022/23 FY) submitted to AG	1	Achieved	None	None	Copy of APR and proof of submission to AG
		Number of quarterly SDBIP performance reports submitted to Council by 30 June 2024	Pm02-2022	MM	3.3.5	In house	2	4 SDBIP performance reports submitted to Council	4	Achieved	None	None	Quarterly SDBIP performance report

12. 8.0 KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The overall score for this KPA is **67%** for the year under review. This represents a slight but progressive improvement from the 62% achieved during the previous financial year. The greatest contributor to this KPA is the Office of the Municipal Manager Department.

Elevating municipal excellence, Good Governance and Public Participation thrived. Advancing from 50% in Financial Management 2022/2023 to a notable 67% in 2023/2024, our dedication to effective governance and inclusive engagement is evident and paves the way for continued progress.

KPI Status	KPA 4: Good Governance and Public Participation
Target Met (as planned and exceeded)	32
Target Not Met (below planned)	16
Total	48
% Targets met	67%
% Targets not met	33%

Performance Highlights for the 2023/24

- All HR related policies were reviewed in accordance with the requirements of the New Local Government Staff Regulations.
- 85% of all risks identified were mitigated.
- Audit Committee meetings were held in all the quarters of the financial year.

Challenges	Corrective Action
1. 72% of AG findings were resolved. The 13 variances relate to the following: 1. SLA's not yet finalised 2. AOPO; POE's relating to Electricity & Sanitation not yet finalised 3. Issues relating to Assets not yet finalised.	1. The municipality must ensure that all contracts have SLA at the time of appointment 2. The departments must take full responsibility on POE's relating to the target set. 3. Assets Unit must ensure that all issues relating to assets are addressed on time.
2. The ward operational plans were developed but could not be submitted to Council	The operational plans will be submitted in 2024/2025 FY
3. The ward committee reports were not received from secretaries leading not to be submitted to Council.	We will provide refresher training courses and resources for ward committees secretaries to enable them to execute their functions effectively
4. The policies were developed however there were delays in internal processes i.e. workshop, policy development committee then finally approval by Council	We will ensure that the Committees adhere to the approved calendar of events to ensure timeous approvals

Challenges	Corrective Action
5. The municipality received a qualified audit opinion from the AGSA. We were qualified on Irregular, Fruitless & Wasteful expenditure, PPE and Bulk Purchases	The Audit Action Plan was developed on all findings raised by AG and monitored on a quarterly basis
6. Throughout the year, there was minimal activity regarding requests and resolutions from MPAC. Only one request for information was submitted in the first quarter, and there were no additional requests or MPAC resolutions in subsequent quarters.	A new administrator for the MPAC committee was appointed to assist the committee on all matters related to the committee
<p>7. 54% of Council meetings resolutions were resolved due to the following: Progress reports were not submitted by all units hence some Resolutions are regarded as Not Achieved due to the non-submission.</p> <p>- Some resolutions are interlinked between two departments and one department cannot move without the other department.</p>	<p>Request HODs to ensure submission of progress reports timeously.</p> <p>- Encouragement of departments to improve their working relations in achieving a common goal.</p>
8. The September 2023 Council meeting did not sit due to work disruption.	All items for the September 2023 Ordinary Council meeting were incorporated into the October 2023 agenda.



13. 8.1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION SCORECARD

Strategic Goal 5: Improve community confidence in the system of local government

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of total MPAC resolutions raised and resolved per quarter	Pa29-2022	MM	4.1	In house	50%	80% MPAC resolutions raised and resolved	65%	Not Achieved	Implementation of consequence management as well as negative cash flow are the two resolutions that have not been resolved	The municipality has from the 1 st of July 2024 maximized the implementation of debt collection and credit control as well as the implementation of MFMA Section 32 and 102 to deal with consequence management	Copies of the quarterly MPAC resolutions raised and the respective managers response
	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (total organisation)	Pa07-2022	MM	4.2	In house	85%	85% execution of Risk Management Plan in line with detailed time schedule	85%	Achieved	None	None	Copies of the Quarterly Risk Reports, and minutes of the Risk Management Meetings
Good Governance	Good Governance	Obtain an improved audit opinion from the annual audit outcome from AGSA	Pa08-2022	MM	4.4	In house	Qualified Opinion	Unqualified Opinion	Qualification Audit Opinion	Not Achieved	We were qualified on Irregular, Fruitless & Wasteful expenditure, PPE and Bulk Purchases	The Audit Action Plan was developed on all findings raised by AG and monitored on a quarterly basis	Copy of the Auditor General's final audit report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of AG Management Letter findings resolved (in terms of the Audit Action Plan) by 30 June 2024 (Total organization)	Pa11-2022	CFO	4.5	In house	68%	85% AG Management Letter findings resolved (in terms of the Audit Action Plan)	72%	Not Achieved	The 13 variances relate to the following: 1. SLA's not yet finalised 2. AOPO; POE's relating to Electricity & Sanitation not yet finalised 3. Issues Relating to Assets not yet finalised.	1. The municipality must ensure that all contract had SLA at the time of appointment 2. The department must take full responsibility on POE's relating to the target set off. 3. Assets Unit must ensure that all issues relating to assets are addressed on time.	Copy of the quarterly AG Action Plan status report
		Draft Consolidated Annual Report submitted to AG on or before the 31 Aug 2023	Mf15-2022	MM	4.6	In house	1	1 Draft Annual Report compiled and submitted to the office of the Auditor General	1	Achieved	None	None	A copy of a Draft Consolidated Annual Report and a signed copy of acknowledgement of receipt of the draft report by AG
Accountability	Community Participation	Number of Ward operational plans submitted to Council per annum	Pa24-2022	MM	4.7	250	0	9 Ward operational plans submitted to Council	0	Not Achieved	The ward operational plans were developed but could not be submitted to Council	The operational plans will be submitted in 2024/2025 FY	Copy of annual Ward operational reports submitted to Council and Council Resolution
Accountability	Community Participation	Number of Ward Committee reports submitted to Council per quarter	Pa22-2022	MM	4.8	In house	4	4 Ward Committee reports submitted to Council	0	Not Achieved	The ward committee reports were not received from secretaries leading not to be submitted to Council.	We will provide refresher training and resources for ward committees secretaries to enable them to execute their functions effectively	Copies of quarterly ward committee reports submitted to Council

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Accountability	Community Participation	Number of Community outreach meetings facilitated and attended by 30 June 2024	Pa21-2022	MM	4.9	250	3	4 Community outreach meetings facilitated and attended	2	Not Achieved	Two community meetings were not held during the year due to political instability and the unavailability of Councillors.	Scheduling community meetings for the next financial year	Copy of the quarterly outreach report and attendance register submitted to the MM
Good Governance	Good Governance	Submission of final audited consolidated Annual Report to Council by the 31 Jan 2024	Mf15-2022	MM	4.1.0	In house	1	1 Annual report tabled before council	1	Achieved	Due to the large size of the Annual Report, (35 820 kb), it is impossible to upload it onto the e-PMS System; However, the Report is available on the Municipal Website on the Link below: https://www.vklm.gov.za/index.php/legislation-doc/performance-management/category/285-2022-23	None	Copy of Final Annual Report
		Submission of Oversight Report to Council by the 31 March 2024	Mf15-2022	MM	4.1.1	In house	1	1 Oversight report submitted to Council	1	Achieved	None	None	Annual Oversight Report
		2024/25 IDP Review Process Plan approved by 31 Aug 2023	Mf20-2022	MM	4.1.2	In house	1	1 IDP process plan developed and approved by Council	1	Achieved	None	None	Copy of approved IDP review Process Plan

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Good Governance	Good Governance	Final IDP tabled and approved by Council by 31 May 2024	Mf20-2022	MM	4.1.3	In house	1	1 Final IDP tabled and approved by Council	1	Achieved	None	None	Copy of Final IDP and Council resolution item reference approving the document
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2024 (OMM)	Pa37-2022	MM	4.1.4	In house	11	10 new/reviewed policies, strategies and By-Laws approved by Council	10	Achieved	None	None	Copies of approved reviewed / new Policies and Council Resolution
Good Governance	Good Governance	Number of monthly Section 80 Committee agendas generated as per the approved Calendar of Events	Pa33-2022	ED:CS	4.1.5	In house	17	30 Section 80 Committee agendas generated	30	Achieved	None	None	Copies of signed Section 80 Committee agendas
		Final SDBIP approved by Executive Mayor within 28 days after approval of Budget	Pa32-2022	MM	4.1.6	In house	1	1 Final SDBIP approved by Executive Mayor	1	Achieved	None	None	Copy of Final approved SDBIP
Good Governance	Good Governance	Adjusted Budget and SDBIP approved by Council by the end of February 2024		MM	4.1.7	In house	1	1 Adjusted Budget and SDBIP approved by Council	1	Achieved	None	None	Copy of Adjustment Budget and SDBIP
Good Governance	Good Governance	% of Council meetings	Pa35-2022	MM	4.1.8	In house	46.50%	100% Council	54%	Not Achieved	Progress reports were not submitted by all Units hence	Request HODs to ensure submission of progress reports	Copy of quarterly

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		resolutions resolved per quarter (Total organisation)						meetings resolutions resolved			some Resolutions are regarded as Not Achieved due to the non-submission. - Some resolutions are interlinked between two departments and one department cannot move without the other department.	timeously. - Encouragement of departments to improve their working relations in achieving a common goal.	status report of Council resolutions resolved and submitted to the M&E Unit
		Number of monthly Ordinary Council meeting agendas generated as per the approved Calendar of Events	Pa35-2022	ED:CS	4.2.1	In house	9	10 Ordinary Council meeting agendas generated	9	Not Achieved	The September meeting did not sit due to work disruption.	All items for the September 2023 Ordinary Council meeting were incorporated into the October 2023 agenda.	Copy of signed Council agendas
Good Governance	Good Governance	Number of monthly ordinary MAYCO agendas generated as per the approved Calendar of Events	Pa34-2022	ED:CS	4.2.2	In house	7	10 Ordinary MAYCO agendas generated	10	Achieved	None	None	Copy of signed Mayoral Committee agendas
		Number of MPAC committee meetings held per quarter	Pa29-2022	MM	4.2.6	In house	2	4 MPAC committee meetings held	2	Not Achieved	The meetings were not held due to unavailability of reports to be reviewed	The matter has been escalated to the MM and Speaker for intervention	Minutes of MPAC meetings held
Good Governance	Good Governance	Number of MPAC committee reports submitted to Council per quarter		MM	4.2.7	In house	3	4 MPAC committee reports submitted to Council	2	Not Achieved	None submission of reports by respective departments	Intervention from the MM was sought to ensure that reports are submitted timeously by departments	Copy of MPAC Report and proof of submission to Council
Good Governance	Good Governance	Draft 2024/25 IDP tabled before	Mf20-2022	MM	4.2.8	In house	1	1 Draft 2024/25 IDP tabled	1	Achieved	None	None	Copy of the Draft 2024/25

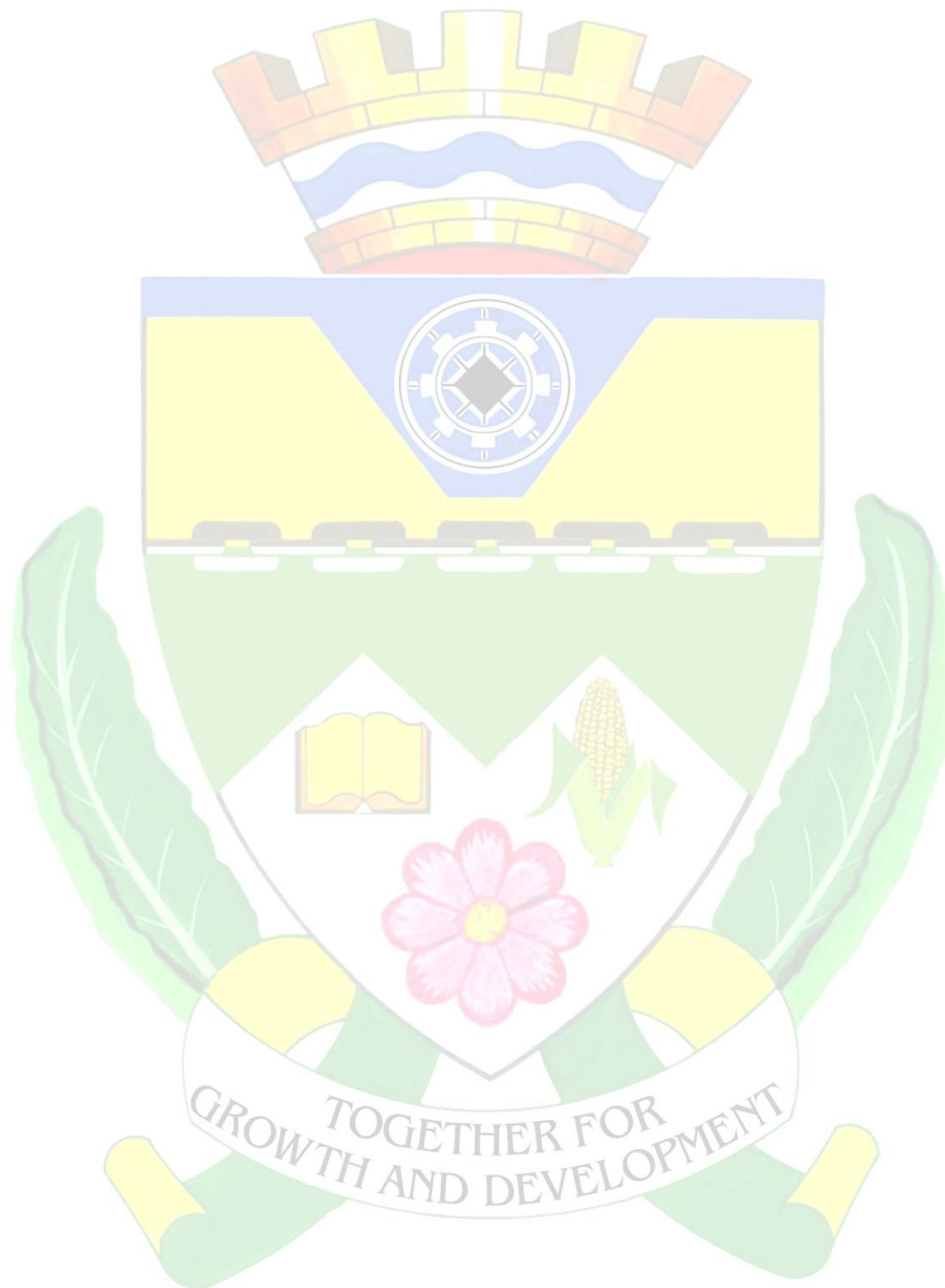
Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		Council for adoption by 31 March 2024						before Council for adoption					IDP and Council Resolution
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (OMM)	Pa17-2022	MM	4.3.1	In house	25%	85% execution per quarter of Risk Management Plan	85%	Achieved	None	None	Copy of the Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule (Finance only)		CFO	4.3.2	In house	60%	85% execution per quarter of Risk Management Plan	93%	Achieved	None	None	Copy of the Risk Monitoring Report
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (CS only)		ED:CS	4.3.3	In house	85%	85% execution per quarter of Risk Management Plan	86%	Achieved	None	None	Copy of the Risk Monitoring Report
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (SS only)	Pa17-2022	ED:SS	4.3.4	In house	77%	85% execution per quarter of Risk Management Plan	98%	Achieved	None	None	Copy of the Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule by (TS)		ED:TS	4.3.5	In house	21%	85% execution per quarter of Risk Management Plan	89%	Achieved	None	None	Copy of the Risk Monitoring Report
Good Governance	Risk Management	Number of Risk Management reports submitted to the Risk Management	Pa04-2022	MM	4.3.6	In house	4	4 Risk Management reports submitted to the Risk	4	Achieved	None	None	Copy of quarterly Risk Management

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		Committee per quarter						Management Committee					Committee report
Good Governance	Risk Management	Number of Risk Management Committee reports submitted to the Audit Committee per quarter	Pa04-2022	MM	4.3.7	In house	4	4 Risk Management Committee reports submitted to the Audit Committee	4	Achieved	None	None	Copies of Risk Management Committee reports
	Internal Audit	Number of Internal Audit reports submitted to the Audit Committee per quarter	Pa10-2022	MM	4.4.1	In house	4	4 Internal Audit reports submitted to the Audit Committee	4	Achieved	None	None	Copy of the quarterly IA progress report
Good Governance	Internal Audit	Number of Audit Committee reports submitted to Council per quarter		MM	4.4.2	In house	3	4 Audit Committee reports submitted to Council	4	Achieved	None	None	Copy of quarterly AC report submitted to Council and Council Resolution
Good Governance	Good Governance	Action Plan on issues raised by the Auditor General compiled and tabled to Council by 31 January 2024	Pa08-2022	CFO	4.4.3	In house	0	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1	Achieved	The municipality establish Audit action Plan committee that is sitting every Wednesday. 1. Issues relating to SLA's 2. Issues Relating to AOPO 3. Issues relating to assets.	The municipality must full adhere to the action set out on the Audit Action Plan	Copy of approved Action Plan
	Internal Audit	Review Risk Based Internal Audit Plan and submit to Audit Committee by 31 July 2023	Pa08-2022	MM	4.4.4	In house	1	1 Review Risk Based Internal Audit Plan and submit	1	Achieved	None	None	Reviewed Risk Based Internal Audit Plan submitted

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
								to Audit Committee					to Audit Committee
Customer Relationship Management	Customer/Stakeholder Relationship Management	Number of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	Pa39-2022	MM	4.5.0	In house	3	4 Customer Complaint reports submitted to Council	3	Not Achieved	The fourth quarter report was compiled however there were delays in submission to Council	Verbal coaching was held with the official concerned to ensure that reports are submitted timeously to Council	Copy of quarterly Customer Complaint reports and Council Resolution
Good Governance	Good Governance	% of Internal Audit Findings resolved per quarter as per the Audit Plan (Total Organization)	Pa10-2022	MM	4.5.1	In house	42%	100% Internal Audit Findings resolved as per the Audit Plan	25%	Not Achieved	Limited financial, human, or technological resources that delays the implementation of audit recommendations. Municipality do not have the budget required to address the issues identified.	Secure the necessary financial, human, and technological resources to address audit recommendations, provide training and development programs to equip staff with the necessary skills and knowledge to implement the audit findings	Copy of the quarterly internal audit report
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2024 (B&T only)	Pa37-2022	CFO	4.5.2	In house	21	19 Number of new/reviewed policies, strategies and By-Laws approved by Council	19	Achieved	None	None	Copies of approved reviewed / new Policies and Council Resolution
Good Governance	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2024 (CS only)	Pa37-2022	ED:CS	4.5.3	In house	5	3 Number of new/reviewed policies, strategies and By-Laws	3	Achieved	None	None	Council Resolution

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
								approved by Council					
Good Governance	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2024 (SS only)	Pa37-2022	ED:SS	4.5.4	500	0	5 Number of new/reviewed policies, strategies and By-Laws approved by Council	0	Not Achieved	The policies were developed however there were delays in internal processes i.e. workshop, policy development committee then finally approval by Council	We will ensure that the Committees adhere to the approved calendar of events to ensure timeous approvals	Copies of approved reviewed / new Policies and By-Laws
	Improved Compliance to Legislation & Policies(Public Safety)	Number of Municipal firearms inspections conducted per month	Tp03-2022	ED:SS	4.5.5	In house	12	12 Municipal firearms inspections conducted	12	Achieved	None	None	Copies of firearms inspections forms
		Number of Cemeteries Management Forum Meetings Scheduled & held per quarter	Cs01-2022	ED:SS	4.6.0	In house	3	4 Cemeteries Management Forum Meetings Scheduled & held	4	Achieved	None	None	Close out report for each forum meeting
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of Customer satisfaction survey conducted by 30 June 2024	Pa20-2022	MM	4.6.1	In house	In house	1 Customer satisfaction survey conducted	0	Not Achieved	Lack of proper strategy in the implementation of the customer satisfaction survey	The ICT unit will assist through the website and Facebook page and the survey will be conducted in the 2024/2025 Financial year	Report on Customer satisfaction survey submitted to the MM
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Percentage on updating of Municipal social media accounts	Pa20-2022	MM	4.6.5	In house	New	100% Updating of Municipal social media accounts on quarterly basis	100%	Achieved	None	None	Copy of social media accounts reports

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
		Number of quarterly newsletter(s) published		MM	4.6.2	200	In house	4 newsletter(s) published	2	Not Achieved	2 newsletters were not published due to lack of internal resources.	Municipality to assist in purchasing of camera and software for Corel draw graphics and also create position for a communication officer to assist in the office.	Copy of quarterly newsletter(s) published
		Number of radio slots secured for the Executive Mayor per quarter	Pa18-2022	MM	4.6.3	100	1	4 radio slots secured for the Executive Mayor	4	Achieved	None	None	Copy of confirmation from the radio station
		Number of legislated notices approved by the MM and published per quarter		MM	4.6.4	100	3	5 legislated notices approved by the MM and published	5	Achieved	None	None	Copy of approved notices published
		Percentage on updating the Municipal Website as per Section 75 of the MFMA per quarter		MM	4.6.6	In house	New	100% updating the Municipal Website as per Section 75 of the MFMA	98%	Not Achieved	The municipal website was still being upgraded/re-developed during Q1 by an appointed service provider, hence the target couldn't be achieved	The website has since been upgraded and is in full operation. Targets in Q2, Q3 and Q4 were achieved as planned.	Municipal Website screen shots
	Strategic Planning	Number of Strategic Planning conducted by 31 March 2024	Mf20-2022	MM	4.2.9	In house	1	1 Strategic Planning Lekgotla conducted	1	Achieved	None	None	Attendance register and report
Good Governance	Security Services	Number of quarterly status reports on monitoring of Municipal security services submitted to the Municipal Manager per quarter	Tp03-2022	ED:SS	4.5.6	In house	New	4 status reports on monitoring of Municipal security services submitted to the Municipal Manager	4	Achieved	None	None	Quarterly Security Reports



14. 9.0 KEY PERFORMANCE AREA 5: SPATIAL RATIONALE

The overall score for this KPA is **83%** for the year under review. This performance represents a significant improvement from the 50% achieved during the previous financial year.

KPI Status	KPA 5: Spatial Rationale
Target Met (as planned and exceeded)	5
Target Not Met (below planned)	1
Total	6
% Targets met	83%
% Targets not met	17%

Performance Highlights for the 2023/24

- All land use applications received were processed within 90 days.

Challenges	Corrective Action
1. The land audit indicator was not implemented due to cash flow constraints.	The request has been sent to NDM and other sector departments for assistance

15. 9.1 SPATIAL DEVELOPMENT SCORECARD

Strategic Goal 6: Increase regularisation of built environment

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Land Tenure and Spatial Development	Land Tenure and Spatial Development	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days.	Sd07-2022	ED:TS	5.1	In house	100%	100% new registered building plan applications received and approved (referred back)	100%	Achieved	None	None	Copy of application Register
Land Tenure and Spatial Development	Land Tenure and Spatial Development	% of (category 2) land use applications received and processed within 90 days by authorised officer	Sd06-2022	MM	5.2	In house	100%	100% (category 2) land use applications received and processed	100%	Achieved	None	None	Copy of the land use applications report and register
		% of (category 1) land use applications received and referred to Nkangala District Tribunal within 90 days from VKLM	Sd06-2022	MM	5.3	In house	100%	100% (category 1) land use applications received and referred to Nkangala District Tribunal	100%	Achieved	None	None	The list of registered applications received and referred to NDM (Land tribunal)

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Land Tenure and Spatial Development Land Tenure and Spatial Development	Building Control	% of quarterly Buildings Contraventions notices issued by 30 June 2024	Sd09-2022	ED:TS	5.4	In house	80%	100% Buildings Contraventions notices issued	100%	Achieved	None	None	Copy of quarterly building contravention notices issued
	Land Audit	Number of Land Audit reports developed and submitted to the MM per quarter	Sd06-2022	MM	5.5	In house	New	4 Land Audit reports developed and submitted to the MM	0	Not Achieved	The municipality does not have capacity and funds to undertake land audit	The request has been sent to NDM and other sector departments for assistance	Copy of land audit reports submitted to the MM
	Building Control	Percentage of cases on Land Invasion reported and resolved by 30 June 2024	Sd09-2022	MM	5.6	In house	New	100% cases on Land Invasion reported and resolved	100%	Achieved	None	None	Land invasion reports

16. 10.0 KEY PERFORMANCE AREA 6: LOCAL ECONOMIC DEVELOPMENT

The overall score for this KPA is **88%** for the year under review. This achievement represents an improvement from the 75% achieved from the previous financial year.

KPI Status	KPA 6: Local Economic Development
Target Met (as planned and exceeded)	7
Target Not Met (below planned)	1
Total	8
% Targets met	88%
% Targets not met	13%

Performance Highlights for the 2023/24

- The municipality has implemented 6 capacity building skills workshops aimed at SMME's and Cooperatives.

Challenges	Corrective Action
1. The Youth Summit was not held due to financial constraints and reprioritization this financial year, the summit was not able to sit. it was therefore postponed to new financial year.	The summit has been rescheduled to be held in the new financial year 2024-2025 at the end of September 2024.

17. 10.1 LOCAL ECONOMIC DEVELOPMENT SCORECARD

Strategic Goal 7: Increased economic activity and job creation

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Economic Growth and Development	Economic Growth and Development	Number of MOU's signed with respect to external Social Responsibility Programmes by 30 June 2024	Led03-2022	MM	6.1	In house	1	2 MOU's signed with respect to external Social Responsibility Programmes	2	Achieved	None	None	Copy of the signed MOU's
		Number of bi-annual reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations by 30 June 2024.		MM	6.2	In house	3	2 Reports submitted to Council	5	Achieved	The municipality has established strong relations with the mining houses and DMRE, holding bi-monthly meetings to discuss SLP and CSI programs. The annual target for submitting bi-annual reports to the council on these programs was achieved in the first two quarters of the 2023/2024 financial year.	Bi-monthly meetings were held to discuss SLP and CSI projects with mining houses. New reports are scheduled to be submitted to the council in the 2024/2025 financial year.	Copies of bi-annual reports submitted to Council
Economic Growth and Development	Economic Growth and Development	Number of EPWP Full Time Equivalent (FTE's) job opportunities provided through the implementation of Capital projects by 30 June 2024 (GKPI)	Led09-2022	ED:TS	6.3	In house	31	9 EPWP Full Time Equivalent (FTE's) job opportunities provided through the implementation of Capital projects	15	Achieved	Additional FTE's created due to more man day created as a result of adverse site conditions resulting with additional time	None	Job opportunity report

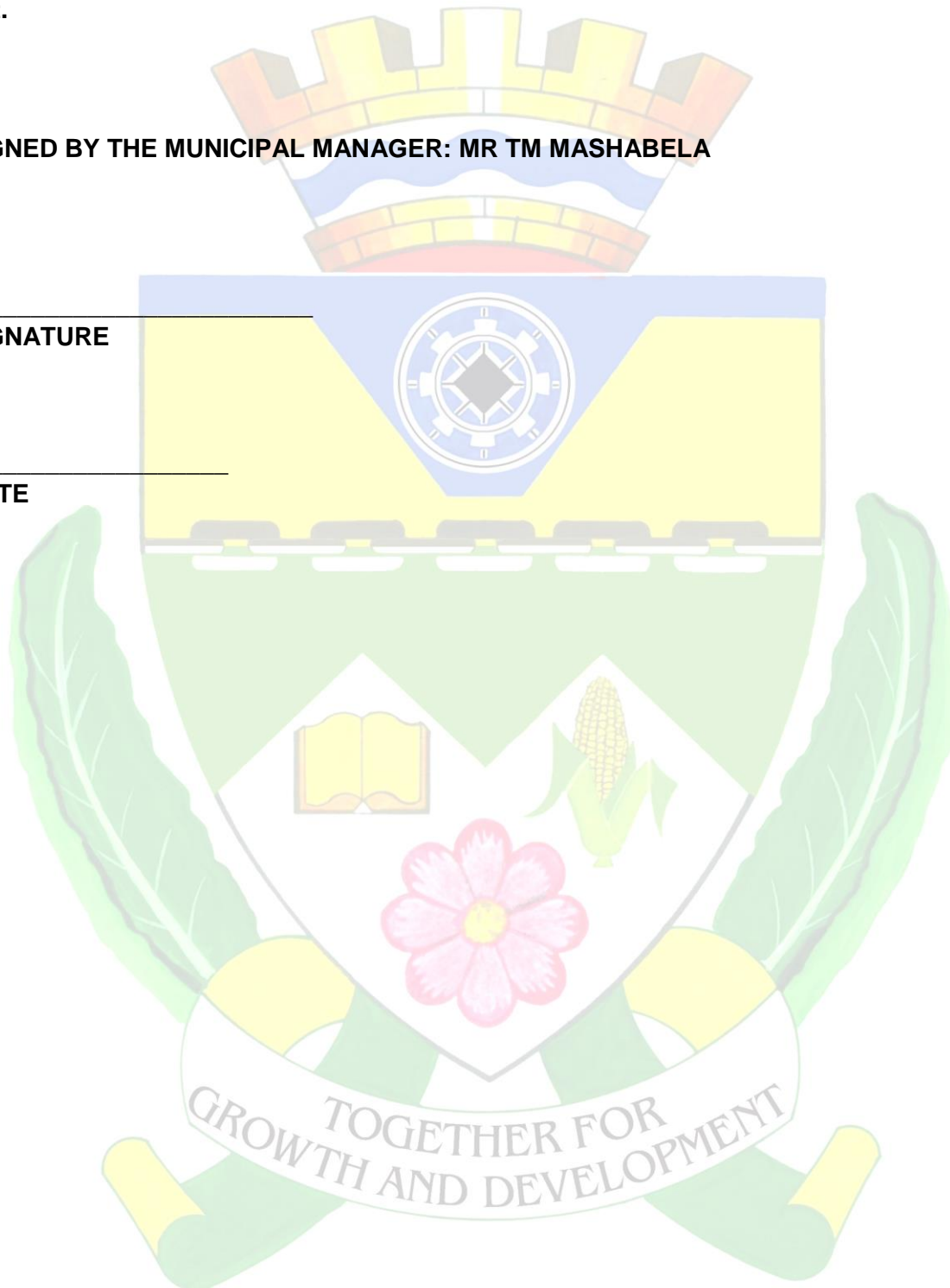
Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	Baseline 2022/2023	Annual Target 2023/24	Annual Actual Performance 2023/24	Achievement	Challenges	Corrective Action	POE
Economic Growth and Development	Economic Growth and Development	Number of skills development initiatives scheduled and held in terms of the youth bi-annually	Led35-2022	MM	6.4	400	4	2 skills development initiatives held for the youth	2	Achieved	None	None	Copies of the attendance registers and close-out report
		Number of SMME's and Cooperatives capacity building skills workshops held by the 30 June 2024	Led10-2022	MM	6.5	200	4	2 SMME's and Cooperatives skills workshop held	5	Achieved	The municipality has established good relations with other government sectors and SMMEs within the municipal jurisdiction	None	Copy of close-out reports and attendance register for each event
		Number of EPWP Full Time Equivalent (FTE's) created through social, culture and environment initiatives per quarter	Led09-2022	MM	6.6	2,800	587	170 EPWP Full Time Equivalent (FTE's) created through social, culture and environment initiatives	565	Achieved	The municipality has allocated more participants in the programme	The municipality will recruit participants in terms of the allocated number of participants	Copy of monthly DPW Summary report
Economic Growth and Development	Economic Growth and Development	Number of Capital projects (infrastructure) that provide employment through EPWP initiatives per quarter	Led09-2022	ED:TS	6.7	In house	0	4 Capital projects (infrastructure) that provide employment through EPWP initiatives	5	Achieved	It was not anticipated that EPWP opportunities could be created as the nature of work is specialized.	None	Project registration summary report
	Youth Development	Number of Youth Development Summits held by 30 June 2024	Pa30-2022	MM	6.8	650	0	1 Youth Development Summits held	0	Not Achieved	Due to financial constraints and reprioritization this financial year, the summit was not able to sit. it was therefore postponed to new financial year.	Host the summit in the new financial year 2024-2025 end of September 1st quarter	Council resolution to host the event and close out summit report

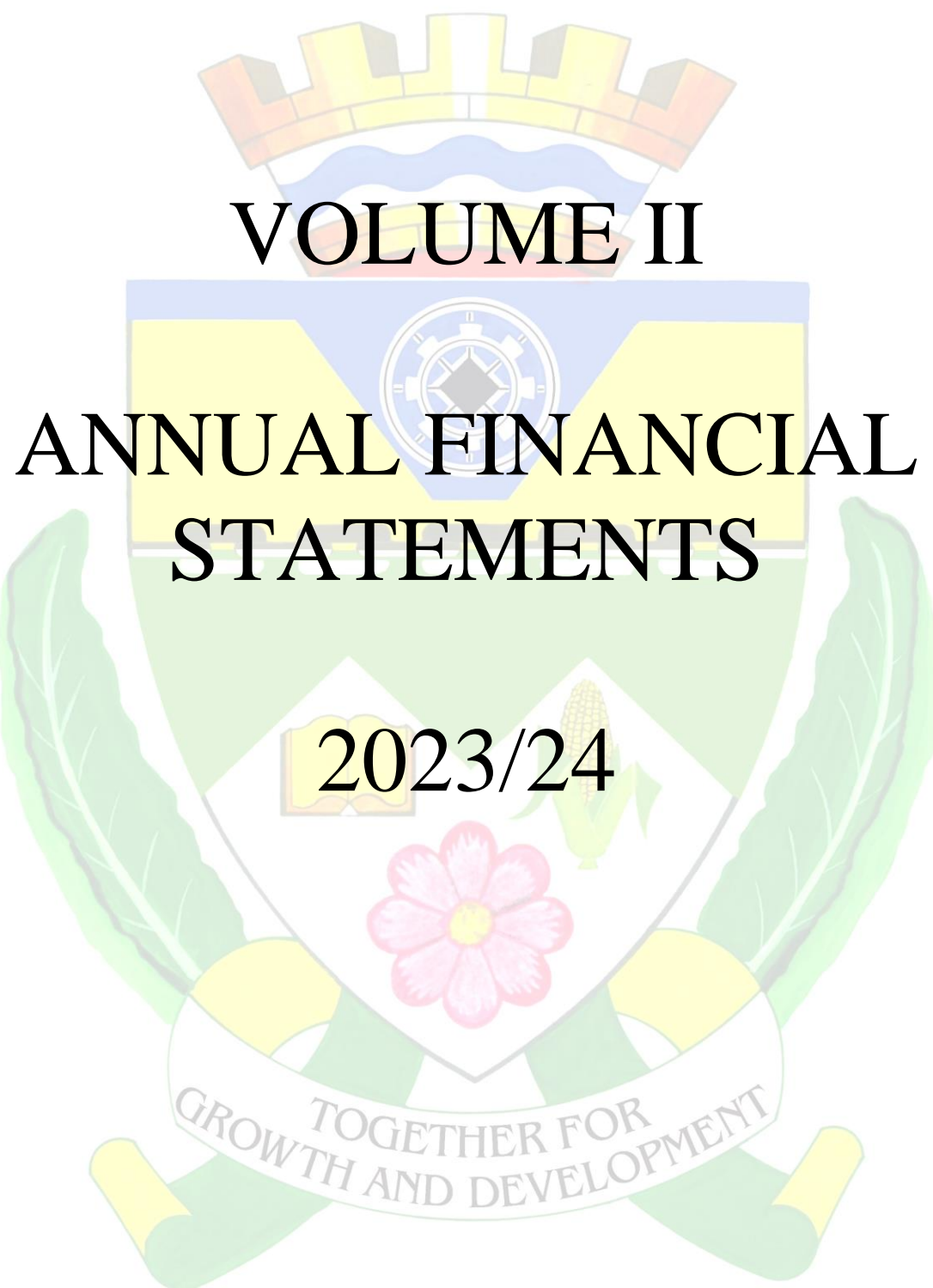
I, _____ the Municipal Manager of the Victor Khanye Local Municipality, hereby certify that the Annual Performance Report (APR) and supporting documentation for the period July 2023 to June 2024 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

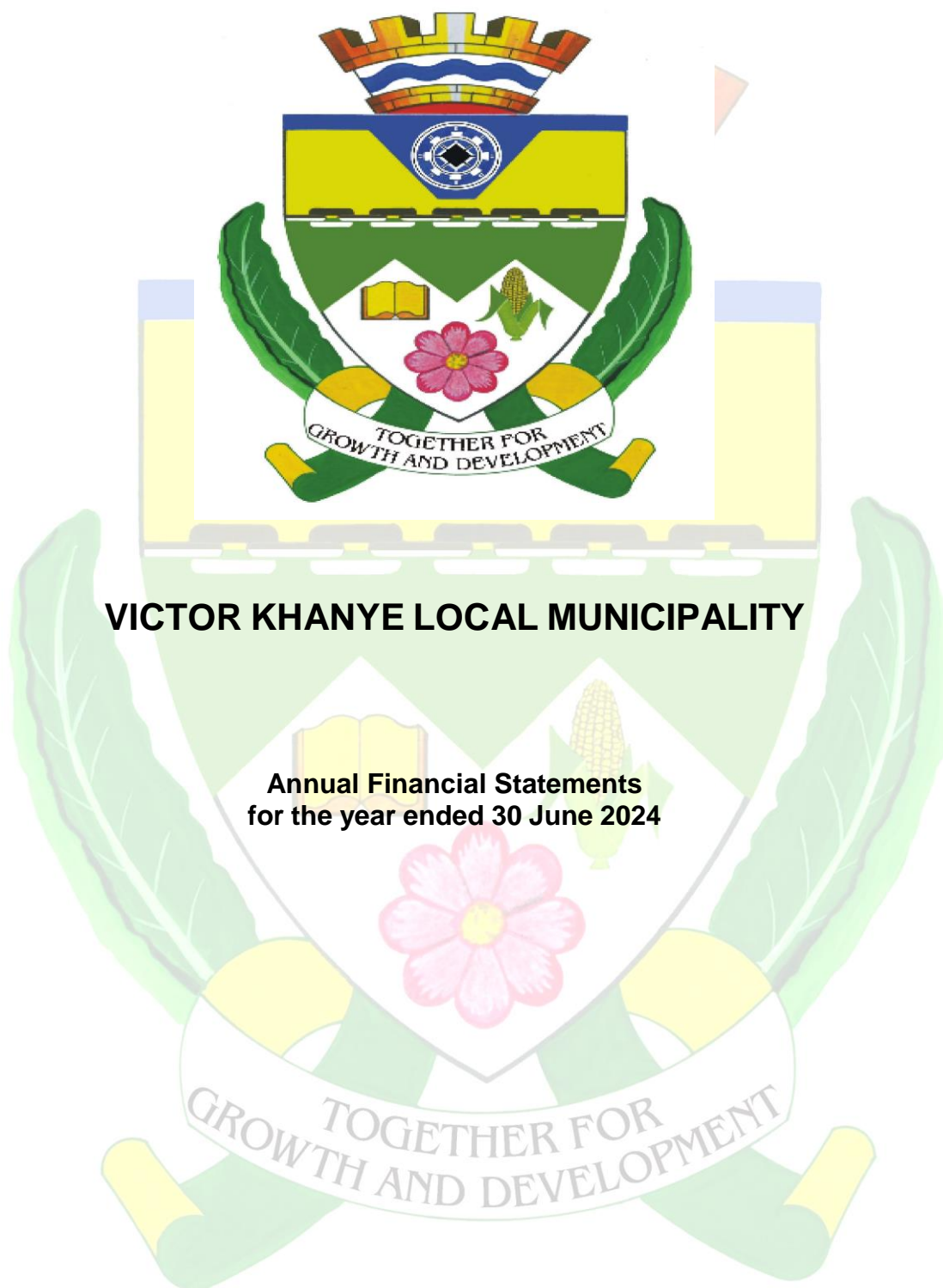
SIGNED BY THE MUNICIPAL MANAGER: MR TM MASHABELA

SIGNATURE

DATE







VICTOR KHANYE LOCAL MUNICIPALITY

**Annual Financial Statements
for the year ended 30 June 2024**

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Legislation governing the municipality's operations:	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Grading of local authority	3
Accounting Officer	TM Mashabela
Chief Finance Officer (CFO)	TP Mahlangu
Members of council:	KV Buda (Executive Mayor) HM Ngoma (Speaker) NS Ngcobo (Chief Whip/Ward 6) TG Malomane (MMC PITS/ Cllr ward 3) ME Masilela (MMC Finance/ Cllr ward 9) BD Yeko (MMC Social/ Cllr ward 2) BLO Mbalati (Cllr ward 1) ES Lebatse (Cllr ward 4) DJ Bath (Cllr ward 8) JZ Ndlovu (Cllr ward 7) M Rautenbach (PR Cllr (DA)) SM Skosana (PR Cllr (DA)) NE Mohoadibe (PR Cllr (EFF)) P Senekal (PR Cllr (VF PLUS)) MM Sepenyane (PR Cllr (AVPP)) ST Segone (PR Cllr (AVPP)) A Smith (PR Cllr (AVPP))
Registered office	Cnr Samuel road and Van der Walt street Delmas 2210
Website:	www.vklm.gov.za
Postal address	P/O BOX 6 Delmas 2210
Bankers	Standard Bank ABSA
Auditors	AG SA

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Attorneys

Nkgadima & Associates
Toka Machabaphala Inc
SM Sibeko Incorporated Attorneys
Ntleru Inc Attorneys
Buthelezi Vilakazi Inc
L Guzana Inc Attorneys.
Prince Mudau & Associates Inc.
Mphoke PK Magane Inc
HM Chaane Attorneys

Audit committee

Ms. FJ Mudau(Chairperson)
Ms. SJ Masite
Adv. JL Thobakgale
Mr. L Monama
Mr. M Mathabathe
Ms. MC Moloi (contract ended)
Ms. P Ntuli (contract ended)

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

AO	Accounting Officer
UIF	Unemployment insurance fund
AGSA	Auditor-General of South Africa
MIG	Municipal Infrastructure Grant
VKLM	Victor Khanye Local Municipality
FMG	Financial Management Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
INEP	Intergreted National Electrification Programmee
PPE	Property, Plant and Equipment
SARS	South African Revenue Services
COGTA	Cooperative Governance and Traditional Affairs
CRR	Capital Replacement Reserve
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SDL	Skills Development Levy
NPV	Net Present Value
EPWP	Expended Public Works Program
SCM	Supply Chain Management

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

As at June 30 2024, the municipality's total liabilities exceeded its total assets as indicated in the Statement of Financial Position.

The accounting officer certify that the salaries, allowances and benefits of councillors as disclosed in note 23 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditors are responsible for auditing and reporting on the municipality annual financial statement. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved and signed by the Accounting Officer.

Accounting Officer
TM Mashabela
31 August 2024

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	13	2 753 579	2 121 315
Receivables from exchange transactions	8&10	97 171 602	151 169 875
Receivables from non-exchange transactions	9&10	23 528 603	23 204 854
VAT receivable	41	126 085 440	99 661 472
Cash and cash equivalents	7	6 397 313	6 653 290
		255 936 537	282 810 806
Non-Current Assets			
Investment property	3	88 432 593	89 531 180
Property, plant and equipment	4	943 476 752	920 517 846
Intangible assets	5	63 840	63 840
Heritage assets	6	1 074 503	1 074 503
		1 033 047 688	1 011 187 369
Total Assets		1 288 984 225	1 293 998 175
Liabilities			
Current Liabilities			
Finance lease obligation	51	3 805 154	3 385 251
Payables from exchange transactions	15	1 388 760 207	1 146 820 535
Consumer deposits	14	1 688 113	1 652 291
Employee benefit obligation	12	2 571 674	1 985 454
Provisions	11	8 203 712	2 376 058
		1 405 028 860	1 156 219 589
Non-Current Liabilities			
Finance lease obligation	51	1 117 949	4 767 853
Employee benefit obligation	12	49 246 585	40 603 194
Provisions	11	10 666 025	9 880 221
		61 030 559	55 251 268
Total Liabilities		1 466 059 419	1 211 470 857
Net Assets		(177 075 194)	82 527 318
Accumulated surplus		(177 075 194)	82 527 318
Total Net Assets		(177 075 194)	82 527 318

* See Note 39

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	332 466 245	280 225 856
Rental of facilities and equipment	21	1 639 760	2 709 017
Administration and management fees received	22	314 248	264 593
Merchandising and Jobbing	22	24 439	972 034
Fire Services	22	1 266 911	761 455
Cemetery and Berial	22	354 796	317 543
Town Planning and Servitudes	22	643 139	407 444
Interest Income	23	52 412 316	38 561 966
Actuarial gains		-	11 412 460
Total revenue from exchange transactions		389 121 854	335 632 368
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	109 834 380	93 307 017
Property rates - penalties imposed	16	34 213 459	17 377 204
Debt written off	55	59 138 988	26 162 438
Transfer revenue			
Government grants & subsidies	19	201 019 000	184 204 000
Public contributions and donations	18	15 778 563	31 222 835
Fines, Penalties and Forfeits	17	11 239 410	12 123 975
Total revenue from non-exchange transactions		431 223 800	364 397 469
Total revenue		820 345 654	700 029 837
Expenditure			
Employee related costs	25	(192 678 699)	(176 903 032)
Remuneration of councillors	24	(9 363 717)	(8 521 589)
Depreciation and amortisation	27	(55 249 827)	(55 133 146)
Finance costs	28	(92 950 921)	(94 765 617)
Lease rentals on operating lease	32	(995 249)	(2 559 774)
Impairment	26	(230 564 275)	(83 450 353)
Bad debts written off	53	(8 884 558)	-
Bulk purchases	29	(202 461 064)	(167 219 858)
Contracted services	31	(123 328 765)	(90 057 134)
Loss on disposal of assets and liabilities	4	(1 221 864)	(4 743 174)
Actuarial losses	12	(671 979)	-
Inventory consumed	30	(97 931 288)	(87 446 207)
Operational costs	33	(63 645 960)	(64 908 420)
Total expenditure		(1 079 948 166)	(835 708 304)
Deficit for the year		(259 602 512)	(135 678 467)

* See Note 39

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	231 628 115	231 628 115
Adjustments		
Prior year adjustments 39	(13 422 330)	(13 422 330)
Balance at 01 July 2022 as restated*	218 205 785	218 205 785
Changes in net assets		
Deficit for the year	(135 678 467)	(135 678 467)
Total changes	(135 678 467)	(135 678 467)
Restated* Balance at 01 July 2023	82 527 318	82 527 318
Changes in net assets		
Deficit for the year	(259 602 512)	(259 602 512)
Total changes	(259 602 512)	(259 602 512)
Balance at 30 June 2024	(177 075 194)	(177 075 194)
Note(s)		

* See Note 39

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Services charges		264 569 507	188 156 428
Grants		201 019 000	184 204 000
Rate and fines		93 263 547	90 601 844
Interest income		2 895 750	14 610 103
Other receipts		4 218 854	4 460 052
		565 966 658	482 032 427
Payments			
Compensation of employees and councillors,		(195 061 931)	(182 495 090)
Suppliers, service providers and others		(253 744 056)	(217 061 181)
Finance costs		(23 020 001)	(8 652 152)
Tax paid		(26 423 966)	(30 695 233)
		(498 249 954)	(438 903 656)
Net cash flows from operating activities	34	67 716 704	43 128 771
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(63 955 423)	(51 047 288)
Cash flows from financing activities			
Finance lease payments		(3 984 750)	8 966 655
Net increase/(decrease) in cash and cash equivalents		(255 987)	1 048 138
Cash and cash equivalents at the beginning of the year		6 653 290	5 605 153
Cash and cash equivalents at the end of the year	7	6 397 313	6 653 291

The accounting policies on pages 14 to 38 and the notes on pages 39 to 93 form an integral part of the annual financial statements.

* See Note 39

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	444 952 000	(68 294 000)	376 658 000	332 466 245	(44 191 755)	Note 52
Rendering of services	3 137 000	561 000	3 698 000	-	(3 698 000)	Note 52
Rental of facilities and equipment	2 532 000	(526 000)	2 006 000	1 639 760	(366 240)	Note 52
Administration and management fees received	392 000	30 000	422 000	314 248	(107 752)	Note 52
Merchandising and jobbing	-	-	-	24 439	24 439	Note 52
Fire services	-	-	-	1 266 911	1 266 911	Note 52
Cemetery and Burial	-	-	-	354 796	354 796	Note 52
Town planning and Servitude	-	-	-	643 139	643 139	Note 52
Interest received - investment	59 387 000	44 223 000	103 610 000	52 412 316	(51 197 684)	Note 52
Total revenue from exchange transactions	510 400 000	(24 006 000)	486 394 000	389 121 854	(97 272 146)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	97 467 000	41 990 000	139 457 000	109 834 380	(29 622 620)	Note 52
Property rates - penalties imposed	-	-	-	34 213 459	34 213 459	Note 52
Debt written off	-	-	-	59 138 988	59 138 988	Note 52
Surcharges and Taxes	54 884 000	(5 513 000)	49 371 000	-	(49 371 000)	Note 52

Transfer revenue

Government grants & subsidies: Operational	144 142 000	-	144 142 000	201 019 000	56 877 000	Note 52
Public contributions and donations	-	-	-	15 778 563	15 778 563	Note 52
Fines, Penalties and Forfeits	1 686 000	(591 000)	1 095 000	11 239 410	10 144 410	Note 52

Total revenue from non-exchange transactions **298 179 000** **35 886 000** **334 065 000** **431 223 800** **97 158 800**

Total revenue **808 579 000** **11 880 000** **820 459 000** **820 345 654** **(113 346)**

Expenditure

Personnel	(198 596 000)	(2 978 000)	(201 574 000)	(192 678 699)	8 895 301	Note 52
Remuneration of councillors	(9 101 000)	(30 000)	(9 131 000)	(9 363 717)	(232 717)	Note 52
Depreciation and amortisation	(52 046 000)	1 944 000	(50 102 000)	(55 249 827)	(5 147 827)	Note 52
Finance costs	(33 352 000)	(24 249 000)	(57 601 000)	(92 950 921)	(35 349 921)	Note 52
Lease rentals on operating lease	-	-	-	(995 249)	(995 249)	Note 52
Debt Impairment	(103 571 000)	15 000 000	(88 571 000)	(230 564 275)	(141 993 275)	Note 52
Bad debts written off	(30 000 000)	200 000	(29 800 000)	(8 884 558)	20 915 442	Note 52
Bulk purchases	(185 000 000)	(10 505 000)	(195 505 000)	(202 461 064)	(6 956 064)	Note 52
Contracted Services	(71 449 000)	(37 882 000)	(109 331 000)	(123 328 765)	(13 997 765)	Note 52
Transfers and Subsidies	(7 336 000)	-	(7 336 000)	-	7 336 000	Note 52
Sale of goods/Inventory	(79 205 000)	(9 807 000)	(89 012 000)	(97 931 288)	(8 919 288)	Note 52
General Expenses	(38 153 000)	(13 282 000)	(51 435 000)	(63 645 960)	(12 210 960)	Note 52
Total expenditure	(807 809 000)	(81 589 000)	(889 398 000)	(1 078 054 323)	(188 656 323)	

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Figures in Rand						
Operating deficit	770 000	(69 709 000)	(68 939 000)	(257 708 669)	(188 769 669)	
Loss on disposal of assets and liabilities	-	-	-	(1 221 864)	(1 221 864)	Note 52
Actuarial gains/losses	-	-	-	(671 979)	(671 979)	Note 52
	-	-	-	(1 893 843)	(1 893 843)	
Deficit before taxation	770 000	(69 709 000)	(68 939 000)	(259 602 512)	(190 663 512)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	770 000	(69 709 000)	(68 939 000)	(259 602 512)	(190 663 512)	
Reconciliation						

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	47 469 412	10 242 841	57 712 253	2 753 579	(54 958 674)	
Receivables from exchange transactions	55 493 482	1 044 028	56 537 510	97 171 602	40 634 092	
Receivables from non-exchange transactions	119 950 762	(6 298 476)	113 652 286	23 528 603	(90 123 683)	
VAT receivable	-	-	-	212 741 550	212 741 550	
Cash and cash equivalents	(15 963)	5 068 641	5 052 678	6 397 313	1 344 635	
	222 897 693	10 057 034	232 954 727	342 592 647	109 637 920	

Non-Current Assets

Investment property	69 213 935	(422 571)	68 791 364	88 432 593	19 641 229	
Property, plant and equipment	930 829 780	(2 137 548)	928 692 232	943 476 752	14 784 520	
Intangible assets	2 285 412	(913 188)	1 372 224	63 840	(1 308 384)	
Heritage assets	1 074 503	-	1 074 503	1 074 503	-	
	1 003 403 630	(3 473 307)	999 930 323	1 033 047 688	33 117 365	

Total Assets	1 226 301 323	6 583 727	1 232 885 050	1 375 640 335	142 755 285	
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Liabilities

Current Liabilities

Finance lease obligation	-	-	-	3 805 154	3 805 154	
Payables from exchange transactions	106 172 292	(38 633 656)	67 538 636	1 388 760 201	1 321 221 565	
VAT payable	-	-	-	86 656 110	86 656 110	
Consumer deposits	1 781 202	-	1 781 202	1 688 113	(93 089)	
Employee benefit obligation	-	-	-	2 571 674	2 571 674	
Provisions	11 546 202	-	11 546 202	8 203 712	(3 342 490)	
	119 499 696	(38 633 656)	80 866 040	1 491 684 964	1 410 818 924	

Non-Current Liabilities

Other financial liabilities	7 527 976	-	7 527 976	-	(7 527 976)	
Finance lease obligation	-	-	-	1 117 949	1 117 949	
Employee benefit obligation	-	-	-	49 246 585	49 246 585	
Provisions	673 000 000	-	673 000 000	10 666 025	(662 333 975)	
	680 527 976	-	680 527 976	61 030 559	(619 497 417)	

Total Liabilities	800 027 672	(38 633 656)	761 394 016	1 552 715 523	791 321 507	
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Net Assets	426 273 651	45 217 383	471 491 034	(177 075 188)	(648 566 222)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	426 273 651	45 217 383	471 491 034	(177 075 194)	(648 566 228)	
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Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Taxation	68 260 000	-	68 260 000	80 039 512	11 779 512	
Sale of goods and services	321 730 000	(85 834 000)	235 896 000	230 894 778	(5 001 222)	
Grants	-	-	-	2 188 653	2 188 653	
Interest income	-	-	-	402 128	402 128	
Transfers and subsidies - Operational	120 118 340	-	120 118 340	116 808 000	(3 310 340)	
Transfers and subsidies - Capital	85 570 671	-	85 570 671	26 134 000	(59 436 671)	
	595 679 011	(85 834 000)	509 845 011	456 467 071	(53 377 940)	

Payments

Employee costs	(440 660 000)	-	(440 660 000)	(368 066 398)	72 593 602	
Transfers and subsidies	7 000 000	-	7 000 000	-	(7 000 000)	
	(433 660 000)	-	(433 660 000)	(368 066 398)	65 593 602	

Net cash flows from operating activities	162 019 011	(85 834 000)	76 185 011	88 400 673	12 215 662	
---	--------------------	---------------------	-------------------	-------------------	-------------------	--

Cash flows from investing activities

Purchase of property, plant and equipment	(36 879 000)	-	(36 879 000)	(26 538 108)	10 340 892	
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Cash flows from financing activities

Repayment of other financial liabilities	-	-	-	(714 459)	(714 459)	
--	---	---	---	-----------	------------------	--

Net increase/(decrease) in cash and cash equivalents	125 140 011	(85 834 000)	39 306 011	61 148 106	21 842 095	
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Cash and cash equivalents at the end of the year	125 140 011	(85 834 000)	39 306 011	61 148 106	21 842 095	
---	--------------------	---------------------	-------------------	-------------------	-------------------	--

The accounting policies on pages 14 to 38 and the notes on pages 39 to 93 form an integral part of the annual financial statements.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Offsetting

Financial assets and liabilities are not offset and the net amount not reported on the Statement of Financial Position unless when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Comparative figures and Budget Information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.6 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes. This includes doubtful debt provisions, post retirement benefits, useful life estimates and other provisions amongst others..

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1.7 Prior period errors

The municipality corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

1.8 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.9 Inventories

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

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

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

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

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Significant Accounting Policies

1.10 Investment property

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

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

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

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

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

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

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

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses

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

No depreciation on investment property - Land, Depreciation on investment properties buildings are on straight-line basis over 50 years

1.11 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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Significant Accounting Policies

1.11 Property, plant and equipment (continued)

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

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

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Land is not depreciated
Buildings	Straight-line	50 years
Plant and machinery	Straight-line	5 years
Furniture and fixtures	Straight-line	7 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	3 to 5 years
IT equipment	Straight-line	5 to 60 years
Computer software	Straight-line	2 to 50 years
Landfill site	Straight-line	33 years
Electrical Infrastructure	Straight-line	5 to 60 years
Roads and stormwater infrastructure	Straight-line	2 to 50 years
Sanitation infrastructure	Straight-line	5 to 100 years
Water infrastructure	Straight-line	5 to 100 years
Emergency equipment	Straight-line	2 to 20 years

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

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

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

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

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

Victor Khanye Local Municipality

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Significant Accounting Policies

1.11 Property, plant and equipment (continued)

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

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

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

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

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

1.12 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

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

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

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

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

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Significant Accounting Policies

1.12 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.13 Heritage assets

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

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

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

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

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

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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

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

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

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

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

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

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

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

Victor Khanye Local Municipality

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Significant Accounting Policies

1.13 Heritage assets (continued)

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

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or

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Significant Accounting Policies

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

- the number of production or similar units expected to be obtained from the asset by the municipality.

1.16 Financial instruments

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

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

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

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

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

A financial asset is:

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

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

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

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

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Significant Accounting Policies

1.16 Financial instruments (continued)

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

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

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

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

1.17 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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Significant Accounting Policies

1.17 Statutory receivables (continued)

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

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

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

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

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

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Significant Accounting Policies

1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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

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

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

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

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

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

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

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Significant Accounting Policies

1.19 Employee benefits

Identification

Employee benefits

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

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

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

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

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

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1.19 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

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

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

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Significant Accounting Policies

1.19 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- (a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

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Significant Accounting Policies

1.19 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

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

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

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

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

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

Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

Victor Khanye Local Municipality

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Significant Accounting Policies

1.19 Employee benefits (continued)

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

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

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

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - (i) those changes were enacted before the end of the reporting period; or
 - (ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

- (a) when the plan amendment or curtailment occurs; and
- (b) when the entity recognises related restructuring costs or termination benefits.

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Significant Accounting Policies

1.19 Employee benefits (continued)

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.20 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

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

1.21 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Victor Khanye Local Municipality

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Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Interest earned

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.22 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Taxation revenue are not grossed up for the amount of tax expenditures.

Victor Khanye Local Municipality

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.23 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

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1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.27 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Victor Khanye Local Municipality

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Significant Accounting Policies

1.28 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.29 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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Significant Accounting Policies

1.29 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.30 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.31 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.32 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.32 Budget information (continued)

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Budget variances of 10% is explained in note 52

1.33 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.34 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	Unlikely there will be a material impact

3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	135 308 562	(46 875 969)	88 432 593	135 308 562	(45 777 382)	89 531 180

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	89 531 180	(1 098 587)	88 432 593

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property (continued)

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	90 486 664	(955 484)	89 531 180

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no restrictions on the title and nor the disposal of the investment properties.

There are no investment properties pledged as securities for liabilities.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	214 743 043	(4 811 756)	209 931 287	214 743 043	(4 811 756)	209 931 287
Plant and machinery	1 495 639	(275 305)	1 220 334	1 805 408	(130 653)	1 674 755
Furniture and fixtures	2 307 753	(211 436)	2 096 317	2 144 016	(96 092)	2 047 924
Motor vehicles	11 387 564	(181 446)	11 206 118	15 700 383	(1 910 835)	13 789 548
IT equipment	1 439 626	(138 544)	1 301 082	1 536 325	(332 052)	1 204 273
Infrastructure	1 253 315 124	(638 665 032)	614 650 092	1 191 633 739	(598 368 180)	593 265 559
Community	125 430 748	(72 729 402)	52 701 346	125 670 962	(70 445 038)	55 225 924
Fire equipment	1 587 803	(1 278 791)	309 012	1 587 803	(1 178 696)	409 107
Work-in-Progress	50 061 164	-	50 061 164	42 969 469	-	42 969 469
Total	1 661 768 464	(718 291 712)	943 476 752	1 597 791 148	(677 273 302)	920 517 846

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers in/out	Cost adjustment	Depreciation	Impairment loss	Total
Land	209 931 287	-	-	-	-	-	-	209 931 287
Plant and machinery	1 674 755	-	(8 250)	-	-	(445 251)	(920)	1 220 334
Furniture and fixtures	2 047 924	504 328	(11 384)	-	-	(423 009)	(21 542)	2 096 317
Motor vehicles	13 789 548	160 000	(291 111)	-	-	(2 452 319)	-	11 206 118
IT equipment	1 204 273	677 590	(33 741)	-	-	(543 286)	(3 754)	1 301 082
Infrastructure	593 265 559	34 304 301	(666 973)	41 448 944	(621 888)	(47 820 366)	(5 259 485)	614 650 092
Community	55 225 924	52 742	(210 408)	-	-	(2 366 912)	-	52 701 346
Fire equipment	409 107	-	-	-	-	(100 095)	-	309 012
Work-in-Progress	42 969 469	48 540 639	-	(41 448 944)	-	-	-	50 061 164
	920 517 846	84 239 600	(1 221 867)	-	(621 888)	(54 151 238)	(5 285 701)	943 476 752

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Cost adjustment	Depreciation	Impairment loss	Total
Land	207 987 043	6 578 000	-	-	-	-	(4 633 756)	209 931 287
Plant and machinery	1 362 635	867 238	(43 624)	-	-	(471 269)	(40 225)	1 674 755
Furniture and fixtures	2 378 869	118 768	(25 525)	-	-	(393 620)	(30 568)	2 047 924
Motor vehicles	15 242 119	1 315 652	(89 171)	-	-	(2 673 866)	(5 186)	13 789 548
IT equipment	1 392 085	638 623	(33 648)	-	-	(735 992)	(56 795)	1 204 273
Infrastructure	613 276 292	14 158 150	(4 774 705)	21 181 063	(3 129 681)	(47 255 627)	(189 933)	593 265 559
Community	45 791 832	-	(765 123)	18 195 035	-	(2 544 794)	(5 451 026)	55 225 924
Fire equipment	512 852	-	(1 252)	-	-	(102 493)	-	409 107
Work-in-Progress	38 169 123	44 176 444	-	(39 376 098)	-	-	-	42 969 469
	926 112 850	67 852 875	(5 733 048)	-	(3 129 681)	(54 177 661)	(10 407 489)	920 517 846

Assets subject to finance lease (Net carrying amount)

Infrastructure	3 432 173	6 446 232
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Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Property, plant and equipment (continued)		
Delayed work in progress projects		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Refurbishment of sludge system WWT	2 592 048	-
Due to budget constraints the project is currently unfunded		
	2 592 048	-

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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4. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	2 565 751	2 565 751	2 565 751
Plant and machinery	-	5 991 710	5 991 710	5 991 710
Infrastructure	-	35 719 935	35 719 935	35 719 935
	-	44 277 396	44 277 396	44 277 396

Maintenance of property, plant and equipment by condition - 2023

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	5 557 718	5 557 718	5 557 718
Plant and machinery	-	6 467 749	6 467 749	6 467 749
Infrastructure	-	17 327 977	17 327 977	17 327 977
	-	29 353 444	29 353 444	29 353 444

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no project which have been completely halted or stopped

There are no restriction to any of the municipality's property plant and equipment

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	2024	2023
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5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	63 840	-	63 840	63 840	-	63 840

Reconciliation of intangible assets - 2024

	Opening balance	Total
Computer software, other	63 840	63 840

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	63 840	63 840

Other information

Assessment of indefinite useful life	63 841	63 841
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The Municipality's Intangible Assets relate to four computer software systems, namely, a (i) Metering System, a (ii) Mechacronic electronic lock for pole boxes, an (iii) Asset Management System and a (iv) Geographical Information System (GIS). The Metering system and the Mechacronic electronic lock are no longer in use and the Municipality has fully impaired these assets. The asset management system and the GIS system are still in use. The Municipality has determined that these assets have an indefinite useful life and has therefore not amortised these assets. These assets have been assessed as having an indefinite useful life because there is no foreseeable limit to the economic benefits generated by these intangible assets. These assets were donated by National Treasury to the Municipality in the 2016/2017 financial year. Regular software updates occur to these assets which keep them relevant and in line with current regulations and accounting standards. These software updates ensure that the Municipality has relevant information at all times and there is no estimated nor remaining useful lives for these assets, and as such, management have determined that their useful lives are indefinite.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	2024	2023
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6. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1 102 112	(27 609)	1 074 503	1 102 112	(27 609)	1 074 503

Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

Reconciliation of heritage assets 2023

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

Age and/or condition of heritage assets

A register containing the information required by Section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

There are no restrictions on the title and nor the disposal of the heritage assets.

There are no heritage assets pledged as securities for liabilities.

Management has assessed whether there is an indication that the assets are impaired, and found no indication that the asset are impaired at year end.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	2024	2023
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 975	4 975
Bank balances	6 351 976	4 199 988
Short-term deposits	40 362	2 448 327
	6 397 313	6 653 290

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
STD BANK - MAIN ACCOUNT - 420-526-994	2 646 005	2 464 587	4 278 175	2 646 005	2 464 587	4 278 175
STD BANK - TRAFFIC FINES - 300-011-512	410	89 646	28 394	410	89 646	28 394
STD BANK - CURRENT ACCOUNT - 022-927-492	708 681	762 086	1 063 553	708 681	762 086	1 063 553
ABSA BANK - SECONDARY ACCOUNT - 850-000-026	2 996 880	883 668	67 811	2 996 880	883 668	67 811
STD BANK - CALL DEPOSIT- 028-789-997	40 362	2 448 327	162 245	40 362	2 448 327	162 245
PETTY CASH	4 975	4 975	4 975	4 975	4 975	4 975
Total	6 397 313	6 653 289	5 605 153	6 397 313	6 653 289	5 605 153

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
8. Receivables from exchange transactions		
Consumer debtors - Electricity	21 420 095	19 087 990
Consumer debtors - Water	17 156 427	51 063 028
Consumer debtors - Waste water	3 651 546	17 553 961
Consumer debtors - Refuse	3 542 957	13 955 518
Merchandising Jobbing and Contracts	1 979 655	18 951 479
Flat rate charges	28 440 419	16 442 993
Other debtors	20 980 503	14 114 906
	97 171 602	151 169 875

Trade and other receivables past due but not impaired

Trade and other receivables that are past due as at the end of the reporting period and not impaired amounted to , R 89 910 160 .

Refer to note 10 for ageing amounts

Trade and other receivables impaired

As of 30 June 2024, trade and other receivables of R 717 176 653 .

9. Receivables from non-exchange transactions (Statutory Receivables)

Consumer debtors - Rates	21 132 481	21 073 378
Traffic fines debtors	2 396 122	2 131 476
	23 528 603	23 204 854

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Consumer debtor - Rates	21 132 481	21 073 378
Traffic fines debtors	2 396 122	2 131 476
	23 528 603	23 204 854

Total receivables from non-exchange transactions	23 528 603	23 204 854
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Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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9. Receivables from non-exchange transactions (Statutory Receivables) (continued)

Statutory receivables general information

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The Municipal Property Rate Act (MPRA) and the Administrative Adjudication of the Roads Traffic Offences (AARTO) give rise to the above mentioned statutory receivables

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

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

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

Interest or other charges levied/charged

Interest on rates is calculated on accounts that are overdue and payable after 30 days. The interest is charged daily on outstanding amounts after 30 days.

Basis used to assess and test whether a statutory receivable is impaired

Impairment of rates is done for outstanding accounts over 90 days.

Impairment of fines is done for all outstanding tickets over 90 days.

Reconciliation of provision for impairment for statutory receivables

Receivables from non-exchange (Statutory Receivables) transactions past due but not impaired

Other receivables from non-exchange transactions that are past due as at the end of the reporting period but not impaired amounted to , R 27 882 204 . VAT receivable of R 120 543 533 has not been impaired.

Refer to note 10 ageing amounts

Receivables from non-exchange transactions impaired

As of 30 June 2024, other receivables from non-exchange transactions of R 216 177 355

Refer to note 10 for ageing amount.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	244 871 836	192 398 485
Consumer debtors - Electricity	39 249 083	35 840 091
Consumer debtors - Water	298 245 588	252 769 444
Consumer debtors - Waste water	28 493 386	24 416 671
Consumer debtors - Refuse	30 935 587	26 998 864
Merchandising, Jobbing and Contracts	172 238 454	163 969 501
Flat rate charges	258 870 216	172 734 546
Other debtors	20 980 503	14 114 906
Traffic fines debtors	59 654 739	50 104 388
	1 153 539 392	933 346 896
Less: Allowance for impairment		
Consumer debtors - Rates	(223 739 355)	(171 325 107)
Consumer debtors - Electricity	(17 828 988)	(16 752 101)
Consumer debtors - Water	(281 089 161)	(201 706 416)
Consumer debtors - Waste water	(24 841 840)	(21 054 866)
Consumer debtors - Refuse	(27 392 630)	(22 909 203)
Merchandising, Jobbing and Contracts	(170 258 799)	(145 018 022)
Flat rate charges	(230 429 797)	(156 291 553)
Traffic fines debtors	(57 258 617)	(47 972 912)
	(1 032 839 187)	(783 030 180)
Net balance		
Consumer debtors - Rates	21 132 481	21 073 378
Consumer debtors - Electricity	21 420 095	19 087 990
Consumer debtors - Water	17 156 427	51 063 028
Consumer debtors - Waste water	3 651 546	17 553 961
Consumer debtors - Refuse	3 542 957	13 955 518
Merchandising, Jobbing and Contracts	1 979 655	18 951 479
Flat rate charges	28 440 419	16 442 993
Other debtors	20 980 503	14 114 906
Traffic fines debtors	2 396 122	2 131 476
	120 700 205	174 374 729
Rates		
Current (0 -30 days)	11 970 972	8 544 048
31 - 60 days	7 411 783	5 464 162
61 - 90 days	6 267 050	4 305 099
> 365 days	219 222 031	174 085 172
Less: Provision for impairment	(223 739 355)	(171 325 107)
	21 132 481	21 073 374
Electricity		
Current (0 -30 days)	17 131 583	15 487 761
31 - 60 days	1 711 685	2 320 358
61 - 90 days	878 480	1 203 049
> 365 days	19 527 335	16 828 923
Less: Provision for impairment	(17 828 988)	(16 752 101)
	21 420 095	19 087 990
Water		
Current (0 -30 days)	10 072 558	7 296 460
31 - 60 days	4 701 215	3 773 326

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Consumer debtors disclosure (continued)		
61 - 90 days	4 137 217	3 448 630
> 365 days	279 334 598	238 251 028
Less: Provision for impairment	(281 089 161)	(201 706 416)
	17 156 427	51 063 028
Waste water		
Current (0 -30 days)	1 560 363	1 125 707
31 - 60 days	730 496	602 491
61 - 90 days	623 424	512 130
> 365 days	25 579 103	36 368 229
Less: Provision for impairment	(24 841 840)	(21 054 866)
	3 651 546	17 553 691
Refuse		
Current (0 -30 days)	1 773 944	1 123 175
31 - 60 days	826 797	622 313
61 - 90 days	644 093	557 481
> 365 days	27 694 753	34 561 752
Less: Provision for impairment	(27 396 630)	(22 909 203)
	3 542 957	13 955 518
Merchandising Jobbing and Contracts		
Current (0 -30 days)	984 024	767 228
31 - 60 days	992 668	770 036
61 - 90 days	993 572	773 464
> 365 days	169 268 191	161 658 773
Less: Provision for impairment	(170 258 799)	(145 018 022)
	1 979 656	18 951 479
Flat rate charges		
Current (0 -30 days)	22 014 225	5 707 015
31 - 60 days	6 858 891	5 410 939
61 - 90 days	6 441 835	5 406 355
> 365 days	223 555 265	156 210 237
Less: Provision for impairment	(230 429 797)	(156 291 553)
	28 440 419	16 442 993
Other debtors		
Current (0 -30 days)	6 865 597	14 114 906
91 - 120 days	14 114 906	-
	20 980 503	14 114 906
Traffic fines (Net)		
Current (0 -30 days)	580 900	470 321
31 - 60 days	872 850	678 921
61 - 90 days	778 650	652 143
91 - 120 days	163 722	330 091
	2 396 122	2 131 476
Reconciliation of allowance for impairment		
Balance at beginning of the year	(783 030 180)	(791 492 667)
Contributions to allowance	(249 809 007)	(79 282 327)
Debt impairment written off against allowance	-	87 744 814

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
10. Consumer debtors disclosure (continued)	(1 032 839 187)	(783 030 180)

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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11. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reversed during the year	Interest cost	Total
Environmental rehabilitation	11 307 188	-	(621 930)	1 426 967	12 112 225
Legal proceedings	949 091	5 808 421	-	-	6 757 512
	12 256 279	5 808 421	(621 930)	1 426 967	18 869 737

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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11. Provisions (continued)

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Interest cost	Total
Environmental rehabilitation	13 000 332	-	(3 129 682)	1 436 538	11 307 188
Legal proceedings	1 459 091	500 000	(1 010 000)	-	949 091
	14 459 423	500 000	(4 139 682)	1 436 538	12 256 279
Non-current liabilities	10 666 025	9 880 221			
Current liabilities	8 203 712	2 376 058			
	18 869 737	12 256 279			

Environmental rehabilitation provision

The landfill site to be rehabilitated is the Delmas disposal site. This site has an operational permit (permit number B33/2/220/9/P218) issued on 8 February 1996 in terms of Section 20 of the Environment Conservation Act, 1989.

The most recent engineer valuation of the estimated costs of rehabilitation and closure of the site was carried out on 30 June 2024 by One Pangea, the specialist consulting engineers.

The provision is calculated as the net present value of future cash flows based on the expected remaining useful life of the landfill site and the size of the remaining available air space volume as at 30 June 2024. The remaining useful life of the landfill site is estimated at 19 years, and the current remaining available air space volume is 159,589 m³.

The key financial assumptions used for the purposes of the rehabilitation provision were as follows:

Discount Rate	11.94%	12.62%
Consumer price inflation	6.51%	7.39%
Net discount rate	5.10%	4.87%

Legal proceedings provisions

Victor Khanye Local Municipality

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11. Provisions (continued)

The provision for legal fees relates to estimates for all legal and advice costs for matters which have been finalised, however, have not yet been billed by the attorneys. These costs are expected to be invoiced and paid within the next financial period.

12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post- Retirement Medical Obligation	(42 380 778)	(35 160 333)
Long Service Awards	(9 437 481)	(7 428 315)
	(51 818 259)	(42 588 648)

Post- Retirement Medical Obligation

Non-current assets	(41 007 872)	(33 978 714)
Current assets	(1 372 906)	(1 181 619)
Long service awards		
Non-current liabilities	(8 238 713)	(6 624 480)
Current liabilities	(1 198 768)	(803 834)
	(51 818 259)	(42 588 647)

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- (i) Bonitas
- (ii) Keyhealth
- (iii) LA Health
- (iv) Samwumed
- (v) Hosmed

The Current-service Cost for the year ended 30 June 2024 is estimated to be R2 932 854, whereas the cost for the ensuing year is estimated to be R 3 249 590.

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by ONE PANGAEA, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	42 588 647	45 140 937
Current service cost	2 932 854	3 399 717
Interest cost	5 624 778	5 460 454
Actuarial gains/(loss)	671 980	(11 412 461)
	51 818 259	42 588 647

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	2024	2023
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12. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Service cost	2 932 854	3 399 717
- Current service cost(Post-Retirement Medical Obligation)	2 289 735	2 638 910
- Current service cost(Long Service Awards)	643 119	760 807
Interest cost (Post-Retirement Medical Obligation)	4 870 846	4 640 589
Interest cost (Long Service Awards)	753 932	819 865
Acturial (gains) losses	671 980	(11 412 461)
	9 229 612	(2 552 290)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Post-Retirement Medical Obligation	59 863	(9 030 979)
Actuarial (gains) losses – Long Service Awards	612 117	(2 381 482)
	671 980	(11 412 461)

Key assumptions used

Assumptions used at the reporting date:

Discount rates (Post-Retirement Medical Obligation)	13.46 %	14.09 %
Expected consumer price inflation based on duration of liability	7.36 %	8.07 %
Health Care Cost Inflation Rate	8.86 %	9.57 %
Net Effective Discount Rate	4.22 %	4.13 %
Expected increase in salaries	6.38 %	5.77 %
Discount rates (Long Service Awards)	10.73 %	10.28 %
Net discount rates (Long Service Awards)	4.09 %	4.26 %
Mortality rates (Years)	85	85
Normal retirement age (Years)	65	65
Proportion of employees opting for early retirement (Years)	60	60

13. Inventories

Consumable stores	765 055	915 638
Water for distribution	338 229	139 777
Stores, materials and fuels	1 650 295	1 065 900
	2 753 579	2 121 315

Water for distribution

System input volume	338 229	139 777
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Inventory losses have been disclosed in Note 30.

14. Consumer deposits

Electricity	697 925	655 871
Water	990 188	996 420
	1 688 113	1 652 291

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
15. Payables from exchange transactions		
Trade payables	1 335 883 164	1 103 540 854
Advance payment	11 756 031	10 762 664
Retentions	14 300 357	9 793 455
Accrued leave pay	13 686 023	12 525 859
Unallocated deposits	1 587 764	916 414
Bonus accrual	3 737 868	3 177 718
Payroll third parties unpaid	7 809 000	6 103 571
	1 388 760 207	1 146 820 535

16. Property rates

Rates received

Property rates	109 834 380	93 307 017
	109 834 380	93 307 017
Property rates - penalties imposed	34 213 459	17 377 204
	144 047 839	110 684 221

Valuations

Residential	2 083 355 676	2 072 839 949
Commercial	1 501 748 456	1 397 498 960
State	360 601 380	77 236 990
Municipal	27 665 063	16 355 940
Small holdings and farms	5 029 031 507	4 950 494 044
Property rates	499 461 240	562 951 460
	9 501 863 322	9 077 377 343

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

17. Fines, Penalties and Forfeits

Law Enforcement Fines	11 054 775	12 117 075
Disconnection Fees Penalties	184 635	6 900
	11 239 410	12 123 975

18. Public contributions and donations

Donation received	15 778 563	31 222 835
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Nkangala District Municipality donated capital assets for waste water treatment works, electrical substation works and roads.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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19. Government grants & subsidies

Operating grants

Equitable share	140 606 000	127 094 000
Financial Management Grant(FMG)	1 850 000	1 850 000
Expanded public works programme(EPWP)	1 434 000	2 284 000
	143 890 000	131 228 000

Capital grants

Water service infrastructure grant(WSIG)	30 000 000	20 000 000
Intergrated national electrification grant(INEP)	-	5 000 000
Municipal infrastructure grant(MIG)	27 129 000	27 976 000
	57 129 000	52 976 000
	201 019 000	184 204 000

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	60 413 000	57 110 000
Unconditional grants received	140 606 000	127 094 000
	201 019 000	184 204 000

Equitable Share

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

Finance management grant

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

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

EPWP grant

Current-year receipts	1 434 000	2 284 000
Conditions met - transferred to revenue	(1 434 000)	(2 284 000)
	-	-

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

Municipal infrastructure grant

Current-year receipts	27 129 000	27 976 000
Conditions met - transferred to revenue	(27 129 000)	(27 976 000)
	-	-

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households. All conditions of the grant were met.

Intergrated national electrification grant(INEP)

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
19. Government grants & subsidies (continued)		
Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	-	(5 000 000)
	-	-

This grant is used for the electrification of households. All conditions of the grant were met.

Water Services Infrastructure Grant

Current-year receipts	30 000 000	20 000 000
Conditions met - transferred to revenue	(30 000 000)	(20 000 000)
	-	-

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

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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20. Service charges

Sale of electricity - Conventional electricity	164 580 207	126 296 347
Sale of electricity - Prepaid electricity	31 483 027	29 285 540
Sale of conventional water and meter reading fees	60 650 617	48 061 262
Waste management (Refuse)	12 552 295	20 525 367
Waste water management (Sewerage and sanitation charges)	11 949 358	22 353 619
Sale of prepaid water	493 179	818 988
Flat rate charges	50 757 562	32 884 733
	332 466 245	280 225 856

21. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	1 639 760	2 709 017
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Included in the above rentals are rental of property and community assets

22. Other revenue

Administration handling fees received	314 248	264 593
Merchandising Jobbing and Contracts	24 439	972 034
Fire services	1 266 911	761 455
Cemetery and burial	354 796	317 543
Town planning and servitudes	643 139	407 444
	2 603 533	2 723 069

23. Interest income

Interest revenue

Bank	1 636 689	762 810
Interest charged on trade and other receivables	50 775 627	37 799 156
	52 412 316	38 561 966

24. Remuneration of councillors

Mayor	1 007 280	948 522
Speaker	818 379	765 907
Chief whip	768 764	715 534
Other councillors	6 769 294	6 091 626
	9 363 717	8 521 589

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Refer to note 50 for detailed councillors remuneration.

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
25. Employee related costs		
Basic	114 750 042	105 835 262
Bonus	7 766 638	7 009 940
Medical aid - company contributions	9 727 519	8 964 765
UIF	888 985	891 950
Standby allowance	5 032 721	5 884 707
(Decrease)/Increase in Leave Accrual	1 160 164	(520 042)
(Decrease)/Increase in Bonus Accrual	560 149	205 978
Post retirement benefit: Medical: current service cost	2 289 735	2 638 910
Travel, motor car, accommodation, subsistence and other allowances	8 978 167	7 076 107
Overtime payments	8 751 066	9 188 585
Housing benefits and allowances	1 052 547	984 452
Leave pay	1 145 483	1 429 054
Danger allowances	2 012 400	1 075 100
Post retirement benefits: Long service awards: current service cost	643 119	760 807
Bargaining council	53 008	49 053
Celluar and telephone allowances	42 000	45 200
Pension contributions	22 098 432	19 456 535
	186 952 175	170 976 363
Remuneration of municipal manager		
Annual Remuneration	1 114 200	1 063 341
Car Allowance	109 899	102 000
Contributions to UIF, Medical and Pension Funds	108 864	129 534
Bargaining Council	136	130
	1 333 099	1 295 005
Remuneration of chief finance officer		
Annual Remuneration	595 024	589 357
Car Allowance	189 991	180 000
Acting allowance	6 455	10 656
Contributions to UIF, Medical and Pension Funds	129 377	114 143
Bargaing Council	137	130
Bonus	70 225	-
Housing allowance	120 000	120 000
	1 111 209	1 014 286
Director : Technical Services		
Annual Remuneration	914 993	851 616
Bonus	-	88 497
Travel allowance	30 000	120 000
Bargaing council	57	130
Acting allowance	-	1 099
Contribution to UIF, Medical and Pension funds	49 405	157 156
Leave sold	32 465	-
	1 026 920	1 218 498
Director: Technical services (Gopane T Acted from November 2023 to April 2024)		
Director : Corporate Services		
Annual Remuneration	545 250	539 995
Bonus	-	49 119

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
25. Employee related costs (continued)		
Travel allowance	191 974	152 263
Acting allowance	60 174	305 017
Housing subsidy	66 398	12 141
Bargaining council	137	130
Contributions to UIF, Medical and Pension funds	153 684	191 808
Leave sold	-	41 881
	1 017 617	1 292 354

Director: Corporate Services (Mr Moshaba Acted from July 2023 to Dec 2023)

Director : Community Services

Annual Remuneration	721 230	540 447
Travel allowance	181 159	180 000
Housing subsidy	120 000	120 000
Bonus	87 331	73 161
Bargaining council	137	130
Contribution to UIF, Medical and Pension funds	-	113 528
Leave sold	127 823	79 260
	1 237 680	1 106 526

All section 57 managers totals must be added to employee related cost total as per the note, to agree to the amount on the statement of financial performance

26. Impairment

Debt impairment: contribution to debt impairment provision	225 292 221	71 704 354
Impairment loss on Property, Plant and Equipment	5 286 898	11 745 999
	230 579 119	83 450 353

27. Depreciation and amortisation

Property, plant and equipment	54 151 239	54 177 661
Investment property	1 098 588	955 485
	55 249 827	55 133 146

28. Finance costs

Non-current interest : Current cost	7 051 745	6 896 991
Trade and other payables	85 899 176	87 868 626
	92 950 921	94 765 617

29. Bulk purchases

Electricity - Eskom	202 461 064	167 219 858
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Water bulk purchases have been reclassified to inventory consumed.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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29. Bulk purchases (continued)

Electricity losses

Units purchased	109 701 323	104 487 340
Units sold	(69 300 117)	(70 750 579)
Total loss	40 401 206	33 736 761

Comprising of:		
Technical losses	40 401 206	33 736 761
Non-technical losses	-	-
Total	40 401 206	33 736 761

The electricity losses can be classified into technical losses and non-technical losses. Technical losses relate to energy that is lost in the transportation of the electricity from point of supply to point of distribution through evaporation. Non-technical losses are attributable mainly to theft, bypass of meters, illegal recalibration of meters, damaged meters, transformers etc.

Technical losses	37 %	32 %
Non-technical losses	- %	- %
Total	37 %	32 %

30. Inventory consumed

Inventory consumed

Consumables	18 462 908	17 524 451
Materials and supplies	858 620	244 697
Water Consumed	32 155 647	27 716 570
Water losses	46 454 112	41 960 489
	97 931 287	87 446 207

Reconciliation of water consumed

	32 155 647	27 716 571
Water purchased for the year	78 609 759	69 677 060
Water losses for the year - Presented under income statement	(46 454 112)	(41 960 489)

Water losses

Physical losses	46 454 112	41 960 489
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Water Losses %

Physical losses	58	60
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31. Contracted services

Outsourced Services

Burial Services	61 779	135 988
Business and Advisory	10 792 711	5 293 178
Catering Services	545 750	518 650
Clearing and Grass Cutting Services	448 587	-
Meter Management	746 149	581 256
Professional Staff	7 775 159	6 061 062
Security Services	18 679 389	10 838 682
Sewerage Services	-	1 330 795

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	8 443 338	6 689 665
Laboratory Services	3 155 559	1 259 409
Legal Cost	12 001 557	5 392 678
Contractors		
Employee Wellness	77 686	86 229
Maintenance of Buildings and Facilities	2 565 752	1 515 977
Maintenance of Equipment	5 991 710	6 919 856
Maintenance of Unspecified Assets	47 586 131	42 048 456
Management of Informal Settlements	1 792 300	521 125
Pest Control and Fumigation	505 175	120 850
Tracing Agents and Debt Collectors	2 160 036	743 278
	123 328 765	90 057 134
32. Lease rentals on operating lease		
Equipment		
Contractual amounts	995 249	2 559 774
33. Operational costs		
Advertising Publicity and Marketing	486 154	419 653
Auditors remuneration	8 949 439	9 829 671
Bank charges	1 442 753	645 044
Commission paid	6 039 910	18 672 460
Hire	4 723 304	5 315 735
Insurance	3 248 417	3 078 657
IT expenses	9 209 312	6 772 027
SDL	3 524 306	3 054 022
Printing and stationery	1 003 784	576 199
Protective clothing	1 658 932	1 640 888
Subscriptions and membership fees	4 175 925	2 205 644
Telephone and fax	2 851 772	4 490 949
Travel - local	1 222 279	2 064 671
Title deed search fees	92 489	49 529
Municipal services	10 639 486	3 250 738
Other expenses	4 377 698	2 842 533
	63 645 960	64 908 420

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
34. Cash generated from operations		
Deficit	(259 602 512)	(135 678 467)
Adjustments for:		
Depreciation and amortisation	55 249 827	55 133 146
Loss on sale of assets and liabilities	1 221 864	4 743 174
Employee related costs: current service cost	2 932 854	3 399 717
Finance costs: actuarial valuations	5 624 778	5 460 454
Finance costs: rehabilitation provision	1 426 967	1 436 537
Impairment	230 564 275	83 450 353
Debt written off	8 884 558	-
Actuarial gains	-	(11 412 460)
Contracted services: donations received	-	23 356 198
Debt written off	(59 138 988)	(26 162 438)
Public contributions and donations	(15 778 563)	(31 222 835)
Actuarial losses	671 979	-
Changes in working capital:		
Inventories	(632 264)	594 140
Receivables from exchange transactions	(118 463 617)	(118 522 897)
Other receivables from non-exchange transactions	(62 023 702)	(32 206 352)
Payables from exchange transactions	301 111 163	255 080 081
VAT	(26 423 968)	(30 695 232)
Consumer deposits	35 822	60 155
Employee benefit obligation	621 888	-
Provisions	5 186 491	(510 000)
Retention included in PPE (Not operational cash flow)	(4 506 902)	(2 360 952)
Interest on finance lease (Not operational cash flow)	754 754	(813 551)
	67 716 704	43 128 771

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	42 896 312	29 379 710
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Total capital commitments

Already contracted for but not provided for	42 896 312	29 379 710
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Authorised operational expenditure

Already contracted for but not provided for

• Operational Commitment	75 735 453	50 671 663
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Not yet contracted for and authorised by accounting officer

• The Municipality has certain month to month commitments with no termination date. Management has estimated that these will be in use for next 12 months. The committed amount disclosed estimates the 12 month expenditure.	84 440 399	56 881 992
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Total operational commitments

Already contracted for but not provided for	75 735 453	50 671 663
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Not yet contracted for and authorised by accounting officer	84 440 399	56 881 992
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160 175 852 107 553 655

Total commitments

Total commitments

Authorised capital expenditure	42 896 312	29 379 710
--------------------------------	------------	------------

Authorised operational expenditure	160 175 852	107 553 655
------------------------------------	-------------	-------------

203 072 164 136 933 365

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 150 855	4 140 000
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- in second to fifth year inclusive	2 109 900	5 175 000
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3 260 755 9 315 000

No contingent rent is payable.

Rental expenses relating to operating leases

Minimum lease payments	3 260 755	8 970 000
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Restrictions imposed:

The Municipality may not sub-lease any of the lease arrangements entered into

Existence and terms of renewal or purchase options

The Municipality is entitled to renew the lease arrangements on terms and conditions agreed to with the supplier.

Escalation clauses:

The lease arrangements may have escalations clauses ranging between 0% and 10% per annum.

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
36. Fruitless and wasteful expenditure		
Opening balance as previously reported	130 076 189	103 509 072
Add: Fruitless and wasteful expenditure identified - current	85 144 426	87 055 074
Less: Amount written off - current	-	(60 487 957)
Closing balance	215 220 615	130 076 189

Victor Khanye Local Municipality

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Figures in Rand

36. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure breakdown

Eskom interest charges	42 303 599	54 615 528
Rand water interest charges	42 518 344	30 039 038
SARS interest and penalties	147	1 969 598
Other supplier interest charges	322 336	430 911
	-	-
	85 144 426	87 055 075

37. Irregular expenditure

Opening balance as previously reported	259 711 731	383 778 612
Add: Irregular expenditure - current	176 220 735	92 323 980
Add: Irregular expenditure - prior period	-	45 431 060
Less: Amount written off - current	(259 711 731)	(261 821 921)
Closing balance	176 220 735	259 711 731

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

37. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Bids which are long term in nature, but advertised for less than 30 days	20 476 777	14 128 316
Bid committee incorrectly constituted	-	60 316
Contract expired	2 598 816	1 732 544
Deviation not compliant with Reg 36	-	3 970 456
Paragraph 22(1)(a) and (b)(1) of the municipal SCM Regulation.	5 219 508	1 355 886
Supply chain process not complied with Local content	61 862 260	71 076 462
	86 063 374	-
	176 220 735	92 323 980

38. Unauthorised expenditure

Opening balance as previously reported	49 406 965	228 364 925
Add: Unauthorised expenditure - current	203 529 981	10 841 069
Less: Amount authorised - current	-	(189 799 029)
Closing balance	252 936 946	49 406 965

The Irregular expenditure, Unauthorised expenditure and Fruitless & Wasteful expenditure has been investigated and is pending council approval for write off.

Analysed as follows: non-cash

Depreciation and amortisation	5 012 507	-
Provision of impairment	112 193 275	-
	117 205 782	-

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
38. Unauthorised expenditure (continued)		
Analysed as follows: cash		
Other expenditure	86 324 199	10 841 069

39. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Investment Property	3	83 958 749	5 572 431	89 531 180
Property, plant and equipment	4	863 252 574	57 265 272	920 517 846
Receivables from exchange transactions	8	185 586 013	(34 416 138)	151 169 875
Receivables from non-exchange transactions	9	82 280 539	(59 075 685)	23 204 854
VAT receivable	41	94 145 120	5 516 352	99 661 472
		1 309 222 995	(25 137 768)	1 284 085 227

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Depreciation	27	57 239 718	(2 106 572)	55 133 146
Impairment Losses	26	6 934 243	4 811 756	11 745 999
Debt impairment	26	61 063 596	10 640 758	71 704 354
Loss on disposal assets and liabilities	4	6 373 677	(1 630 503)	4 743 174
Surplus for the year		131 611 234	11 715 439	143 326 673

Errors

The following prior period errors adjustments occurred:

Receivables, VAT and debt impairment

During the current year, management identified that an assessment of debt impairment on Government debt and Agricultural debt was not performed. Management have subsequently performed the debt impairment assessment and this has resulted to a restatement of the earliest period presented, being 2021/2022. The impact of the restatements were as follows:

Year	Debtors	VAT	Impairment expense
FY 2022.	(81,254,951)	3,920,238	77,334,713
FY 2023	(12,236,871)	1,596,114	10,640,756

Investment property

The investment property balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

Property plant and equipment

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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39. Prior-year adjustments (continued)

Loss on disposal of assets and liabilities

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and this had an impact on disposal balance

Depreciation and amortisation

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

Buildings

Buildings were transferred to Investment Properties, and two buildings from the Staff Quarters were recognised after derecognition of the clutter of componentisation of buildings and the removal from the asset register of items such as painting, plumbing, electrical, carpentry and general.

Computer equipment

The Municipality identified assets worth R69 000 not previously capitalised

Furniture and office equipment

The Municipality identified assets worth R69 000 not previously capitalised

Infrastructure Assets

Electricity: Transformers previously capitalised under Water and Sanitation were transferred to Electricity to correct the category

Land

Land sold irregularly was impaired during the previous year. Furthermore, during a reconciliation of the valuation roll, deeds information and fixed asset register, the Municipality noted various land belonging to the Municipality not capitalised. This land has subsequently been capitalised.

Investment properties

Restatement relates to transfers out to PPE, including addition of 8 properties identified via the deeds search

Irregular expenditure

Opening balance	214 280 671	357 517 722
Adjustments made	45 431 059	26 260 889
Restated opening balance	259 711 730	383 778 611

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	2 111 078	1 987 257
Current year subscription / fee	1 850 926	1 713 821
Amount paid - current year	(1 713 821)	(1 590 000)
	2 248 183	2 111 078

Audit fees

Opening balance	5 004 154	2 313 000
Current year subscription / fee	9 134 258	10 068 184
Amount paid - current year	(12 700 873)	(8 631 991)
	1 437 539	5 004 154

External audit fees AGSA

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
40. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE and UIF		
Opening balance	2 185 532	1 861 348
Current year subscription / fee	27 778 781	25 619 765
Amount paid - current year	(25 593 249)	(25 295 581)
	4 371 064	2 185 532

The amount represent PAYE, SDL and UIF

Pension and Medical Aid Deductions

Opening balance	1 732 508	4 398 345
Current year subscription / fee	42 769 419	50 168 449
Amount paid - current year	(39 304 404)	(52 834 286)
	5 197 523	1 732 508

The amount represent pension and medical aid contributions deducted from employees

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Masilela EM(C)	4 598	141 167	145 765
Masilela & Mosae EM & MM	1 912	11 196	13 108
Smith A	3 210	15 360	18 570
Smith A	11 310	4 638	15 948
	21 030	172 361	193 391

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Masilela EM(C)	4 355	153 618	157 973
Masilela & Mosae EM & MM	1 795	15 666	17 461
Smith A	2 522	14 194	16 716
Smith A	2 045	10 823	12 868
	10 717	194 301	205 018

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

41. VAT receivable

VAT	126 085 440	99 661 472
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Victor Khanye Local Municipality

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41. VAT receivable (continued)

VAT as a statutory receivable

VAT is paid over to SARS only once the payment is received from debtors and is receivable from SARS once the payment has been made to creditors. All VAT returns for the year have been submitted

The statutory portion of the VAT receivable relates to the amount claimed from SARS the VAT 201 forms, the remaining VAT balance relates to the Input and Output accrual.

VAT

VAT receivable	212 741 550	175 523 412
VAT payable	(86 656 110)	(75 861 940)
	126 085 440	99 661 472

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42. Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Remuneration of management

Management class: Councillors

2024

	Basic salary	Other short-term employee benefits	Other benefits received	Total
Name				
Councillors	5 543 147	2 468 000	1 352 570	9 363 717

2023

	Basic salary	Other short-term employee benefits	Other benefits received	Total
Name				
Councillors	4 799 954	2 086 846	1 634 789	8 521 589

Refer to note "Remuneration of councillors"

Additional information

Victor Khanye Local Municipality

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42. Related parties (continued)

Management class: Executive management

2024

Name	Basic Salary	Bonus	Travel allowance	Bargainin council	Acting allowance	Contribution to UIF, Medical and Pension Funds	Leave sold	Housing allowance and contributions	Total
TM Mashabela	1 114 200	-	109 899	137	-	108 864	-	-	1 333 100
TP Mahlangu	595 024	70 225	189 991	137	6 455	129 377	-	120 000	1 111 209
GM Matlala	133 072	-	-	23	-	11 144	-	-	144 239
TD Gogwane (Resigned)	263 560	-	30 000	34	-	37 198	-	-	330 792
T Gopane (Acting)	518 361	-	-	-	-	1 063	32 465	-	551 889
LM Mahlangu	545 250	-	191 974	137	60 174	153 684	-	66 398	1 017 617
B Mokoena	721 230	87 331	181 159	137	-	127 823	-	120 000	1 237 680
	3 890 697	157 556	703 023	605	66 629	569 153	32 465	306 398	5 726 526

2023

Name	Basic salary	Bonus	Travel allowance	Bargaining council	Acting allowance	Contributions to UIF, Medical and Pension Funds	Leave sold	Housing subsidy	Total
TM Mashabela	1 063 341	-	102 000	130	-	129 535	-	-	1 295 006
TP Mahlangu	589 357	-	180 000	130	10 656	114 144	-	120 000	1 014 287
TD Gogwane	851 616	88 497	120 000	130	1 099	157 156	-	-	1 218 498
A Moshaba	539 995	49 119	152 262	130	305 017	191 808	41 881	12 141	1 292 353
B Mokoena	540 446	73 161	180 000	130	-	113 528	79 260	120 000	1 106 525
	3 584 755	210 777	734 262	650	316 772	706 171	121 141	252 141	5 926 669

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43. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	97 171 602	97 171 602
Cash and cash equivalents	6 397 131	-	6 397 131
	6 397 131	97 171 602	103 568 733

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 363 527 316	1 363 527 316
Consumer deposits	1 688 113	1 688 113
	1 365 215 429	1 365 215 429

2023

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	151 169 875	151 169 875
Cash and cash equivalents	6 653 290	-	6 653 290
	6 653 290	151 169 875	157 823 165

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 125 013 386	1 125 013 386
Consumer deposits	1 652 291	1 652 291
	1 126 665 677	1 126 665 677

44. Risk management

Financial risk management

Due to the nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by many entities. The Municipality's Finance department monitors and manages the financial risks relating to the operations of the Municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The Municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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44. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 363 527 316	-	-	-
Consumer Deposits	1 688 113	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 125 013 386	-	-	-
Consumer Deposits	1 652 291	-	-	-

Measurement and management of liquidity risk

Liquidity risk indicates the Municipality's ability to pay its current debts. The risk is that the Municipality will not have sufficient cash to meet its financial commitments in a timely manner. The majority of the gross exposure resides in the Municipality's Trade payables. Within the trade payables balance, approximately 95% relates to amounts owing for bulk purchases made by the Municipality. The Municipality measures liquidity risk by assessing the net exposure to the risk and calculating the applicable ratio's. The Municipality manages liquidity risk by prioritising certain payments according to the available cash flow. The Municipality further has debt collectors who are attempting to reduce the debtors book and generate cash flow for the Municipality in order for it to reduce the exposure to this risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets and statutory debtors exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Call Deposits	40 362	2 448 327
Current Accounts	6 351 976	4 199 988
Trade and other receivables	120 700 205	174 374 729

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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45. Going concern

Management would like to draw attention to the fact that as at 30 June 2024, the Municipality has a deficit of R 259 602 512 (2023: R 135 678 467). The Municipality's liabilities exceed its assets by R177 075 194 (2023: R 82 527 318 net asset position). The Municipality had a net cash outflow position for the current year of R 255 977 (2023: R 1 048 137 cash inflow). The financial statements have however been prepared on a going concern basis. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

It should also be noted that the municipality, in terms of legislation has the power to levy rates which guarantees continued generation of revenue, receives grant funding from Treasury and has implemented a budget funding plan to assist with going concern.

Furthermore, the Municipality has considered the following matters relating to going concern:

1. During May 2024 the council adopted the 2024/2025 Budget. This three-year Medium-Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services.
2. The municipality's Budget is subject to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council.
3. Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management process is complemented by monthly reporting, highlighting the actual cash position, including the associated risk and remedial actions to be instituted.
4. As the municipality has the power to levy fees, tariffs and charges, this will result in on going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratio's, such as liquidity, cost coverage, debtors collection rates and creditors payment terms are closely monitored and the necessary corrective actions instituted (such as payment arrangements etc).
5. The Municipality has a budget funding plan which seeks to address the unfunded portion of the budget and mitigate the going concern risk. The funding plan is looking into all the revenue streams in all the sections/department within the Municipality, i.e., all departments within the Municipality are enhancing their current revenue streams, and also looking at other potential revenue streams within their departments. The Budget funding plan also looks at the expenditure of the Municipality as a whole and how to significantly reduce this (specifically contracted services, legal fees and overtime expenditures).
6. Many of the Municipality's losses are also arising from bulk purchases not being adequately covered by its associated revenues and thus not being profitable. The Budget Funding plan also addresses the Water and Electricity Distribution Losses being incurred by the Municipality.
7. The Municipality also has revenue raising, credit control and debt collection strategies which are monitored on a regular basis.

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46. Contingent assets and liabilities

The matter disclosed below are possible litigation to be charged against/ for the municipality which are not yet been finalised

Contingent liabilities

L Pretorius & 13 others v. VKLM	4 300 000	4 300 000
The applicants have instituted a civil claim against the municipality for damages arising out of an outbreak of the typhoid, the matter is at trial stage. There has not been movement on this case since it was instituted. Case is Dormant		
Telkom SOC v. VKLM	50 000	60 000
The matter began in 2015. The plaintiff instituted a civil claim against the Municipality arising out of damage to Telkom's property by municipal employees. The matter was settled out of court and the municipality is awaiting payment from Telkom. Telkom has challenged this matter again		
Trio Supplies v. VKLM	5 000 000	7 000 000
The applicant instituted a civil claim against the municipality merits in this matter are that approximately half of the claims have already been settled. A portion of the claims have prescribed. There are other claims that the municipality cannot prove that have been settled and in respect of such claims.		
Spank and Sons v. VKLM	692 544	692 544
Civil claim for work performed but not paid. The applicant is seeking compensation for services rendered, however the Municipality's case is based on the fact that there was no contract for such works.		
RF Du Toit v. VKLM	3 200 000	5 000 000
The applicant was previously appointed by the Municipality as the Manager of Corporate Services. When his fixed term contract came to an in 2017, he indicated that he should be appointed on a permanent contract. He took the matter to the CCMA where the tribunal ruled in his favour. The municipality has filed opposing papers. The parties are awaiting a court date with the Labour Court		
Francis Hendrik Minnaar v. VKLM	33 295	33 295
Claimant is suing the Municipality for an amount of R18,295.28 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.		
Barend Rademeyer v. VKLM	32 178	32 178
Claimant is suing the Municipality for an amount of R17,177.55 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.		
Marthinus Greyling v. VKLM	-	28 421
Claimant is suing the Municipality for an amount of R13,420.68 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality. Case has been finalised		
Astirshell No 14 CC v. VKLM	-	1 000 000
Property value claim against the Municipality. The applicant is claiming the Municipality is overvaluing their property. Case has been finalised		
McCain Foods South Africa (Pty) Ltd	-	2 500 000
This is a judicial review application brought primarily against Eskom but the Municipality is also an interested party as the decision has an impact on the implementation of the decision taken by ESKOM. The matter is pending in the Pretoria High Court		
Astral Operations Limited v. VKLM	-	1 000 000
This is a review application against ESKOMS decision to interrupt the bulk electricity supply. The matter is pending in the Pretoria High Court		
Ruvick Energy vs VKLM	-	2 500 000
The applicant took the Municipality to the High Court challenging its premature termination of a debt collection and prepaid vending contract. The termination came as a result of the failure by Ruvick to pay the VKLM its outstanding dues		

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46. Contingent assets and liabilities (continued)		
P Nkomane & 38 Others vs VKLM	1 000 000	-
The 39 Traffic Learners took the municipality to the SALGBC for unfair labour practice after they demanded to be appointed on permanent basis. There are no financial implications in this matter apart from the fact that the respondent may have to increase the future salary costs if this matter is not successfully defended		
Eskom vs VKLM	600 000	600 000
The applicant took the respondent to court over outstanding short payments in the amount of R526,928,300.25. The debt has already been acknowledged by the Municipality. The contingent portion relates to the estimated legal fees.		
Jurnic Properties & July Motors cc vs VKLM	-	900 000
The applicant brought a high court review application in the land use change rights. Estimated financial implications of R1,500,000.		
Inzalo Utility	1 500 000	1 500 000
The service provided has laid a claim against the Municipality. The matter is still pending as the litigation is still at an early stage. No estimate has been given as the matter is still in its early stages.		
David Themba vs The Minister of Police and VKLM	1 800 000	2 400 000
The matter commenced in 2023, the plaintiff is suing the Municipality for the supposed assault he experienced during the 2020 lockdown, at his home by the Municipal traffic officers. The Municipality is cited as the employer of the traffic officers in Delmas, for wrongful and unlawful acts or omissions.		
Baratang Elinor Mashabela v VKLM	-	169 133
The matter began in 2023, it is as a result of a motor collision that ensued in 2022. A Municipal vehicle and a taxi belonging to the plaintiff got involved in a motor vehicle collision.		
BCHC Resdev vs VKLM	-	400 000
The matter started in 2020 whereby the municipality cutoff the supply of electricity, which it has formally supplied to Eagle Heights.		
Maria Khoza v VKLM	-	473 000
The matter began in 2023, a Tenant of Eagle Heights instituted an urgent application for the Municipality to reconnect them to water and electricity.		
Ramathe MJ Inc v VKLM	118 117	632
The matter began in 2023; the plaintiff is suing the Municipality for R68 117.17, which is a balance of unpaid statement of account for professional services rendered.		
Meadow Feeds v Vuyisile Mahlangu & 10 Others (Victor Khanye Local Municipality, the Municipal Manager and the Executive Mayor are the Ninth, Tenth, and Eleventh respondents respectively).	-	30 000
The matter commenced in 2023, Meadow Feeds sought an interdict against the respondents restraining the first to fifth respondents from conducting unlawful criminal activities in and around the applicant's premises, in the form of protests and blockades inter alia. Case has been finalised		
Sakhile Ezweni Group Pty Ltd v VKLM	-	100 000
The matter began in October 2022 our Attorney received a letter of demand from Turner Attorneys to constitute Notice in terms of section 3 and 4 of the Institution of Legal Proceedings against certain State Organs of State Act, No. 40. They drafted a letter on the 15th of October 2022 and responded to Turner Attorneys that should they continue and refer the dispute to the Arbitration the Municipality will oppose the Arbitration.		
Mwalase Commercials transport v VKLM	10 746 717	10 746 717
The matter began in 2023 Mwalase Commercials Transport is suing VKLM for R9,746,717 over a lease agreement entered over a vehicle testing station		
Rand Water v VKLM	1	1
The applicant took the respondent to court over outstanding short payments in the amount of R191,621,715.57		

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46. Contingent assets and liabilities (continued)		
Sekgone Khaya Robert v VKLM	1	-
Mr Segone launched an application to interdict the African Voice Progressive Party (AVPP) from implementing a decision to terminate his membership from the political party. The matter was dismissed for lack of urgency. We have been advised by the Attorneys of the Applicant that they have received instruction to approach the Court on a normal basis.		
Auditor-General of South Africa v VKLM	-	900 000
The matter commenced in 2022. The Auditor General took the municipality to court due nonpayment and sort a default judgement court.		
Eksteen Oostenwald vs VKLM.	-	300 000
The applicant/plaintiff is claiming the municipality for post-retirement medical costs, the municipality did not pay the medical cost quantum which was above the conditions of employment. Case has been finalised		
Standard Bank of South Africa vs Riata logistics cc & Others	-	300 000
Standard Bank is liquidating the Riata logistics cc and the municipality is owed rates & taxes hence the claim. Case has been finalised		
SAMWU obo C Monama & 13 Others vs VKLM	-	200 000
The matter was filed with the Labour Court and the parties are awaiting a date. The municipality is seeking relief based on the fact the SALGBC is leading a process of parity as far as post remuneration is concerned. The applicants want to be moved to higher task grade and the grading process led by the SALGBC and includes SAMWU, SALGA and IMATU has not been concluded. Case has been finalised.		
Sunset Point Properties (Pty) Ltd	-	150 000
This is a default judgement obtained against the municipality for the balance of the purchase price of a property brought by the municipality. A payment plan arrangement has been entered into and is monitored until the final payment is made to ensure settlement of the matter. Case has been finalised		
Madodankosi Xaba & Others	1	-
The interdict application was instituted in the Middelburg High Court against respondents for invading Municipality Land and or occupation, grabbing said property (ERF 1202 and farm no 205 Delmas/Botleng).		
ZA Tyre Recycles properties (PTY) LTD vs VKLM	1	-
The applicant received default judgement against the Municipality in 2021, where 275 properties where attached. the municipality has dispatched a letter to the attorneys of the applicant informing them that it is not transferring the properties, cost estimated not yet known.		
	29 072 855	43 315 921

Contingent assets

Nkangala District Municipality

Upgrading 200KVA to 315KVA Transformers	-	2 751 134
Boreholes and Water Treatment Sundra and Eloff	-	725 000
Botleng Ext 3 Outfall Sewer Pipeline	-	656 618
Construction of Roads Victor khanye ph 2	-	10 608 603
Refurbishment & Upgrading Delmas WWTW	42 931 886	94 146 726
	42 931 886	108 888 081

The above contingent assets from Nkangala District Municipality relate to work in progress project which are not yet completed at the year end and have been not handed over by the District

Other contingent assets

	200 001	658 581
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46. Contingent assets and liabilities (continued)		
VKLM v. SAMWU Members	200 000	200 000
The municipality is seeking relief based on the fact that the SALGBC is leading a process of parity as far as post remuneration is concerned. The applicants want to be moved to a higher task grade and the grading process led by the SALGBC and which includes SAMWU, SALGA and IMATU has not been concluded. The Municipality has applied against the enforcement of the award. The matter number: MDP 081086 is filed with the labour court.		
VKLM v. the Department of Health	-	1
The Municipality is seeking payment for unpaid invoices for services for three clinics to the value of R7,508,113.17		
VKLM v. Public Protector's Report	-	458 580
The Municipality is reviewing the Public Protector's Report 113 of 2019/2020, which mandated remedial action in respect of the alleged appointment for the position of Assistant Manager: Youth Development, and his subsequent transfer into the position of Assistant Manager: Local Economic Development.		
DBSA	1	-
The Development Bank of South Africa has committed to preparing a Revenue Enhancement Project and Project Implementation Plan on behalf of the Municipality. The value of the project has not yet been finalised, and once complete, the plan will be treated as an operational donation.		

47. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

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47. Accounting by principals and agents (continued)

Details of the arrangement(s) is/are as follows:

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The Municipality (the Principal) has a principal-agent relationship with a service provider (Ruvick Energy (Pty) Ltd) which directs the service provider (Agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. These relationships are as follows:

Ruvick Energy Pty Ltd (Agent) - Sale of prepaid electricity
NGC Pty Ltd (Agent) - Sale of prepaid electricity (Prior year)
Conlog Pty Ltd (Agent) - Sale of prepaid electricity
Mavambo ITS Pty Ltd (Agent) - Traffic fine administration

Description of the arrangement and transactions undertaken

The Municipality has a principal-agent arrangement with a service provider (Ruvick Energy (Pty) Ltd) which directs the service provider, through a binding agreement, to sell prepaid electricity to the Municipality's customers and collect all cash and funds relating to the sale of the prepaid electricity in a separate bank account and remit all funds due to the Municipality after deduction of any application costs and fees

Ruvick Energy Pty Ltd (Agent) - R3 222 283
NGC Pty Ltd (Agent) - Rnil
Conlog Pty Ltd (Agent) - R1 565 935
Mavambo ITS Pty Ltd (Agent) - R811 773

Significant judgements applied in making the principal-agent assessment

Under this arrangement, the Municipality is the principal and the service provider is the agent. No significant judgements were applied in making this assessment.

Significant terms, conditions and changes of the arrangement during the reporting period

The arrangement stipulates that the agent will sell and collect prepaid electricity revenue on behalf of the Municipality. All funds will be remitted to the Municipality after the agent has claimed their commission fee. There were no changes to this arrangement during the reporting period. Reference is made to Note 49 in these annual financial statements where the agent has taken the Municipality to court.

Purpose of the principal-agent relationship and significant risks and benefits associated with the relationship

The purpose of the arrangement is to seamlessly sell and collect all funds due to the Municipality for the sale of electricity. This can be established through the sale of prepaid electricity as the customer must buy electricity before they receive electricity. The agent then ensures that all prepaid electricity sold to customers is collected and paid over to the Municipality

Significant risks

The agent may collect all the funds and not pay them over to the Municipality even though required to do so.

Risk mitigating strategies

The Municipality has access to the bank account used by the agent.

Significant benefits

The Municipality can reliably sell prepaid electricity without incurring the costs of establishing a system to be able to sell and collect prepaid electricity

Entity as principal

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47. Accounting by principals and agents (continued)

Revenue recognised

The resources have not been recognised by the agent in its financial statements.

The remittance of resources during the period was made to the Municipality.

The expected timing of remittance of remaining resources by the agent to the entity, are expected to be made within 30 days.

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are not applicable.

48. Segment information

General information

Identification of segments

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The four key business units comprise of:

- (i) Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- (ii) Economic and environmental services which includes planning and development, road transport and environmental protection services;
- (iii) Trading services which includes energy sources, water management, waste water management and waste management services;
- (iv) Municipal governance and administration which includes executive and council and finance and administration services.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

No segments have been aggregated.

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

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48. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community and public safety	Economic and environmental services	Trading Services	Municipal governance & administration	Total
Revenue from exchange transactions					
Service charges	-	-	251 359 224	81 107 022	332 466 246
Rental of facilities and equipment	1 639 760	-	-	-	1 639 760
Administration and management fees received	-	-	-	314 248	314 248
Merchandising and Jobbing	-	-	-	24 439	24 439
Fire Services	1 266 911	-	-	-	1 266 911
Cemetery and Burial	354 796	-	-	-	354 796
Town Planning and Servitudes	-	-	-	643 139	643 139
Interest Income	-	(226 745)	-	52 639 061	52 412 316
Non-exchange Revenue					
Taxation revenue					
Property rates	-	-	-	109 834 380	109 834 380
Property rates - penalties imposed	-	-	-	34 213 459	34 213 459
Debt written off	-	-	-	59 138 988	59 138 988
Transfer revenue					
Public contributions and donations	-	-	-	15 778 563	15 778 563
Government grants & subsidies	-	-	-	201 019 000	201 019 000
Fines, Penalties and Forfeits	-	11 054 775	-	184 635	11 239 410
Total segment revenue	3 261 467	10 828 030	251 359 224	554 896 934	820 345 655
Entity's revenue					820 345 655

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	Community and public safety	Economic and environmental services	Trading Services	Municipal governance & administration	Total
48. Segment information (continued)					
Expenditure					
Employee related costs	40 818 416	24 813 808	51 951 795	75 094 680	192 678 699
Remuneration of councillors	-	-	-	9 363 719	9 363 719
Finance cost	-	-	-	92 950 921	92 950 921
Debt impairment	-	-	-	230 564 275	230 564 275
Depreciation & impairment	3 717 210	39 171 348	11 553 208	808 060	55 249 826
Bad debts write off	-	-	-	8 884 558	8 884 558
Bulk purchases	-	-	202 461 064	-	202 461 064
Lease rentals on operating lease	-	-	995 249	-	995 249
Contacted services	1 169 168	27 371 864	39 290 916	55 496 817	123 328 765
Inventory consumed	977 680	(6 435 922)	83 714 894	19 674 637	97 931 289
Loss on disposal assets and liabilities	-	(2 972 272)	-	4 194 136	1 221 864
Operational cost	734 997	1 850 203	3 877 340	57 183 418	63 645 958
Acturial losses	-	-	-	671 979	671 979
Total segment expenditure	47 417 471	83 799 029	393 844 466	554 887 200	1 079 948 166
Total segmental surplus/(deficit)	(44 156 004)	(72 970 999)	(142 485 242)	9 734	(259 602 511)
Assets					
Total assets as per Statement of financial position	176 844 251	424 994 757	1 440 109 741	(752 964 524)	1 288 984 225
Total assets as per Statement of financial Position					1 288 984 225
Liabilities					
Total liability as per Statement of financial position	(8 527 973)	(725 407)	(1 029 546 717)	(427 259 316)	(1 466 059 413)
Total liabilities as per Statement of financial Position					(1 466 059 413)

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Victor Khanye Local Municipality

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Figures in Rand

48. Segment information (continued)

	Community and public safety	Economics and environment services	Trading services	Municipal governance & administration	Total
Revenue from exchange transactions					
Service charges	-	-	217 236 595	62 989 261	280 225 856
Rental of facilities and equipment	2 654 359	-	54 658	-	2 709 017
Administration and management fees received	-	-	-	264 593	264 593
Merchandising and Jobbing	-	-	-	972 034	972 034
Fire Services	761 455	-	-	-	761 455
Cemetery and Burial	317 543	-	-	-	317 543
Town Planning and Servitudes	-	-	-	407 444	407 444
Interest Income	-	-	-	38 561 966	38 561 966
Actuarial gains	-	-	-	11 412 460	11 412 460
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	93 307 017	93 307 017
Property rates - penalties imposed	-	-	-	17 377 204	17 377 204
Debt written off	-	-	-	26 162 438	26 162 438
Transfer revenue					
Public contributions and donations	-	-	-	31 222 835	31 222 835
Government grants & subsidies	-	-	-	184 204 000	184 204 000
Fines, Penalties and Forfeits	-	12 117 075	-	6 900	12 123 975
Total segment revenue	3 733 357	12 117 075	217 291 253	466 888 152	700 029 837
Entity's revenue					700 029 837

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	Community and public safety	Economics and environment services	Trading services	Municipal governance & administration	Total
48. Segment information (continued)					
Expenditure					
Employee related costs	25 076 536	31 010 215	61 816 536	58 999 745	176 903 032
Remuneration of councillors	-	-	-	8 521 589	8 521 589
Interest; Dividends and Rent on land	-	-	-	94 765 616	94 765 616
Depreciation & impairment	5 201 116	28 873 324	20 120 749	937 957	55 133 146
Bulk purchases	-	-	167 219 859	-	167 219 859
Contracted services	11 589 078	4 899 945	42 199 550	31 368 562	90 057 135
Inventory consumed	1 469 420	701 178	40 742 031	(2 723 413)	40 189 216
Operational lease	-	-	-	2 559 773	2 559 773
Operational cost	688 852	369 549	24 484 476	39 365 543	64 908 420
Impairment loss	-	-	-	83 450 353	83 450 353
Water losses	-	-	47 256 991	-	47 256 991
Disposal of Fixed and Intangible Assets	-	-	-	4 743 174	4 743 174
Total segment expenditure	44 025 002	65 854 211	403 840 192	321 988 899	835 708 304
Total segmental surplus/(deficit)	(40 291 645)	(53 737 136)	(186 548 939)	144 899 253	(135 678 467)
Assets					
Total assets as per statement of financial position	102 849 129	471 441 992	1 221 791 489	(502 084 434)	1 293 998 176
Total assets as per Statement of financial Position					1 293 998 176
Liabilities					
Total liabilities as per Statement of financial position	(8 360 441)	2 527 108	(853 623 645)	(352 013 883)	(1 211 470 861)
Total liabilities as per Statement of financial Position					(1 211 470 861)

Victor Khanye Local Municipality

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49. Auditors' remuneration

Fees	8 949 439	9 829 671
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50. Councillors Remuneration

Executive

2024

	Basic Salaries	Other benefits*	In-Kind Benefits	Total
KV Buda (Executive Mayor)	511 327	229 120	266 834	1 007 281
HM Ngoma (Speaker)	474 119	192 067	152 193	818 379
NS Ngcobo (Chief Whip/Ward 6)	474 477	183 203	111 085	768 765
TG Malomane (MMC PITS/ Cllr ward 3)	505 017	204 353	80 545	789 915
ME Masilela (MMC Finance/ Cllr ward 9)	505 017	195 100	80 545	780 662
BD Yeko (MMC Social/ Cllr ward 2)	460 914	190 635	124 647	776 196
BLO Mbalati (Cllr ward 1)	272 175	132 937	47 501	452 613
ES Lebatse (Cllr ward 4)	272 776	123 633	44 983	441 392
DJ Bath (Cllr ward 8)	215 791	121 007	103 885	440 683
JZ Ndlovu (Cllr ward 7)	272 175	132 302	47 501	451 978
M Rautenbach (PR Cllr (DA))	272 175	121 007	47 501	440 683
SM Skosana (PR Cllr (DA))	214 698	104 326	36 112	355 136
NE Mohoadibe (PR Cllr (EFF))	273 491	121 007	46 185	440 683
P Senekal (PR Cllr (VF PLUS))	213 669	104 326	37 142	355 137
MM Sepenyane (PR Cllr (AVPP))	213 669	104 326	37 142	355 137
ST Segone (PR Cllr (AVPP))	188 584	104 326	51 630	344 540
A Smith (PR Cllr (AVPP))	203 072	104 326	37 142	344 540
	5 543 146	2 468 001	1 352 573	9 363 720

2023

	Basic salaries	Other benefits*	In-kind benefits	Total
KV Buda (Executive Mayor)	518 878	219 244	210 400	948 522
HM Ngoma (Speaker)	445 330	175 431	145 146	765 907
NS Ngcobo (Chief Whip/Ward 6)	438 193	174 708	102 633	715 534
TG Malomane (MMC PITS/ Cllr ward 3)	463 731	174 708	79 287	717 726
ME Masilela (MMC Finance/ Cllr ward 9)	466 796	174 708	79 287	720 791
BD Yeko (MMC Social/ Cllr ward 2)	431 771	174 708	114 312	720 791
BLO Mbalati (Cllr ward 1)	244 129	114 382	46 619	405 130
ES Lebatse (Cllr ward 4)	42 043	24 510	9 028	75 581
DJ Bath (Cllr ward 8)	194 900	114 382	97 478	406 760
JZ Ndlovu (Cllr ward 7)	244 773	114 382	46 619	405 774
M Rautenbach (PR Cllr (DA))	245 248	114 382	46 619	406 249
SM Skosana (PR Cllr (DA))	189 596	98 203	36 547	324 346
NE Mohoadibe (PR Cllr (EFF))	246 425	114 382	46 619	407 426
P Senekal (PR Cllr (VF PLUS))	189 596	98 203	36 547	324 346
MM Sepenyane (PR Cllr (AVPP))	189 596	98 203	36 547	324 346
ST Segone (PR Cllr (AVPP))	74 744	32 681	12 037	119 462
A Smith (PR Cllr (AVPP))	74 744	32 681	12 037	119 462
SG Mkhawane (PR Cllr (AVPP))	90 215	57 352	54 758	202 325
RK Segone (PR Cllr (AVPP))	80 065	57 352	69 019	206 436
M Mofomme (Cllr ward 4)	123 898	57 252	23 526	204 676
	4 994 671	2 221 854	1 305 065	8 521 590

Victor Khanye Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
51. Finance lease obligation		
Minimum lease payments due		
- within one year	4 140 000	4 140 000
- in second to fifth year inclusive	1 380 000	5 520 000
	5 520 000	9 660 000
less: future finance charges	(596 897)	(1 506 896)
Present value of minimum lease payments	4 923 103	8 153 104
Present value of minimum lease payments due		
- within one year	3 805 154	3 418 397
- in second to fifth year inclusive	1 117 949	4 734 705
	4 923 103	8 153 102
Non-current liabilities	1 117 949	4 767 853
Current liabilities	3 805 154	3 385 251
	4 923 103	8 153 104

The Municipality leases chemical toilets these are classified as finance leases.

The lease term of these assets is three years.

The Municipality has used the borrowing rate of prime to amortise these finance leases

The carrying values of the leased assets are included under property plant and equipment.

No contingent rents have been expensed during the period.

The leasing arrangement has terms of renewal or purchase options and escalation clauses.

There are restrictions imposed by lease arrangement (may not be sublet).

It is municipality policy to lease certain property and equipment under finance leases.

52. Budget differences

10% variance explanation on material differences between final budget and actual for the year ended 30 June 2024

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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52. Budget differences (continued)

Rendering of services

The reason for the rendering of services budgeted amount to exceed the actuals amount is due to the decrease in actuals amounts of clearance certificates, fire services, cemetery and Burial as well as own planning and Servitude which was not budgeted for.

Rental of facilities and equipment

Rental of facilities and equipment was slightly less than budgeted due to the decrease in the hiring of halls and equipment.

Administration and management fees received

Administration and management fees received actuals is lower than budgeted amount due to a decrease in administration collections.

Interest received - investment

The actual interest earned is significantly lower than budgeted interest because of the bad debt write off's impacted during the year. The debtors book has decreased as a result of these write off's and this has had a negative impact on the interest earned.

Property rates

Property rates have not met the budgeted figure due to changes in the supplementary valuation roll which occurs throughout the year.

Debt written off

The debt write off relates to the Eskom debts that were written off during the year that were not budgeted for.

Government grants & subsidies:

The government grants and subsidies actuals are more than budgeted amounts because the municipality budgeted less on equitable share as it is an unconditional grant.

Public contributions and donations

These donations relate to donations received from Nkangala district Municipality. Donations are not budgeted for as they are impracticable to estimate.

Fines, Penalties and Forfeits

Actual traffic fines income is significantly larger than budgeted fines income because of unexpected speeding fines. This was not budgeted for.

Depreciation and amortisation

The depreciation amount is larger than budgeted depreciation due to the donations made by Nkangala district which were not budgeted for. When these capital donations are received, they are depreciated from date of deemed acquisition. That depreciation was not taken into account.

Finance charges

Actual finance charges are significantly higher than budgeted due to the finance costs for late payment of suppliers (more specifically Eskom and Rand Water).

Lease rentals on operating lease

The municipality budgeted for lease on rentals on operating lease on general expenses.

Debt Impairment

The reason the actual impairment exceeds budgeted impairment is due to the impairment of the traffic fines and Provision for Doubtful debt which was not budgeted for.

Bad debts written off

The reason for the budgeted amount of bad debts written off to exceed the actual amount of bad debts written off is due to write off on 2022/23 audit adjustment which was not budgeted for.

Transfers and Subsidies

The municipality did not make any donation in the current financial year hence the amount budgeted for the transfer and subsidies was not spent.

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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52. Budget differences (continued)

Inventory consumed

Inventory consumed is significantly more than budgeted because of inventory water losses which was not budgeted for.

Service charges

Budgeted service charges revenue exceeds actual revenue due to unexpected water and electricity losses incurred during the year. The distribution losses were not taken into account when budgeting.

Merchandising and jobbing

The municipality budgeted for Merchandising and jobbing on rendering of services.

Fire services

The municipality budgeted for fire services on rendering of services.

Cemetery and Burial

The municipality budgeted for cemetery and burial on rendering of services.

Town planning and Servitude

The municipality budgeted for town planning and servitudes on rendering of services.

Property rates - penalties imposed

The interest revenue on the budget includes the penalties imposed. In the AFS, the interest on non exchange debtors is shown as the penalties imposed amount. The budgeted amount is higher than actual due to the anticipated increased in debtor balances not materialising.

Surcharges and Taxes

The service charges actuals amounts includes the surcharges and taxes.

Contracted services

The significant increase was due to repairs and maintenance that were done on B1 electricity substation and water treatment plant.

General expenses

The Municipality's budget was less than the actual amount as the Municipality was expecting reduced expenditure as the Prepaid electricity contract (which attracts the commission expense) was expiring and a new tender was expected to be issued, resulting in reduced expenditure. The anticipated cost savings were not as much as the actual savings.

53. Events after the reporting date

During July 2024, the Municipal council wrote off debts of R8 884 558 relating to flat rate charges revenue and debtors as at 30 June 2024. This is an adjusting event and has been written off before the publication of the financial statements.

Victor Khanye Local Municipality

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54. Change in estimate

Property, plant and equipment

The management of VKLM, during their annual assessment of useful lives and residual values, in the end of 2024 financial period that the pattern of service potential derived from depreciable assets has changed from that in previous periods. These depreciable assets are currently depreciated using the straight line method and had an average remaining useful life of 0.67 years but were still in use. As a result, management decided to change the remaining useful life of the depreciable assets to an average of 2.76 years.

The following information regarding the depreciable assets is available:

2024 Depreciation Before Adjustment	4 341 912	-
Adjustment as a result of change	(2 762 044)	-
2024 Depreciation After Adjustment	1 579 868	-

The 2024 financial statements reflect the new depreciation expense. No adjustment will be made to prior periods as this represents a change in accounting estimate which is applied prospectively.

It is impracticable to estimate the effect of the change in accounting estimates for future periods.

55. Debt written off

The debt written off in the current financial year relates to the interest write off received from Eskom in line with Circular 124 received from National Treasury in the current year. The debt written off in the prior financial year relates to the debt write off received from the Department of Community, safety, security and liason.