



# MAKHADO LOCAL MUNICIPALITY

## ANNUAL REPORT

2021/2022

**A dynamic-hub for socio-  
economic development by 2050**

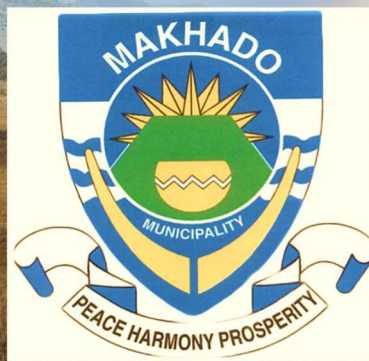


## **VISION**

*A dynamic-hub for socio-economic development by 2050*

## **MISSION**

*To ensure effective utilization of economic address socio-economic imperatives, through mining, agriculture and tourism*



## Contents

GLOSSARY.....	8
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY COMPONENT A: MAYOR’S FOREWORD .....	11.
1.1 MAYOR’S FOREWORD .....	11.
COMPONENT B: EXECUTIVE SUMMARY .....	12
1.2 MUNICIPAL MANAGER’S FOREWORD.....	12
TABLE 1: POWERS AND FUNCTIONS .....	12
COMPONENT C: MUNICIPAL OVERVIEW .....	14
1.3. MUNICIPAL OVERVIEW .....	14
FIGURE 2: LOCATION OF MAKHADO MUNICIPALITY .....	14
TABLE 2: SERVICES BACKLOG.....	15
TABLE 3: FREE BASIC SERVICES .....	15
COMPONENT A: GOVERNANCE STRUCTURES .....	17
2. POLITICAL GOVERNANCE STRUCTURE .....	17
2.1. STATUS OF MUNICIPALITIES: .....	17
FIGURE 3 : POLITICAL STRUCTURES .....	17
2.2. GOVERNANCE ACTIVITIES .....	18
2.3. COUNCIL AND COMMITTEES (July 2021 – October 2021) .....	18
TABLE 4 : REPRESENTATION IN COUNCIL – POLITICAL PARTIES.....	18
TABLE 5 : SENIOR TRADITIONAL LEADERS IN COUNCIL:.....	19
2.3.1. COUNCIL.....	20
2.3.2. COUNCIL MEETINGS (July 2021 – October 2021).....	22
TABLE 7 : COUNCIL MEETINGS HELD .....	22
2.4 EXECUTIVE COMMITTEE (July 2021 – October 2021).....	22
FIGURE 4 EXECUTIVE COMMITTEE MEMBERS: (July 2021 – October 2021) .....	23
TABLE 8: EXECUTIVE COMMITTEE .....	23
TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD .....	24

2.4.2.	SECTION 79 STANDING COMMITTEES TABLE 11: SECTION 79 STANDING COMMITTEES	26
	TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD.....	28
2.4.3.	SECTION 80 COMMITTEES TABLE 13: SECTION 80 COMMITTEES.....	28
2.3.3.	COUNCIL.....	28
	TABLE 4 : REPRESENTATION IN COUNCIL – POLITICAL PARTIES.....	29
2.3.4.	COUNCIL MEETINGS.....	31
	TABLE 7 : COUNCIL MEETINGS HELD .....	32
2.5	EXECUTIVE COMMITTEE (NOVEMBER 2021 – JUNE 2022) .....	32
	FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:.....	33
	TABLE 8: EXECUTIVE COMMITTEE .....	34
	TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD .....	34
2.5.2.	SECTION 79 STANDING COMMITTEES TABLE 11: SECTION 79 STANDING COMMITTEES	36
	TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD.....	38
2.5.3.	SECTION 80 COMMITTEES TABLE 13: SECTION 80 COMMITTEES.....	38
2.5.	ADMINISTRATIVE GOVERNANCE STRUCTURE FIGURE 5: SENIOR MANAGEMENT STRUCTURE	39
2.6.	INTERGOVERNMENTAL RELATIONS :.....	39
	COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	40
2.7.	COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS.....	40
2.8.	MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC).....	41
	COMPONENT D: CORPORATE GOVERNANCE .....	41
2.10.	INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE.....	41
2.11	INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE.....	42
	CHAPTER 3 – SERVICE DELIVERY PERFORMANCE.....	50
	TABLE: 17 BACKLOGS .....	50
3.1.	OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED.....	50
3.1.2.	ELECTRICITY CONNECTIONS.....	50
3.1.3.	ROADS UPGRADING AND REHABILITATION.....	50
	TABLE 20 ELECTRICITY CONNECTIONS .....	52
3.2.2.	FAULTS REPORTED AND ATTENDED.....	53

TABLE 22: CALL CENTRE STATISTICS – ELECTRICITY .....	53
3.2.3. PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT).....	54
TABLE 23: INCREASE OF CLEANING PROGRAMS .....	55
3.2.4. COMMUNITY & SOCIAL SERVICES.....	56
3.2.5. MUNICIPAL PUBLIC LIBRARIES .....	57
TABLE 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS .....	57
3.2.6. MUNICIPAL PARKS AND CEMETERIES.....	57
3.2.7. MUNICIPAL CREMATORIA AND HERITAGE.....	57
3.2.8. DISASTER MANAGEMENT SERVICES.....	57
TABLE 26: DISASTER INCIDENTS.....	57
3.2.9. PROTECTION SERVICES.....	58
3.2.10. TRANSPORT: VEHICLE LICENSING & TRAFFIC SERVICES.....	58
TABLE 28: TRAFFIC & LICENSING ACTIVITIES:.....	58
3.2. DELIVERY OF FREE BASIC SERVICES.....	60
TABLE 30 HOUSING PROJECTS.....	58
TABLE 32: GRAVEL ROAD INFRASTRUCTURE .....	61
3.4.2 ROAD MAINTENANCE PROGRAMME .....	61
3.4.3 MUNICIPAL DISASTER GRANT EXPENDITURE.....	61
MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE.....	62
TABLE 33: CAPITAL EXPENDITURE 2021/2022: ROAD SERVICES.....	62
3.1. DEVELOPMENT PLANNING .....	63
3.1.1. AUTHORISED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL .....	63
AUTHORITY.....	63
3.1.1.3 APPEAL AUTHORITY.....	64
3.1.2. LAND ALIENATION AND REVENUE COLLECTION.....	64
3.1.3. DEMARCATION OF RESIDENTIAL SITES.....	65
3.1.3.1 DEMARCATION OF RESIDENTIAL SITES .....	65
TABLE 34. BUILDING AND ZONING PLANS (2021/2022).....	65

3.1.4. LOCAL ECONOMIC DEVELOPMENT .....	65
CHAPTER 4.....	67.
TABLE 37 EMPLOYEE NUMBERS AND VACANCIES.....	67
AGE PROFILE.....	67
COMPONENT B: MANAGING MUNICIPAL WORKFORCE.....	68
TABLE 39. HUMAN RESOURCES POLICIES.....	68
4.HEALTH AND SAFETY MATTERS .....	69
4.1.OCCUPATIONAL INJURY .....	69
Table 40 : All The Injuries Recorded On A Year Under Review: .....	69
4.1. ABSENCE DUE TO ILL HEALTH 4.2.1.SICK LEAVE.....	70
TABLE 41. SICK LEAVE STATISTIC .....	70
Esitimated cost is calculated as follows .....	71
4.2.1. TRAINING.....	72
TABLE 42 :TRAINING PROVIDED FOR 75 COUNCILORS:.....	72
4.2.2. COMMUNITY AND MUNICIPAL EMPLOYEE BURSARIES AND INTERNSHIP .....	74
TABLE 45: BURSARIES FOR FULL TIME STUDY PER POPULATION GROUP AND GENDER.....	74
TABLE 47. EMPLOYEES BURSARIES PER POPULATION GROUP AND GENDER.....	75
TABLE 48. CAPACITY BUILDING – WORK FORCE.....	75
COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE: .....	76
CHAPTER 5: FINANCIAL PERFORMANCE .....	78
5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE .....	78
COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE .....	79
5.2.FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED .....	79
Table 52: Financial Summary .....	79
5.2.2.GOVERNMENT CAPITAL GRANTS.....	79
Table 53: Capital Grants Received And Spent .....	80
Table 54: Budget Related Policies .....	80
5.2.4.THE ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES .....	80

<b>5.2.5. ASSET MANAGEMENT</b> .....	<b>81</b>
<b>Table 55: Three Largest Assets</b> .....	<b>82</b>
<b>Table 56: Capital Expenditure Of 5 Largest Projects</b> .....	<b>85</b>
<b>Table 57: Capital Expenditure</b> .....	<b>86</b>
<b>COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS</b> .....	<b>86</b>
<b>5.4.CASH MANAGEMENT</b> .....	<b>86</b>
<b>Table 58: Borrowings</b> .....	<b>86</b>
<b>5.4.4.CASH AND CASH EQUIVALENTS</b> .....	<b>87</b>
<b>Table 59: Statement Of Cash Flow</b> .....	<b>87</b>
<b>5.4.5. COMMENT ON CASH FLOW</b> .....	<b>87</b>
<b>COMPONENT D: OTHER FINANCIAL MATTERS</b> .....	<b>87</b>
<b>5.5. SUPPLY CHAIN AND EXPENDITURE MANAGEMENT</b> .....	<b>88</b>
<b>5.5.1. PROCUREMENT STATISTICS</b> .....	<b>88</b>
<b>5.5.2. SUMMARY OF PROCUREMENT STATISTICS</b> .....	<b>88</b>
<b>5.5.3. EXPENDITURE</b> .....	<b>88</b>
<b>5.5.4. GRAP COMPLIANCE</b> .....	<b>89</b>
<b>5.5.5. MSCOA IMPLEMENTATION</b> .....	<b>89</b>
<b>Chapter 6</b> .....	<b>90</b>
<b>Auditor-General Audit Findings</b> .....	<b>90</b>
<b>ANNEXURES A1</b> .....	
<b>2021/22 Audit Report</b> .....	
<b>2021/22 Audited Annual Financial Statement</b> .....	
<b>2021/22 Audited Performance Report</b>	

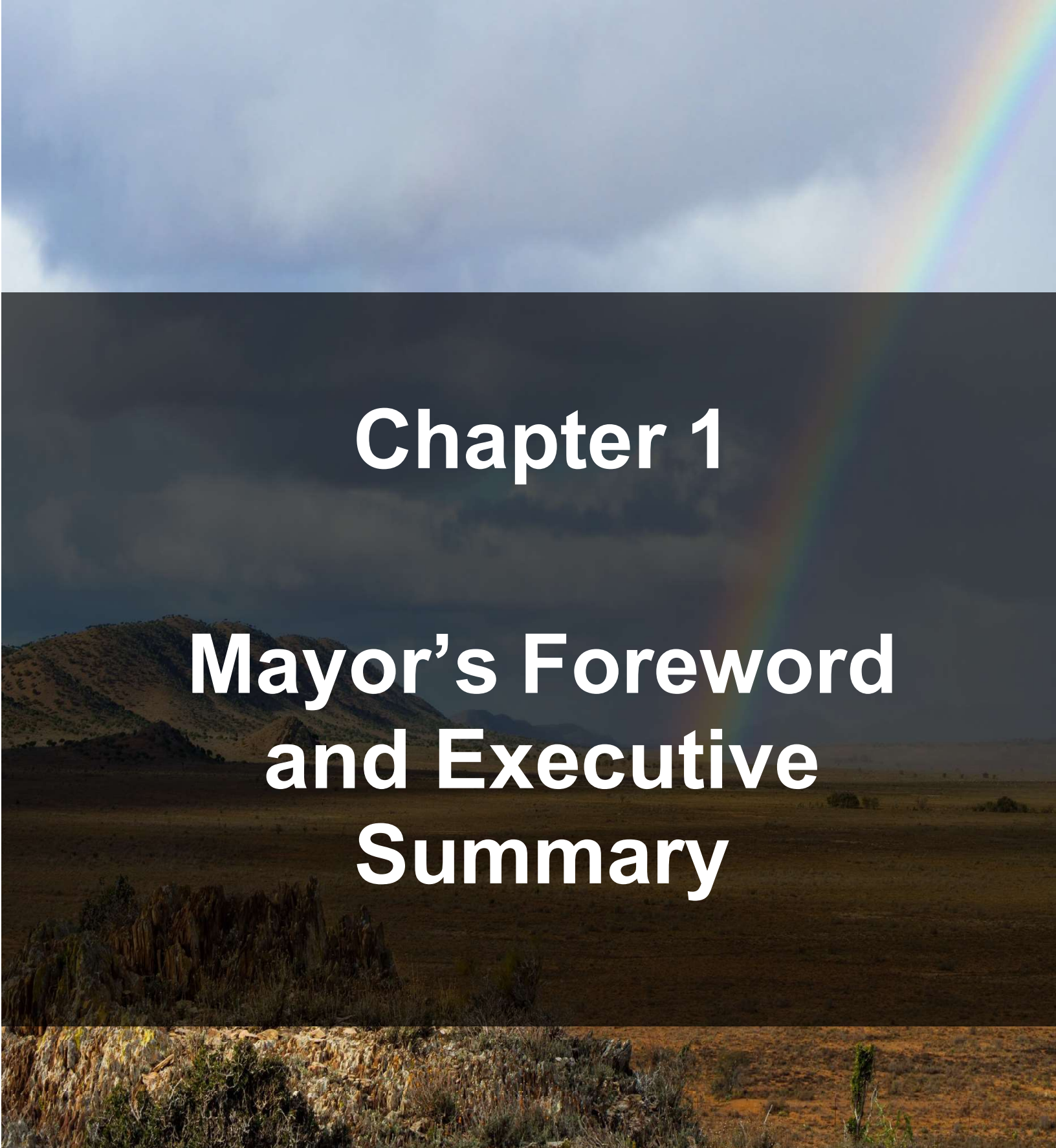
# GLOSSARY

<b>ACDP</b>	-	African Christian Democratic Party
<b>ADMD</b>	-	After Diversity Maximum Demand
<b>AFS</b>	-	Annual Financial Statements
<b>AG</b>	-	Auditor General
<b>AGSA</b>	-	Auditor General South Africa
<b>ANC</b>	-	African National Congress
<b>APAC</b>	-	Audit and Performance Assessment Committee
<b>B&amp;T</b>	-	Budget and Treasury
<b>CFO</b>	-	Chief Financial Officer
<b>CIPRO</b>	-	Companies and Intellectual Property Registration Office
<b>COGTA</b>	-	Cooperative Governance and Traditional Affairs
<b>COGHSTA</b>	-	Department of Cooperative Governance, Human Settlement and Traditional Affairs
<b>COPE</b>	-	Congress of the People
<b>CPMD</b>	-	Consolidated Program for Management Development
<b>DA</b>	-	Democratic Alliance
<b>DCOMS</b>	-	Department Community Services
<b>DCSS</b>	-	Department Corporate Services
<b>DDP</b>	-	Department Development Planning
<b>DTS</b>	-	Department Technical Services
<b>EAP</b>	-	Employee Assistance Program
<b>EEP</b>	-	Employment Equity Plan
<b>ERM</b>	-	Enterprise Risk Management
<b>EXCO</b>	-	Executive Committee
<b>FBE</b>	-	Free Basic Electricity
<b>FBS</b>	-	Free Basic Services
<b>FBW</b>	-	Free Basic Water
<b>GRAP</b>	-	General Recognized Accounting Practice
<b>HH</b>	-	Households
<b>ICT</b>	-	Information and Communication Technology



## **GLOSSARY** continued

<b>IDP</b>	-	Integrated Development Plan
<b>IIA (SA)</b>	-	Institute of Internal Auditors (SA)
<b>INEP</b>	-	Integrated National Electrification Program
<b>IT</b>	-	Information Technology
<b>KPA</b>	-	Key Performance Area
<b>KPI</b>	-	Key Performance Indicator
<b>LED</b>	-	Local Economic Development
<b>LGSETA</b>	-	Local Government Sector Education & Training Agency
<b>MFMA</b>	-	Municipal Finance Management Act
<b>MLM</b>	-	Makhado Local Municipality
<b>MM</b>	-	Municipal Manager
<b>MPAC</b>	-	Municipal Public Accounts Committee
<b>MSA</b>	-	Municipal Structures Act No.17 of 1998
<b>MSA</b>	-	Municipal Systems Act No.32 of 2000
<b>NERSA</b>	-	National Electricity Regulator South Africa
<b>OHS</b>	-	Occupational Health and Safety
<b>OPCA</b>	-	Operation Clean Audit
<b>PAC</b>	-	Pan Africanist Congress of Azania
<b>PMS</b>	-	Performance Management System
<b>RD</b>	-	Refer to Drawer
<b>RDP</b>	-	Reconstruction and Development Program
<b>SCM</b>	-	Supply Chain Management
<b>SDBIP</b>	-	Service Delivery and Budget Implementation Plan
<b>SDP</b>	-	Skills Development Plan
<b>SITA</b>	-	State Information Technology Agency
<b>SLA</b>	-	Service Level Agreement
<b>SMME</b>	-	Small, Medium and Micro Enterprise
<b>VDM</b>	-	Vhembe District Municipality
<b>WSA</b>	-	Water Services Authority
<b>WSP</b>	-	Water Services Provider
<b>WPSP</b>	-	Work Place Skills Plan



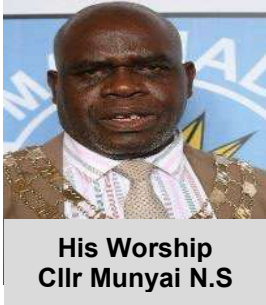
# Chapter 1

## Mayor's Foreword and Executive Summary

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### 1.1 MAYOR’S FOREWORD



On behalf of Makhado Local Municipality, I hereby present this Annual Report for the financial Year 2021/2022. This report will outline our performance on the targets we set ourselves to do over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the Municipality. The mandate of Makhado Local Municipality is not unique to the broader mandate given to Local Government by the South African Constitution.

The only uniqueness we have are the different legitimate expectations of our citizenry. Our specific mandate is drawn from public consultations we embark upon in drafting our Integrated Development Plan, which is our guiding document in our performance. Our resolve is based on servicing our communities wherever they live.

Most importantly the report will outline the performance successes and challenges we have experienced in the delivery of services to all our people as guided by the 2021/2022 Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plans (SDBIP) for the year under review.

We remain steadfast in our vision of becoming a hub for socio- economic development by 2050, and this can only be realized if we practically and sustainably develop our local industries, especially mining, tourism, and agriculture. We shall continue to invite local and international investors to prefer Makhado Local Municipality as an investment destination of choice in the far north region of our Limpopo Province.

Our Ward Committees are fully functional and continue to become the backbone of service delivery planning, monitoring and implementation at Ward level notwithstanding the challenges of Covid-19.

Our Executive Committee, Portfolio Committees and all Section 79 and 80 Committees are playing their oversight role to ensure that service delivery remains the core business of the municipality.

Municipal Public Accounts Committee- (MPAC), Audit Committee, Planning Tribunals and other strategic instruments of governance remain fully charged with the responsibility that ensures that we account to the public for effective and efficient use of public resources.

During 2021/2022 financial year, our Municipality received and spent 100% of the Integrated National Electricity Program (INEP), and the Municipal Infrastructure Grant (MIG). We also received additional funding due to our overachievement in mid-year targets on the above-mentioned grants expenditures and accordingly 100% of additional funding was also spent. This is testament to our commitment to continue to better the lives of our people.

Despite all challenges during the year under review, our Municipality achieved an unqualified audit opinion with reduced findings. We thank the management under the leadership of the accounting officer, for implementing the Audit Action Plan as advised by the Auditor General South Africa and we may only work towards a better audit outcome in the 2022/2023 financial year. We shall continue to put mechanisms in place for improved and sound financial management and accountability.

We continue to work closely and tirelessly with the Vhembe District Municipality to resolve water supply challenges and we still trust that the completion of the Nandoni Bulk Water Supply project, will sustainably address our bulk water supply challenge whilst the finalization of the municipality to become a Water Service Provider will see us being responsible for water reticulation and this will in no doubt improve water provision within the municipality.

We shall continue to invest more resources towards the maintenance of our strategic roads, stormwater, and electricity infra-structure since it remains a fundamental necessity for our socio-economic growth.

The Municipality continues to participate in District, Provincial and National Inter-Governmental activities to ensure integrated planning and sharing of best practices to enhance improved service delivery.

On behalf of the Executive Committee, and the entire leadership of the municipality, I want to express sincere appreciation to all Councilors, staff members, particularly the Municipal Manager and his management team, traditional leaders, our service providers, media, labour unions, for continuing to serve the people of Makhado Local Municipality with utmost dedication.

I also want to thank the Office of the Speaker and Chief Whip, for their unwavering support.

Unity is our strength. I thank you.

*Cllr Munyai N.S*

*Mayor: Makhado Municipality*

## COMPONENT B: EXECUTIVE SUMMARY

### 1.2 MUNICIPAL MANAGER'S FOREWORD



**Mr K.M Nemaname  
Municipal Manager**

Makhado Local Municipality Annual Report for the 2021/2022 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. In particular, MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General South Africa at the same time as the Annual Financial Statements in August each year.

This report records the performance and progress made by Makhado Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the financial year 2021/2022.

Municipal powers and functions of Makhado Local Municipality for the year 2021/22 is as depicted in the table below:

**TABLE 1: POWERS AND FUNCTIONS**

<ul style="list-style-type: none"><li>• Air pollution</li><li>• Building regulations</li><li>• Electricity reticulation</li><li>• Local tourism</li><li>• Municipal airports</li><li>• Municipal planning</li><li>• Municipal Public Transport</li><li>• Municipal Public Works</li></ul>	<ul style="list-style-type: none"><li>• Storm water management systems in built-up areas</li><li>• Trading regulations</li><li>• Billboards and the display of advertisements in public places</li><li>• Cemeteries, funeral parlours and crematoria</li></ul>	<ul style="list-style-type: none"><li>• Cleaning</li><li>• Control of public nuisances</li><li>• Facilities for the accommodation, care and burial of animals</li><li>• Local amenities</li></ul>	<ul style="list-style-type: none"><li>• Local Sport Facilities</li><li>• Markets</li><li>• Municipal parks and recreation</li><li>• Municipal roads</li><li>• Noise pollution</li><li>• Pounds</li><li>• Public places</li><li>• Refuse removal, refuse dumps and solid waste disposal.</li><li>• Street Trading</li><li>• Street lighting</li><li>• Traffic and Parking</li></ul>
---	--	---	--

The municipality continue to improve the management of its risk as evidenced in the progress made in risk management processes which improved the risk management maturity level of the municipality.

The Municipality has during the year under review a huge senior management vacancy rate since only the position of CFO was filled whilst other positions had acting incumbents.

As of the 30 June 2022, the municipality managed to achieve 60.34% municipal performance.

Regarding provision of basic services, municipality managed to provide a total of 1383 households with access to basic electricity during the year under review.

In pursuit to improve municipal environment, municipality continued to provide access to refuse removal to a total of 9140 urban households, whilst a total of additional 40 skip bins were bought with a view of expanding refuse removal services to rural areas. It is the view of the municipality, that basic services must be accessed by all citizens on an equal basis.

In order to improve municipal efficiency and productivity additional new rubber Dozer was bought during the year under review. This included Gooseneck trailer to move graders and tractor to all places for service delivery and One tractor with slasher was also bought for grass cutting for Waterval region to enhance service delivery.

During the year under review, the municipality has seen an increase in the debt book, especially with residential debtors. This increase in debt could be attributed to slower than expected economic activity in the municipal jurisdiction and the difficulty in paying for services in the Township. However, a boom in economic activity is expected in the 2022/23 financial year enabling economic growth and eventually create employment for local people.

As at the end of the financial year the debt book amounted to R449 million. The debt has increased from R383 million to R449 million. The increase in debtors during the financial year was R66 million, representing a 17% increase from previous year.

As part of revenue enhancement strategy, the municipality has entered into payment arrangement with Vhembe District Municipality for water service function rendered on its behalf. As at 31 October 2019, Vhembe District Municipality owed the municipality more than R96 million. As at 30 June 2022, a total amount of R63 million has been recovered, leaving a balance of R33 million at the close of the financial year ended 30 June 2022. The remaining balance of R33 million is expected to be fully recovered in the 2022/23 financial year.

Electricity remains the main revenue contributor, which amount to 66% of the total municipal budget, whilst property rates contribute 16% of the total budget.

The municipality managed to close the 2021/22 financial year with a total of R 201 million cash in the bank as compared to R206 million in the 2020/21 financial year. The municipality has the ability to settle short term obligations as they fall due. The municipality is in a healthy financial position.

---

Mr K. M Nemaname  
Municipal Manager

## COMPONENT C: MUNICIPAL OVERVIEW

### 1.3. MUNICIPAL OVERVIEW

The Makhado Local Municipality is one of the local municipalities, within the Vhembe District, Limpopo Province in the Republic of South Africa. The main town Louis Trichardt is strategically located on N1 and is an important bypass for people travelling to Southern African Developing Countries (SADC), and this provides the municipality with good and attractive economic opportunities. The municipality borders Molemole and Blouberg Local Municipality, which are part of the Capricorn District Municipality, Greater Giyani and Greater Letaba Municipalities, whilst from the South East, it shares the borders Mopani District Municipality. The municipal area covers a total of 8310,586 km<sup>2</sup> (or 831 058, 64 Hectares) and has a total population of 416 728 majority of which can be classified as predominately rural.

**FIGURE 2: LOCATION OF MAKHADO LOCAL MUNICIPALITY**



The total population of Makhado has decreased from 516 031 to 416 728 (based on the 2011 Census outcome) due to the new demarcation of the municipal boundaries in 2016. The number of households also decreased from 134 889 households (Community Survey: 2016) to 116 371 and a total of 145 147 registered voters.

The Municipality is made up of 4 formal towns namely, Louis Trichardt, Vleifontein, Waterval and Dzanani with more than 200 villages. The main administrative office is situated in Louis Trichardt town with two supporting regional administrative offices in Dzanani and Waterval and a satellite office in Vleifontein.

**TABLE 2: SERVICES BACKLOG**

Waste Management	Electricity	Housing
99086 Households	4413 Households	16 207 RDP Houses

According to the approved 2021/22 IDP, the service backlogs of the municipality stand as follows: 99086 households don't have access to waste removals, whilst 4413 households don't have access to electricity and 16 207 households were in need of RDP housing.

**TABLE 3: FREE BASIC SERVICES**

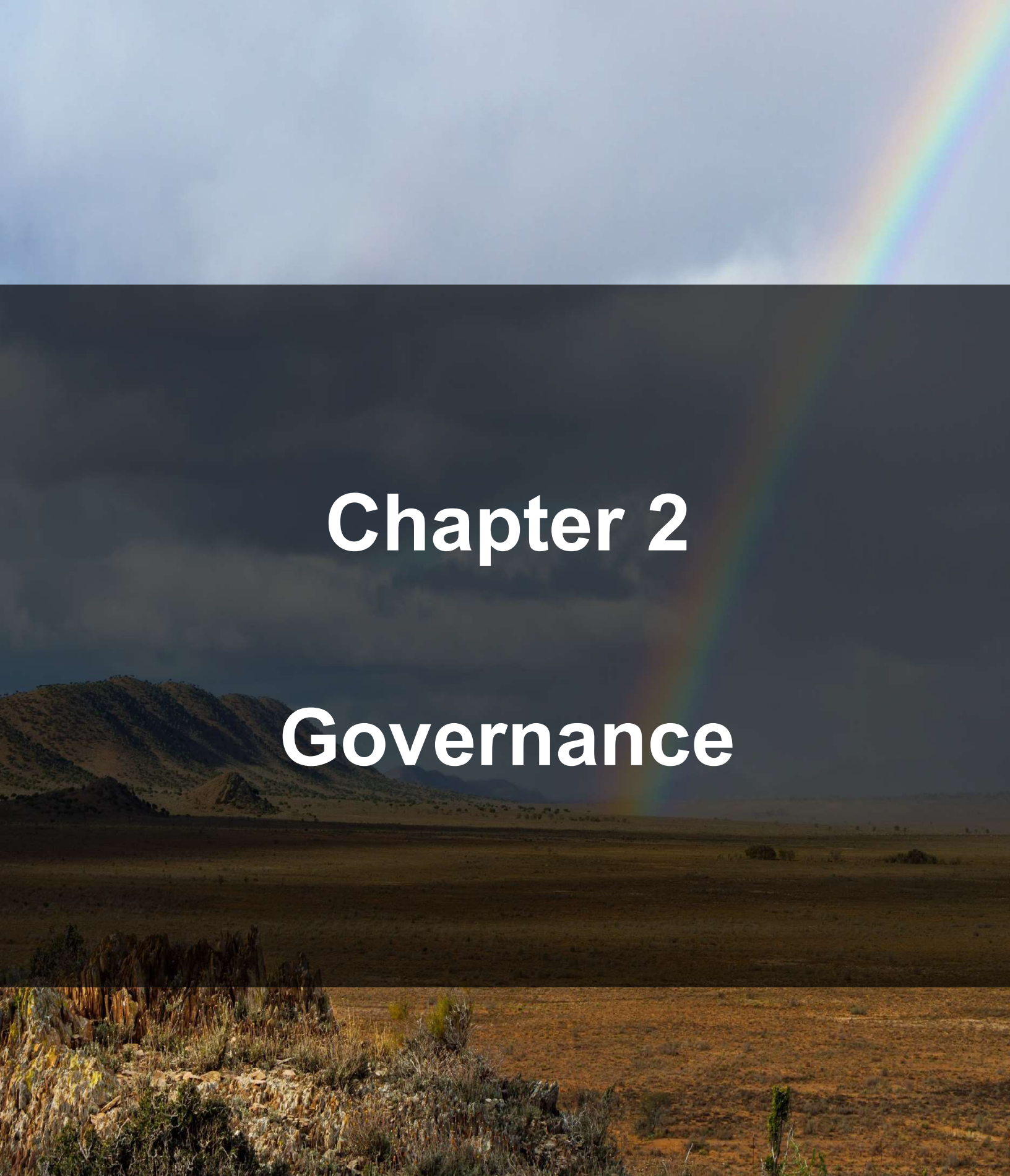
Indigent households	Receive free basic electricity	Debts owed to Municipality
2668	2668	R 449 million

Source: Annual Performance Report 2021/2022

According to the approved Annual Performance Report 2021/22 IDP, a total of 2668 indigent households within the municipality received free basic services including free basic electricity.

The total debt owed to the municipality stood at R 449 million.





# Chapter 2

# Governance

## COMPONENT A: GOVERNANCE STRUCTURES

### 2. POLITICAL GOVERNANCE STRUCTURE

Chapter 7 of the Constitution of the Republic of South Africa, 1996 provides for the establishment of local government as an independent sphere of government. Section 151 of the Constitution states the following:

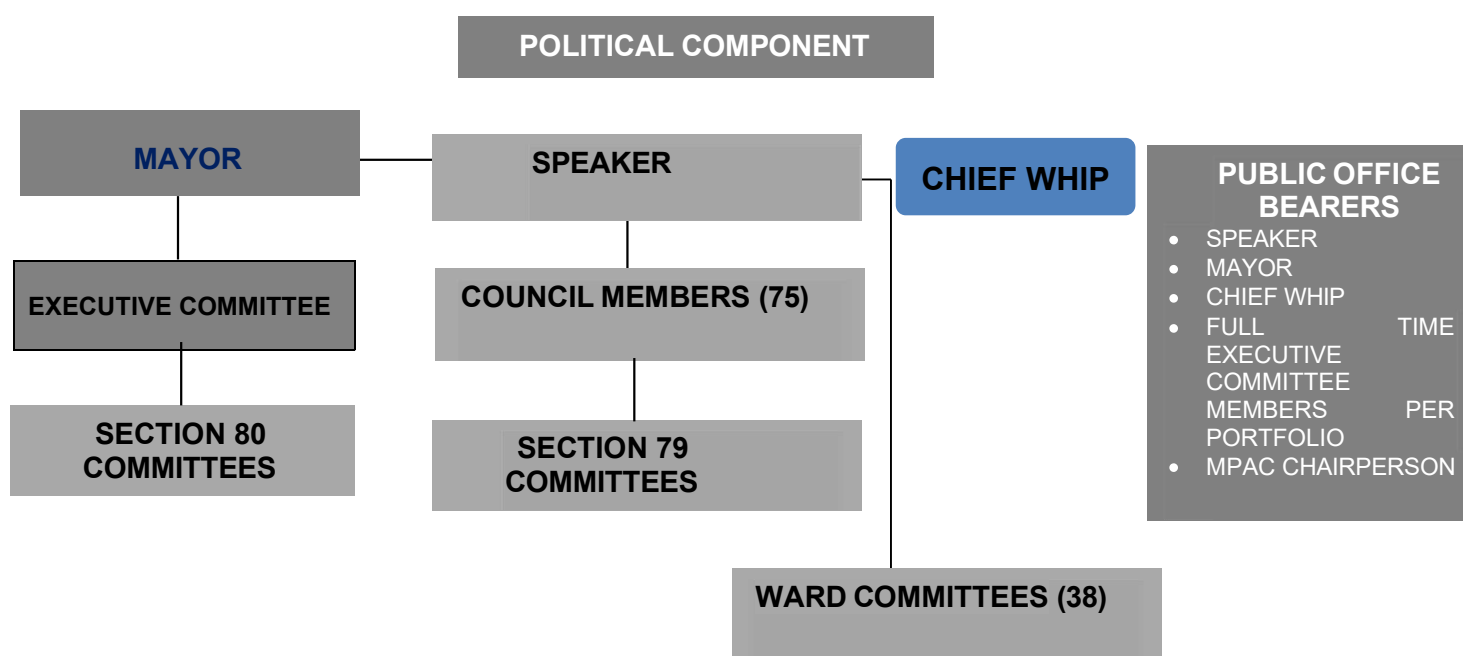
#### 2.1. STATUS OF MUNICIPALITIES:

Section 151

- 1) The local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic.
- 2) The executive and legislative authority of a municipality is vested in its Municipal Council.
- 3) A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution.
- 4) The national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

Section 52 (a) of the MFMA further entrusts the responsibility to the Mayor, in that: The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

**FIGURE 3: POLITICAL STRUCTURES**



## 2.2. GOVERNANCE ACTIVITIES

Makhado Local Municipality has an effective governance structure led by the Speaker of Council and Council committees. The structures includes, Council, Executive Committee, Section 79 Committees, Section 80 committees, Ward Committees; Municipal Planning Tribunal, Appeal Tribunal for Planning, Local Labour Forum, Audit Committee, Financial Disciplinary Board for Misconduct . The municipality make use of these structures to improve service delivery to its communities, and to promote public accountability and institutional performance.

## 2.3. COUNCIL AND COMMITTEES (July 2021 – October 2021)

Makhado Municipality is a Category B municipality with 75 Councilors (37 proportionally elected and 38 Ward Councilors) as promulgated under General Notice No 264 of 2009 by the MEC for Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and published in Provincial Gazette Extraordinary No 1656 on 31 July 2009 and rated Grade 4 in terms of the criteria determined by the National Department of Cooperative Governance and Traditional Affairs (COGTA).

In terms of the Seat Calculation Summary per Municipality received from the Municipal Electoral Officer on 11 August 2016 the names of the elected parties and the number of the respective councilors elected are as follows:

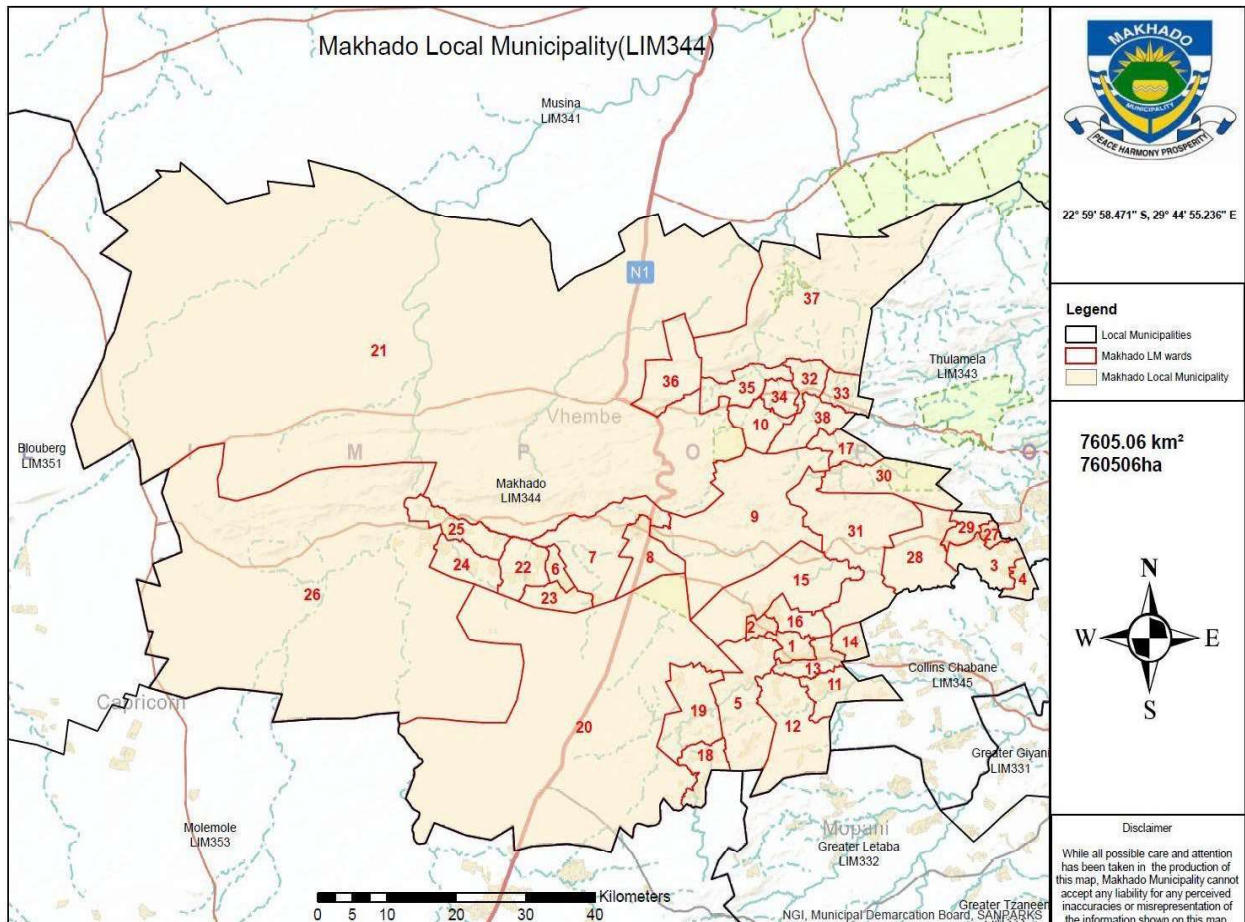
**TABLE 4 : REPRESENTATION IN COUNCIL – POLITICAL PARTIES (July 2021-October 2021)**

PARTY	NUMBER OF WARD COUNCILLORS	NUMBER OF PROPORTIONAL REPRESENTATIVE COUNCILLORS	TOTAL
African National Congress (ANC)	37	19	56
Democratic Alliance (DA)	1	8	9
Economic Freedom Fighters (EFF)	0	7	7
Ximoko Party	0	1	1
Congress of the People (COPE)	0	1	1
African Christian Democratic Party	0	1	1
<b>Total</b>	<b>38</b>	<b>37</b>	<b>75</b>

Furthermore, 10 Senior Traditional leaders were appointed to participate in the Municipal Council by the MEC of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA)

**TABLE 5: SENIOR TRADITIONAL LEADERS IN COUNCIL: (July 2021-October 2021)**

NO.	NAME OF TRADITIONAL LEADER	TRADITIONAL COUNCIL
1.	MUILA T G	MUILA
2.	MUKHARI S T	NKHENSANI
3.	RAMABULANA V C	NTHABALALA
4.	MASHAMBA N T L	MASHAMBA
5.	MUKHARI H S	ELIM-SHIRLEY
6.	KUTAMA P V	KUTAMA
7.	SINTHUMULE R H <i>(passed away on 05 January 2021)</i>	SINTHUMULE
8.	MPHEPHU M M	MPHEPHU
9.	MOLEMA F	MULIMA
10.	NETSIANDA P	TSIANDA



### 2.3.1. COUNCIL

The following were Councilors of Makhado Municipality during the year under review from **July 2021 to October 2021**

**TABLE 6 : NAMES OF COUNCILORS**

**(July 2021-October 2021)**

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022
1.	BABADU, T M	2
2.	BALIBALI, T	2
3.	BALOYI, R S	2
4.	BULALA, S I	2
5.	CHILILO, N F	2
6.	DAVHANA, N D	2
7.	DU PLOOY, A	1
8.	DZIVHANI, T E	2
9.	FURUMELE, M G	2
10.	GABARA, M J	1
11.	HLONGWANE, F B	2
12.	JONES, K B	1
13.	JONES, N B	2
14.	KHODOGA J	2
15.	KUTAMA, N	1
16.	KUTAMA, T	2
17.	LUDUVHUNGU, V S	1
18.	LUKHELI, J	2
19.	MACHETHE, M S	1
20.	MADULA, S	2
21.	MADUWA, E	2
22.	MADUWA, L G	2
23.	MADZHIGA, F N	2
24.	MAGADA, M R	2
25.	MAINGO, R T	2
26.	MALANGE, T M	2
27.	MALIMA, M E	2
28.	MALIVHA, N V	2
29.	MALULEKE, K M	2
30.	MAMAFHA T C	2
31.	MAMAFHA, T J	2
32.	MAMROBELA, T P	2
33.	MAPHUBU, K	2
34.	MARAGA, T A	2
35.	MASHAMBA, M A	2
36.	MASENGANA, M L	0

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022
37.	MASUKA, S	2
38.	MASUTHA, L G	2
39.	MATHALISE, L M	2
40.	MATUMBA, A	2
41.	MBOYI, M D	2
42.	MOGALE, L B	2
43.	MOHLABA, T J	2
44.	MOKGOADI, M R	2
45.	MPASHE, M J	0
46.	MTHOMBENI, S Z	1
47.	MUKHARI, M F	2
48.	MUKWEVHO, G T	1
49.	MUKWEVHO, T D	2
50.	MULEFU, M E	2
51.	MUNYAI, N	2
52.	MUNYAI, N S	2
53.	MUSANDIWA, P N	2
54.	NDOU, M D	1
55.	NDOU, M N	1
56.	NEMATANDANI, M C	1
57.	NEMUDZIVHADI, N S	2
58.	NETHULWE, M F	2
59.	NYELISANI, S S	1
60.	PHOSHOKO, M G	2
61.	RALIPHADA, R	2
62.	RAMAVHOYA, K S	2
63.	RAMUSHAVHA, G M	2
64.	RASHAMUSE, A G ( <i>Passed away on 3 November 2020 replaced by:</i> MUKHUBA R ( <i>Elected on 19 May 2021</i> ))	2
65.	RATSHIKUNI, D	2
66.	SELAPYANA, M A	2
67.	SESHOKI, T	2
68.	SIMANGWE, N J	2
69.	SINYOSI, S M	2
70.	SITHI, E T	2
71.	TAMBANI, T E	2
72.	TSHIAMBWA, L R	2
73.	TSHIBVUMO, G	2
74.	TSHIFURA, S S	2
75.	TSHILAMBYANA, M S	2

### 2.3.2. COUNCIL MEETINGS (July 2021 – October 2021)

The Municipality's Council is effective and functional and continues to discharge its responsibility as expected. Table below depicts the number of council meetings held during year under review:

**TABLE 7 : COUNCIL MEETINGS HELD (July 2021-October 2021)**

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of meetings 2021/2022	1	1	2

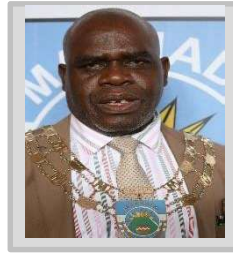
A total of two (2) council meetings were held during the year under review. A total of one (1) meeting was a special council meeting, whilst one (1) was an ordinary council meeting.

### 2.4 EXECUTIVE COMMITTEE (July 2021 – October 2021)

Makhado Local Municipality uses an Executive Committee system of governance. The Executive Committee is composed in line with the provisions of the Local Government: Municipal Structures Act, 1998. The Executive Committee consists of ten members; five full-time members and five part-time members as arranged by General Notice 94 of 2016 promulgated by the MEC for Cooperative Governance, Human Settlements and Traditional Affairs as published in the Provincial Gazette No. 2735 dated 22 July 2016.

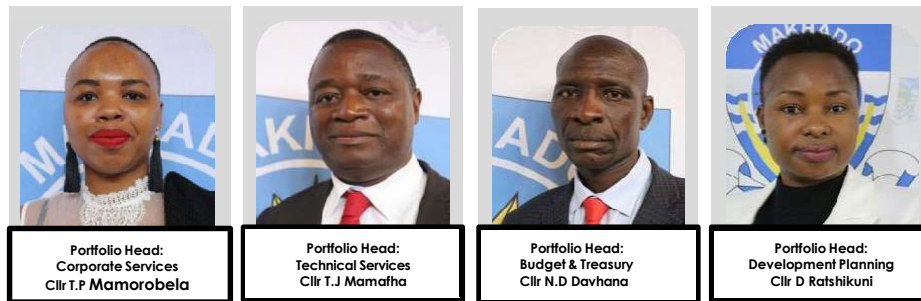
The designation of full-time councilors in terms of the provisions of Section 18(4) of the Local Government: Municipal Structures Act, 117 of 1998 read with Part 14 of the General Notice No. 94 of 2016 published in the Provincial Gazette no. 2735 dated 22 July 2016, coupled with the concurrence of the MEC of COGHSTA and Council Resolution of the 17 August 2017 stipulated the composition of Exco as follows:

**FIGURE 4 EXECUTIVE COMMITTEE MEMBERS: (July 2021 – October 2021)**

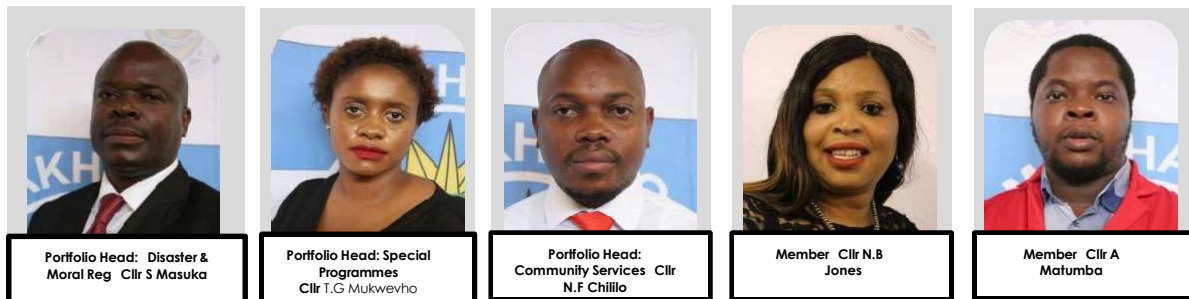


**His Worship Mayor Cllr N S Munyai**

**FULL- TIME EXECUTIVE COMMITTEE MEMBERS**



**PART-TIME EXECUTIVE COMMITTEE MEMBERS**



**TABLE 8: EXECUTIVE COMMITTEE (July 2021 – October 2021)**

COMMITTEE	NAMES OF COUNCILLORS 2021/22	NUMBER OF MEETINGS ATTENDED
EXECUTIVE COMMITTEE	1. MUNYAI, N S (Chairperson)	6
	2. CHILOLO N F	6
	3. DAVHANA N D	6
	4. JONES N B	5
	5. MAMAFHA T J	6
	6. MAMOROBELA T P	5
	7. MASUKA S	5
	8. MATUMBA A	5
	9. MUKWEVHO G (resigned 23 August 2021)	4
	10. RATSHIKUNI D	6



The number of meetings held by the Executive Committee were as follows:

**TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD (July 2021 – October 2021)**

2021/2022 FINANCIAL YEAR	NUMBER OF MEETINGS HELD
EXECUTIVE COMMITTEE	6

**2.4.1. SECTION 79 OVERSIGHT COMMITTEE**

**TABLE 10: SECTION 79 OVERSIGHT COMMITTEE**

(July 2021 – October 2021)

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1.	TECHNICAL SERVICES	1. KUTAMA N (CHAIRPERSON) 2. MASUTHA L G 3. SITHI E T 4. SIMANGWE N J 5. NETHULWE M F 6. MUKHARI M F 7. MAPHUBU K 8. LUKHELI J 9. NEMATANDANI M C	2 3 3 3 3 2 2 3 2
2.	CORPORATE SERVICES	1. MADZHIGA N F (CHAIRPERSON) 2. NYELISANI S S 3. BABADU T M 4. TAMBANI T E 5. TSHIAMBWA L R 6. NEMUDZIVHADI N S 8. MOHLABA T J 9. KHODOGA J 10. PHOSHOKO M G	3 3 2 2 3 3 3 3 2
	FINANCE	1. K M MALULEKE (CHAIRPERSON) 2. MOHLABA T J 3. MAINGO R T 4. BALIBALI T 5. MUSANDIWA P N 6. TSHILAMBYANA M S 7. MAGADA M R 8. NDOU M N 9. NEMATANDANI M C 10. DU PLOOY A	3 2 2 2 2 3 3 2 3 2

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
4.	COMMUNITY SERVICES	1. MTHOMBENI S (CHAIRPERSON) 2. BULALA S I 3. RAMUSHAVHA G M 4. KUTAMA T 5. TSHILAMBYANA M S 6. NETHULWE M F 7. NDOU M N 8. FURUMELE M G 9. MALIMA M E ( <i>passed away on 30 June 2021</i> )	2 0 2 2 2 2 1 2 0
5.	DEVELOPMENT PLANNING	1. MAMAFHA T C (CHAIRPERSON) 2. TAMBANI T E 3. MADUWA E 4. BABADU T M 5. MUSANDIWA P N 6. MADUWA L G 7. MUKWEVHO T D 8. DZIVHANI T E 9. JONES B K ( <i>From September 2020 to June 2021</i> )	3 3 3 2 1 3 3 3 1
6.	DISASTER, MORAL REGENERATION, SPORTS, ARTS AND CULTURE	1. MACHETE M S (CHAIRPERSON) 2. LUDUVHUNGU V S 3. MALULEKE K M 4. MADULA S 5. MULEFU M E 6. RAMUSHAVHA G M 7. TSHIFURA S S 8. MARAGA T A	1 1 1 1 1 1 0 1
7.	SPECIAL PROGRAMMES	1. MATHALISE L M (CHAIRPERSON) 2. MUKHARI M F 3. MASUTHA L G 4. NYELISANI S S 5. MADUWA L G 6. FURUMELA G 7. PHOSHOKO M G	0 0 0 0 0 0 0 0 (No meeting held)

The number of meetings conducted by the Section 79 Oversight Committees were as follows:

**TABLE 11: OVERSIGHT COMMITTEE MEETINGS HELD (July 2021-October 2021)**

2021/2022 FINANCIAL YEAR COMMITTEE		NUMBER OF MEETINGS HELD
1.	TECHNICAL SERVICES	3
2.	CORPORATE SERVICES	3
3.	FINANCES	3
4.	COMMUNITY SERVICES	2
5.	DEVELOPMENT PLANNING	3
6.	DISASTER MANAGEMENT, MORAL REGENERATION AND SPORTS, ARTS AND CULTURE	1
7.	SPECIAL PROGRAMS	0

**2.4.2. SECTION 79 STANDING COMMITTEES****TABLE 11: SECTION 79 STANDING COMMITTEES****(July 2021-October 2021)**

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1.	MPAC	1. MALANGE T M (CHAIRPERSON)	4
		2. MALIVHA N V	2
		3. MASHAMBA M A	4
		4. NDOU M D	3
		5. MAKGOADI M R	3
		6. RALIPHADA R	0
		7. HLONGWANE B F	4
		8. MPASHE M J	3
		9. SELAPYANE M A	2
2.	ETHICS	1. MUNYAI N (CHAIRPERSON)	1
		2. MADUWA E	0
		3. SITHI E T	1
		4. MUKWEVHO T D	0
		5. SITHI E	1
		6. KUTAMA T	0
		7. NEMUDZIVHADI N S	1
		8. DZIVHANI T E	1
		9. TSHIBVUMO G	1
3.	RULES	1. MUNYAI N S (CHAIRPERSON)	0
		2. RAMAVHOYA K S	0
		3. HLONGWANE B F	0
		4. MAPHUBU K	0
		5. RASHAMUSE A G	0
		6. SIMANGWE J N	0

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
		7. BALIBALI T	0
		8. BULALA S I	0
		9. MAFHALA N A	0
		10. MADULA S	0
4.	WOMEN CAUCUS	1. MOGALE L B (CHAIRPERSON)	0
		2. MOHLABA T J	0
		3. TAMBANI T E	0
		4. BABADU T M	0
		5. LUDUVHUNGU V S	0
		6. SIMANGWE J N	0
		7. MACHETE M S	0
		8. RAMUSHAVHA G M	0
		9. GABARA M R	0
		10. MADULA S	0
		11. MATHALISE L M	0
		12. RASHAMUSE G R	0
		13. RALIPHADA R	0
		14. MBOYI M D	0
		15. MALANGE T M	0
		16. NDOU M N	0
		17. NETHULWE M F	0
		18. RATSHIKUNI D	0
		19. SINYOSI S M	0
		20. MAMOROBELA T P	0
		21. MAINGO R T	0
		22. MUKHARI M F	0
		23. TSHILAMBYANA M S	0
		24. MUKWEVHO G T	0
		25. MADUWA L G	0
		26. JONES N B	0
		27. NEMATANDANI M C	0
		28. MARAGA T A	0
		29. DZIVHANI T E	0
		30. PHOSHOKO M G	0
		31. FURUMULE M G	0
		32. MOKGOADI M R	0
		33. MUKWEVHO T D	0

The number of meetings conducted by the section 79 standing committees were as follows:

**TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD (July 2021-October 2021)**

2021/22 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. MPAC	4
2. ETHICS	1
3. RULES	0
4. WOMEN CAUCUS	0

Rules committee did not hold meetings in the year under review because this committee meets when specific matters are referred to it for consideration, and no matter was referred to it whilst Women caucus's term of references are still under review.

### 2.4.3. SECTION 80 COMMITTEES

**TABLE 13: SECTION 80 COMMITTEES**

(July 2021-October 2021)

NO.	COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	GOVERNANCE AND FINANCIAL VIABILITY	1. DAVHANA N D (CHAIRPERSON) 2. MAMOROBELA T P 3. MAMAFHA T J 4. MATUMBA A	0 0 0 0
2	PUBLIC SAFETY AND SOCIAL DEVELOPMENT	1. CHILILO N F (CHAIRPERSON) 2. MASUKA S 3. MUKWEVHO G T 4. JONES B	0 0 0 0
3	DEVELOPMENT PLANNING AND MUNICIPAL INFRASTRUCTURE	1. RATSHIKUNI D (CHAIRPERSON) 2. MAMAFHA T J 3. DAVHANA N D 4. JONES B	0 0 0 0

Note: There were no Section 80 Committee meetings held. Section 80 Committees meets as and when the Executive Committee refers matters for consideration and no matters were referred to Section 80 committee in the year under review.

### 2.3.3. COUNCIL

The following were Councilors of Makhado Municipality during the year under review from

**November 2021 to June 2022:**

**TABLE 4: REPRESENTATION IN COUNCIL – POLITICAL PARTIES (November 2021 to June 2022):**

PARTY	NUMBER OF WARD COUNCILLORS	NUMBER OF PROPORTIONAL REPRESENTATIVE COUNCILLORS	TOTAL
African National Congress (ANC)	37	25	62
Democratic Alliance (DA)	1	4	5
Economic Freedom Fighters (EFF)	0	4	2
Vreyheidfront Plus	0	1	1
International Revelation Congress	0	1	1
African Christian Democratic Party	0	1	1
African People Convention	0	1	1
<b>Total</b>	<b>38</b>	<b>37</b>	<b>75</b>

COGHSTA has not yet designated Traditional Leaders to serve in Council during the financial year under review.

**TABLE 6 : NAMES OF COUNCILORS (November 2021 to June 2022):**

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022
1.	BALOYI, R	10
2.	BALOYI, R S	7
3.	BALOYI, S E	8
4.	CHILILO, N F	8
5.	DAVHANA, N D	9
6.	DZHIVHUHO, A S	10
7.	FURUMELE, M G	6
8.	GABARA, M J	7
9.	HALGREEN, C D	9
10.	HLANGWANI, B	10
11.	HLONGWANE, B F	5
12.	JONES, N B	5
13.	KUTAMA, N	5
14.	KUTAMA, T	10
15.	MABASA, W	8
16.	MABUDU, H G	8

<b>NO.</b>	<b>NAMES OF COUNCILLORS</b>	<b>NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022</b>
17.	MADAVHA, A	9
18.	MADZHIGA, F N	8
19.	MAGADA, M R	7
20.	MAHOSI, N S	10
21.	MAINGO, R T	9
22.	MAKAMU, T T	9
23.	MAKHUBELE, F P	9
24.	MAKWALA, M R	10
25.	MALANGE, M C	9
26.	MALANGE, T M	9
27.	MALIVHA, N V	6
28.	MALULEKE, H G	10
29.	MAMAFHA, T C	8
30.	MAMAFHA, T J	8
31.	MAPHAHLA, A Z	6
32.	MAPHAKELA, K P	7
33.	MAPHUBU, K	9
34.	MARAGA, M	9
35.	MARAGA, T A	7
36.	MASHAMBA, L	10
37.	MASHAU, P	7
38.	MASHAU, T C	10
39.	MASIPA, P N	10
40.	MASUKA, S	10
41.	MATHALISE, L M	6
42.	MATUMBA, N J	8
43.	MBOYI, M D	9
44.	MOGALE, L B	5
45.	MOKGOADI, M R	8
46.	MPASHE, M J	5
47.	MUDUNUNGU, N A	7
48.	MUKHELI, K	9
49.	MUKHUBA, R	8
50.	MUKHUDWANA, R	8
51.	MUKOSI, M	9
52.	MUKWEVHO, G T	6
53.	MULAUDZI, M E	6
54.	MULEFU, M E	9
55.	MUNYAI, N	6

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022
56.	MUNYAI, N S	9
57.	MUSHANDANA, T T	10
58.	NDOU, M D	8
59.	NEMUDZIVHADI, N S	10
60.	NGOBENI, T T	10
61.	PHANGAMI, L	9
62.	PHULUWA, M I	10
63.	RALIPHADA, R	6
64.	RAMALIVHANA, M	9
65.	RAMALWA, M W	5
66.	RAVELE, T R	7
67.	SEBOLA, D J	7
68.	SELAPYANA, M A	4
69.	SIMANGWE, N J	9
70.	SINGO, M D	7
71.	SITHI, E T	8
72.	SMALLE, P	8
73.	SWALIVHA, M	10
74.	TSHIDAVHU, I A	8
75.	TSHILAMBYANA, M S ( <i>elected 15 December 2021</i> )	7

#### 2.3.4. COUNCIL MEETINGS (November 2021 to June 2022):

The Municipality's Council is effective and functional and continues to discharge its responsibility as expected. Table below depicts the number of council meetings held during year under review:



**TABLE 7 : COUNCIL MEETINGS HELD (November 2021 to June 2022):**

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of meetings 2021/2022	2	8	10

A total of ten (10) council meetings were held during the year under review. a total of eight (08) meetings were special council meetings, whilst two (02) were ordinary council meetings

## **2.5 EXECUTIVE COMMITTEE (NOVEMBER 2021 – JUNE 2022)**

**FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:**



**His Worship Mayor Cllr Munyai N.S**

**FULL- TIME EXECUTIVE COMMITTEE MEMBERS**



**Portfolio Head:  
Corporate  
Services  
Cllr Matumba N.J**



**Portfolio Head:  
Technical  
Services Cllr  
Mukwevho G.T**



**Portfolio Head:  
Budget &  
Treasury Cllr  
Magada M.R**



**Portfolio Head:  
Development  
Planning Cllr  
Munyai N**

**PART-TIME EXECUTIVE COMMITTEE MEMBERS**



**Portfolio Head:  
Disaster and  
Moral  
Regeneration  
Cllr Maphubu K**



**Portfolio Head:  
Special  
Programmes  
Cllr Maingo R.T**



**Exco Member  
Cllr Jones N.B**



**Exco Member  
Cllr Maraga T.A**



**Portfolio Head:  
Community  
Services Cllr  
Raliphada R**

**TABLE 8: EXECUTIVE COMMITTEE (November 2021 to June 2022):**

COMMITTEE	NAMES OF COUNCILLORS 2021/22	NUMBER OF MEETINGS ATTENDED
EXECUTIVE COMMITTEE	1. MUNYAI, N S (Chairperson)	27
	2. MUNYAI, N	27
	3. MATUMBA, N J	23
	4. MAGADA, M R	26
	5. MUKWEVHO, G T	14
	6. MAPHUBU, K	24
	7. RALIPHADA, R	19
	8. MAINGO, R T	26
	9. MARAGA, T A	19
	10. JONES, N B	13

The number of meetings held by the Executive Committee were as follows:

**TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD (November 2021 to June 2022):**

2021/2022 FINANCIAL YEAR	NUMBER OF MEETINGS HELD
EXECUTIVE COMMITTEE	28

### 2.5.1. SECTION 79 OVERSIGHT COMMITTEES

**TABLE 10: SECTION 79 OVERSIGHT COMMITTEE**

(November 2021 to June 2022):

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	TECHNICAL SERVICES	1. <b>N S Nemudzivhadi (Chairperson)</b> 2. M G Furumele 3. K P Maphakela 4. M D Singo 5. C D Halgreen 6. T C Mamafha 7. T C Mashau 8. M E Mulefu 9. P Mashau	3 1 2 3 3 2 3 3 2

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
2	CORPORATE SERVICES	<ol style="list-style-type: none"> <li>1. <b>I A Tshidavhu (Chairperson)</b></li> <li>2. P Smalle</li> <li>3. M A Selapyana</li> <li>4. R Mukhuba</li> <li>5. T C Mashau</li> <li>6. A S Dzhivhuwo</li> <li>7. M Swalivha</li> <li>8. T R Ravele</li> <li>9. N P Masipa (from November 2021 – 23 March 2022)</li> <li>9. M S Tshilambyana (elected 14 December 2021)</li> </ol>	<p>9</p> <p>6</p> <p>2</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>5</p> <p>8</p>
3	FINANCE	<ol style="list-style-type: none"> <li>1. <b>T T Makamu (Chairperson)</b></li> <li>2. A Madavha</li> <li>3. K P Maphakhela</li> <li>4. F P Makhubele</li> <li>5. L Mashamba</li> <li>6. L Phangami</li> <li>7. F N Madzhiga</li> <li>8. B Hlangwani</li> <li>9. W Mabasa</li> </ol>	<p>8</p> <p>7</p> <p>8</p> <p>8</p> <p>8</p> <p>5</p> <p>3</p> <p>8</p> <p>6</p>
4	COMMUNITY SERVICES	<ol style="list-style-type: none"> <li>1. <b>N S Mahosi (Chairperson)</b></li> <li>2. M G Furumele</li> <li>3. K P Maphakela</li> <li>4. M D Singo</li> <li>5. L Phangami</li> <li>6. M R Mokgoadi</li> <li>7. T Kutama</li> <li>8. L Mashamba</li> <li>9. M J Gabara</li> <li>10. M I Phuluwa</li> </ol>	<p>5</p> <p>2</p> <p>2</p> <p>4</p> <p>1</p> <p>2</p> <p>5</p> <p>5</p> <p>2</p> <p>4</p>
5	DEVELOPMENT PLANNING	<ol style="list-style-type: none"> <li>1. <b>M D Ndou (Chairperson)</b></li> <li>2. P Smalle</li> <li>3. M A Selapyana</li> <li>4. T T Ngobeni</li> <li>5. M E Mulefu</li> <li>6. P N Masipa</li> <li>7. B Hlangwani</li> <li>8. R Baloyi</li> <li>9. F P Makhubele</li> </ol>	<p>5</p> <p>4</p> <p>2</p> <p>4</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p>
6	DISASTER, MORAL REGENERATION, SPORTS, ARTS AND CULTURE	<ol style="list-style-type: none"> <li>1. <b>M Makwala (Chairperson)</b></li> <li>2. A Madavha</li> <li>3. M A Selapyana</li> <li>4. A Z Maphahla</li> <li>5. T R Ravele</li> <li>6. N Kutama</li> <li>7. M Swalivha</li> </ol>	<p>2</p> <p>2</p> <p>0</p> <p>0</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p>

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
		8. R Mukhudwana 9. S Masuka	2
7	SPECIAL PROGRAMMES	1. <b>L M Mathalise (Chairperson)</b> 2. M G Furumele 3. M A Selapyana 4. L B Mogale 5. M J Gabara 6. T T Mushandana 7. M Ramalivhana 8. T M Malange 9. M I Phuluwa 10. N A Mudunungu	3 0 1 2 2 2 3 3 2 0

The number of meetings conducted by the Section 79 Oversight Committees were as follows:

**TABLE 11: OVERSIGHT COMMITTEE MEETINGS HELD (November 2021 to June 2022):**

2021/2022 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. TECHNICAL SERVICES	3
2. CORPORATE SERVICES	9
3. FINANCES	8
4. COMMUNITY SERVICES	5
5. DEVELOPMENT PLANNING	5
6. DISASTER MANAGEMENT, MORAL REGENERATION AND SPORTS, ARTS AND CULTURE	2
7. SPECIAL PROGRAMS	3

#### 2.5.2. SECTION 79 STANDING COMMITTEES

**TABLE 11: SECTION 79 STANDING COMMITTEES**

(November 2021 to June 2022):

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1.	MPAC	1. <b>N V Malivha (Chairperson)</b> 2. M J Mpashe 3. F B Hlongwane 4. M W Ramalwa 5. H G Mabudu 6. S E Baloyi 7. D J Sebola 8. K Mukheli 9. M E Mulaudzi 10. M Mukosi	11 5 3 9 11 11 11 7 7 11
2.	ETHICS	1. <b>M Maraga (Chairperson)</b> 2. A Madavha 3. T J Mamafha 4. T T Mushandana 5. F P Makhubele 6. N D Davhana 7. L B Mogale 8. T C Mashau 9. N A Mudunungu 10. M A Selapyana	0 0 0 0 0 0 0 0 0 0 0
3.	RULES	1. <b>N J Simangwe (Chairperson)</b> 2. K P Maphakela 3. W Mabasa 4. R Baloyi 5. R Mukhuba 6. B Hlangwani 7. T T Ngobeni 8. N F Chililo 9. L Mashamba	0 0 0 0 0 0 0 0 0
4.	WOMEN CAUCUS	1. <b>T M Malange (Chairperson)</b> 2. H G Maluleke 3. L Mashamba 4. N J Simangwe 5. T T Mushandana 6. M R Mokgoadi 7. N S Mahosi 8. M Swalivha 9. N B Jones 10. T A Maraga 11. K P Maphakela 12. M G Furumele 13. T C Mashau 14. M D Mboyi 15. R T Maingo 16. L M Mathalise 17. N J Matumba 18. T T Ngobeni	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
		19. G T Mukwevho	0
		20. R Raliphada	0
		21. M J Gabara	0
		22. I A Tshidavhu	0
		23. B Hlangwani	0
		24. H G Mabudu	0
		25. M S Tshilambyana	0

The number of meetings conducted by the section 79 standing committees were as follows:

**TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD (November 2021 to June 2022):**

2021/22 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. MPAC	11
2. ETHICS	0
3. RULES	0
4. WOMEN CAUCUS	0

Rules, Ethics and Women Caucus Committees did not hold meetings in the year under review because these Committees meet when specific matters are referred to it for consideration.

### 2.5.3. SECTION 80 COMMITTEES

(November 2021 to June 2022):

### 2.5.4. TABLE 13: SECTION 80

COMMITTEES (November 2021 to June

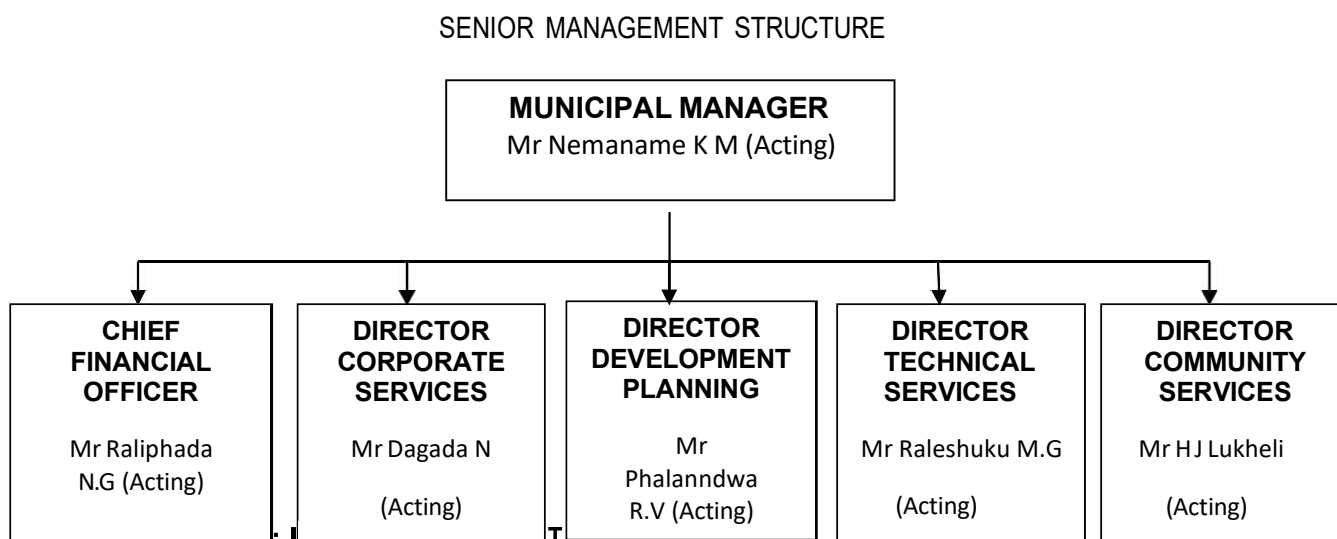
2022):

NO.	COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	GOVERNANCE AND FINANCIAL VIABILITY	<b>M R MAGADA (CHAIRPERSON)</b> T A MARAGA N J MATUMBA	0 0 0
2	PUBLIC SAFETY AND SOCIAL DEVELOPMENT	<b>R RALIPHADA (CHAIRPERSON)</b> R MAINGO K MAPHUBU	0 0 0
3	DEVELOPMENT PLANNING AND MUNICIPAL INFRASTRUCTURE	<b>N MUNYAI (CHAIRPERSON)</b> G T MUKWEVHO N B JONES	0 0 0

Note: There were no Section 80 Committee meetings held. Section 80 Committees meets as and when the Executive Committee refers matters for consideration and no matters were referred to Section 80 committee in the year under review

## 2.5. ADMINISTRATIVE GOVERNANCE STRUCTURE

**FIGURE 5: SENIOR MANAGEMENT STRUCTURE**



## COMPONENT B

### 2.6. INTERGOVERNMENTAL RELATIONS:

Section 3 of the Municipal Systems Act requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Section 41 of the Constitution.

The Municipality participates in the following IGR forums:



- Premier Mayor's Forum,
- District Mayor's Forum,
- District IGR Forum
- Provincial Monitoring and Evaluation forum
- Provincial Back to Basic Forum
- District Command Council
- District AIDS Council

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The municipality continued to hold its IDP Steering Committee meetings during the year under review with the IDP Representative Forum forming a base or platform for the public to make their contributions and hold the municipality accountable. An Imbizo is an initiative of the municipality where questions are answered; concerns are heard and advices are taken from the public about the municipality's programs and services. The Municipality continues to hold the Imbizo's as scheduled,

### **2.7. COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS**

Municipality introduced different platforms for Public Participation Programs listed herein below:-

- Izimbizo's
- Ward Based Public Participation Meetings
- IDP Representative Forum meetings
- MPAC Public Participation meetings
- Facebook (Makhado Local Municipality) postings
- Twitter (Makhado Municipal) messages
- Instagram (Makhado Municipality) postings
- Website([www.makhado.gov.za](http://www.makhado.gov.za)) uploads
- Press/Media Statement broadcasts and publications
- Media Interviews reports and broadcasts

Imbizo's, Ward PP meeting, IDP rep forum- provide a platform for effective communication between the municipality and communities on service delivery issues, while MPAC public meetings provides platform for financial accountability. Social media is another platform that the municipality uses as a means to inform and update communities about municipal activities.

## **2.8. MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)**

The MPAC played an oversight role by exercising oversight of municipal expenditure and revenue in a transparent and accountable manner.

The Municipal Public Account Committee (MPAC) was established by Council comprising of ten (10) members for the term of the Municipal Council. MPAC was able to conduct fifteen (15) meetings and submitted fifty-seven (57) reports to Council for consideration. The MPAC conducted one (1) public hearing, one (1) public participation, five (5) inspection in loco and compiled MPAC oversight reports and submitted its recommendation to Council for approval within regulated timeframes.

### **COMPONENT D: CORPORATE GOVERNANCE**

## **2.9. GENERAL COMMUNICATION**

The Municipality has an effective and efficient Communication Unit that implemented a communication strategy as approved by Council.

Council also approved a Stakeholder Management Framework. Several media statements were produced and radio interviews were conducted with Nzhelele FM, Makhado FM, UNIVEN FM, Sekgosesa, Vhembe FM, Munghana Ionene FM, Vuwani FM and Phalaphala FM.

The municipality mainly uses Zoutpansberg and Mirror newspapers to advertise its outreach programs.

The Municipality uses social media to communicate and receive feedback on services being rendered. To this effect the Municipality uses Facebook, Instagram and Twitter. The Municipality also has a functional website. We had 35 109 followers on Facebook, 30 000 on Instagram and 30 000 followers on Twitter.

## **2.10. INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE**

The municipality has a functional Integrated Development Plan (IDP) unit in place. The unit coordinates planning processes of the municipality in line with relevant regulations. The municipality annually reviewed and adopts IDP process plan and IDP framework for implementation.

The IDP is a tool that helps the local municipality focus on the most important needs of local communities taking into account the resources available at local level. It helps identify the least serviced and most impoverished areas and points to where municipal funds should be spent. Implementation is made easier because the relevant stakeholders have been part of the process. The IDP provides deadlock-breaking mechanisms to ensure that projects and programmes are efficiently implemented. It is also worth reporting that the municipality managed to adopt its revised IDP and Budget within the stipulated timeframes.

## 2.11 INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE

The Municipality has a function information Technology Steering Committee that is chaired by the Accounting Officer. Its main task is the provision of oversight and who also assistance with cyber risk and further guide and advice Council on ICT governance matters.

Council constituted the Committee by Council Resolution A.175.15.12.14 as follows-

*“1. THAT Council approves to appoint a subcommittee of the Audit Performance and Audit Committee who will perform the ICT Governance oversight function consisting of the following members -*

*Designated specialist from the APAC*

*Municipal Manager*

*All section 56 Managers.”*

The Terms of Reference (TOR) of the ICT Steering Committee is reviewed annually with the latest version approved under Council Resolution A.55.31.05.22 of 31 May 2022.

Amongst others the ICT Steering Committee has to ensure a desirable culture in I T use in the municipal environment is designed to achieve the following 10 objectives.

### OBJECTIVES

1. The activities and functions of the I T Strategy are aligned to the business strategy. Opportunities to improve the use of I T within Makhado Local Municipality are identified and exploited.
2. Optimal investment is made in I T, costs are managed and the return on investment is measured.
3. Synergies between I T initiatives are enabled and I T choices are in the best interest of the municipality as a whole and not only those of individual business units.
4. I T services are sourced optimally and legitimately.
5. I T risks are identified and adequately addressed. Assurance is obtained to ensure that an I T control framework is in place to address I T risks.
6. Information, I T assets and intellectual property contained in I T systems are protected and effectively managed and used.
7. I T has adequate business resilience arrangements in place for disaster recovery.
- 8 Information Management is a joint I T and business responsibility.
- 9 I T use conforms to I T related laws and related rules, codes and standards are considered.
10. I T use is sustainable with respect to the environment.

## **AUDIT AND PERFORMANCE AUDIT COMMITTEE(APAC)**

### **1. INTRODUCTION**

The Chairperson of the Audit and Performance Audit Committee has pleasure in submitting herewith the annual report of the Committee for the financial year ended 30 June 2022.

### **2. LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANCE AUDIT COMMITTEE**

**2.1** Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of

2003 as amended) (MFMA) requires from each municipality to have an audit committee.

**2.2.** In terms of section 166(2)(a) of the MFMA the audit committee is an independent advisory body which

must “amongst others” advise the municipal council . . . on matters relating to-

- (i) Internal financial controls and internal audits;
- (ii) Risk Management;
- (iii) Accounting policies;
- (iv) the adequacy, reliability and accuracy of financial reporting and information;
- (v) Performance Management;
- (vi) Effective governance;
- (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (viii) Performance evaluation; and
- (ix) any other issues referred to it by the municipality.

**2.3.** In addition sections 166(2)(b), (c), (d) and (e) require from the committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General (South Africa) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

### **3. GOVERNANCE OF THE COMMITTEE**

**3.1** All members of the Committee are non-executive members and all meetings of the committee were

held in accordance with the Charter of the committee as approved by Council. The Chief Audit Executive

reports operationally to the Municipal Manager and functionally to the Audit and Performance Audit Committee per MFMA prescribes.

**3.2** The Audit Committee has executed its responsibilities in accordance with section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended).

The table below illustrates new APAC members and number of meetings attended.

Name	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED						
		23 Aug 2021	30 Aug 2021	06 Oct 2021	04 Nov 2021	30 Nov 2021	06 Dec 2021	25 Feb 2022
Mrs. Jane Masite	Chairperson							
Mr. Denga Ramuedzisi	Member							
Mr. Ntsieni Matenzhe	Member							
Mr. Sidwell Mofokeng	Risk Management Committee Chairperson.							

3.5 Risk Management, Anti-Fraud and Anti-Corruption Committee is a Management Committee chaired by the Municipal Manager to advice management while providing the Audit Committee with risk management oversight.

3.7 During the financial year 2021/22 the Council has appointed new Audit and Performance Audit Committee.

The table below illustrates new APAC members and number of meetings attended.

Name	Positions in Audit Committee	Number Of Meetings Attended
		30 June 2022
Mrs. Jane Masite	Chairperson	
Ms MP Ramutsheli	Member	
Mr A Tshikovhi	Member	
Mr LJ Muthivhi	Member	

	Meeting attended.
	Meeting not attended (Apology Submitted)
	Meeting not attended (Apology Not Submitted)

## 4. INTERNAL CONTROLS

4.1 Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level.

## 5. INTERNAL AUDIT

5.1 The committee is satisfied that the internal audit unit has executed its responsibility per the Internal Audit charter as approved by the Audit Committee. Further the committee approved the Risk Based Annual Audit plan for the 2021/2022 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the audit plan.

5.2 All Internal Audit activities were completed in-house in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

5.3 With Internal Audit follow-up reports, the committee has noted that management has implemented an appropriate tracking system in terms of which the various action plans by management to resolve the reported Internal Audit finding and recommendations and were tracked, managed, and reported to the Audit Committee duly.

5.4 The committee noted an improvement in the percentage implementation of AG and Internal audit findings as resolved by management.

5.5 The committee confirms that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and Approved Internal Audit Charter.

5.6 Further, the one-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.





























## 6. RISK MANAGEMENT

The Risk Management Committee and Audit committee have assisted the Accounting Officer to execute his risk responsibilities. The various reports received shows that the Audit Committee is satisfied that the risk management processes were adequately designed although not effectively and efficiently implemented in some instances.

Further, the committee acknowledges the progress made in risk management processes which improved the risk management maturity level of the municipality.

Top eight institutional risks:

No.	Strategic Risk	Risk Movement	Level of satisfaction (Internal Control)	Risk Status
-----	----------------	---------------	---	-------------

		<b>LEGEND</b>	<b>STATUS</b>	<b>EXPLANATION</b>
1	Inadequate Services Delivery Imperatives and Maintenance		 Satisfactory Efficient	 Risk managed above expectation
2	Financial Sustainability		 Acceptable  Satisfactory Moderate  Concerning	 Risk managed to the required stan  Risk managed adequately- more e  Risk managed below standard- int
3	Inadequate ICT governance & ICT Delivery risk		 Satisfactory	
4	Fraud, Theft and Corruption		 Satisfactory	
5	Inadequate skill set due to inability to attract & manage talent		 Satisfactory	
6	Health, Safety & Security risks and Environmental welfare		 Satisfactory	
7	Non-Compliance with Legislation		 Satisfactory	
8	Ineffective Spatial Planning		 Satisfactory	

## 7. MATTERS OF CONCERN

7.1 Audit Committee advised Accounting Officer that there is a need of revenue management enhancement especially on debt own by the State to effectively manage the cash flow challenges. The municipality needs to finalize the Revenue Enhancement Strategy where the emphasis will be areas that the municipality is not collecting as intended, Revenue Management structure and capacitate it accordingly to enable increased revenue collections.

## 8. PERFORMANCE MANAGEMENT

- 8.1 Management in the year under review implemented the Council approved performance management plan.
- 8.2 The Audit Committee noted that Management has developed a performance management policy and procedure manual which was approved by Council.
- 8.3 The Performance Audit Committee monitored management's evaluation of identified "External Service Providers." as required by section 46 of the Municipal Systems Act, 2000.
- 8.4 The Chief Audit Executive in terms of the MFMA/MSA regulations on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Accounting Officer and committed to put systems in place.

## **10. COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY OTHER APPLICABLE LEGISLATION**

- 9.1 The Audit Committee recommended improvement to the system implemented by management. The Manager Internal Audit recommended that, the system to monitor compliance with applicable laws and regulations be enhanced to ensure reliability. The Audit Committee also noted that compliance in some instances is not being addressed in a timely manner. However, the Risk Management, Anti-Fraud and Anti-Corruption Committee as an Independent committee from the APAC, assisted the committee in tracking the progress by management in this regard.
- 9.2 The Council approved a materiality framework which provide for zero tolerance for non-compliance with laws and regulations.

## **10. REVIEW AND EVALUATION OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS**

### **The committee has:**

- 10.1 Reviewed and discussed the Annual Financial Statements with management and Auditor-General (SA), to be included in the Annual Report;
- 10.2 Reviewed the Auditor-General's management report and management's responses thereto; Audit Report
- 10.3 Reviewed the changes in the Accounting Policies and Practices.

## **12. AUDITOR-GENERAL (SOUTH AFRICA)**

- 12.1 The committee concurs with audit opinion (Unqualified Audit Opinion with matters).
- 12.2 The Committee concurs with the issues raised by the Auditor-General (South Africa). The Audit Committee also concurs with the action plan in the annual report in terms of which management is addressing the reported issues. The Committee has signed an undertaking with the AG (SA) Office to closely monitor implementation of the corrective action program and on a regular basis report to Council on the progress made by management.



12.3 The Audit and Performance Audit Committee also noted that there are no unresolved differences of opinion between the Auditor-General (South Africa) and the Accounting Officer.

12.4 One-on-one discussions with the Auditor-General (South Africa) did not reveal any matters of concern.

### **13. INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

The Chairperson of the APAC has previously reported to the members of MPAC the processes followed by the Committee with regard to the oversight evaluation of the Annual Report. The members of MPAC were also advised on the control system implemented by the Chief Audit Executive for purposes of tracking progress on the resolution of audit findings reported by the Internal Audit and all other Assurance Providers for the effective meetings the Audit Committee had.

One-on-one discussions between the members of the APAC also did not reveal any matters of concern. Audit Executive and the Auditor-General (South Africa).

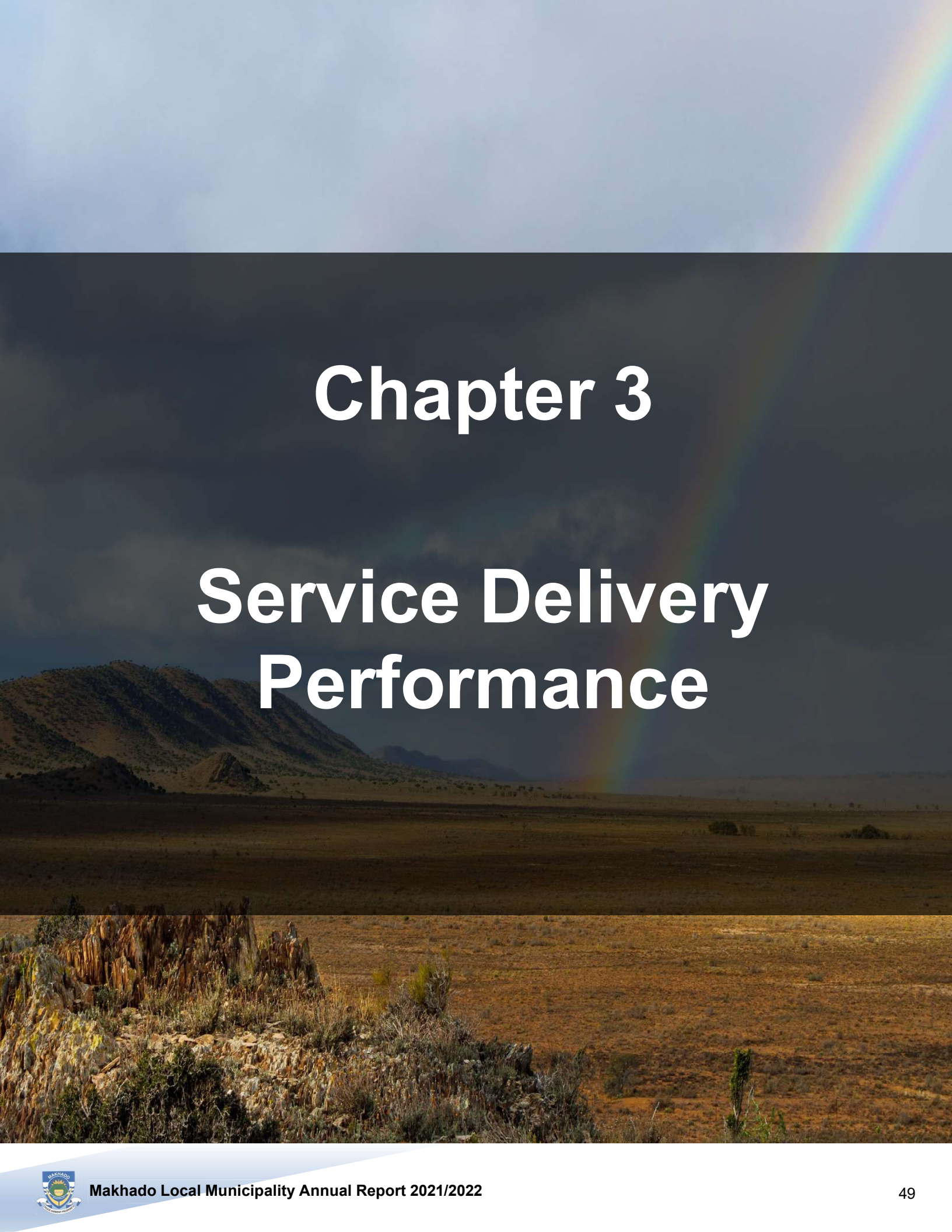
### **14. APPRECIATION**

The Audit and Performance Audit Committee (APAC) acknowledges the co-operation and assistance by the Makhado Local Municipality for coordinating the activities of the Committee. We also acknowledge the commitment of the Accounting Officer in strengthening corporate governance and achieving the unqualified audit opinion with findings.

The Audit and Performance Audit Committee (APAC) further acknowledges the commitment by the Honorable Mayor Councilor Munyai N.S in working towards clean administration and the contribution of the Speaker Councilor Mboyi M.D and committees of council.

Further express gratitude to the Chief Audit Executive, Auditor General and staff for the support and commitment in support to Audit and Performance Committee commendable work.

The Audit and Performance Audit Committee remains confident that all recommendations by the Internal Audit and Auditor General of South Africa shall continue to receive necessary attention in quest working towards clean administration.



# Chapter 3

## Service Delivery Performance

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

### 3. OVERVIEW OF SERVICE DELIVERY

Makhado Local Municipality is mandated to provide the following basic services:

- Electricity and,
- Refuse Removal, whilst water and sanitation are the responsibility of Vhembe District Municipality as a Water Service Authority (WSA).

According to Census 2011, Makhado Municipality service delivery backlog is summarized as follows:

**TABLE: 17 BACKLOGS**

SERVICE	NUMBER
Refuse Removal (household)	99086
Housing	16 207

The electricity backlog stood at 5796 households which included Eskom distribution area and it is predominantly comprised of new developments and extensions. By end June 2022 a total of 1383 households were provided with basic electricity in the municipality. Therefore, the municipality still had a backlog of 4413 households.

With regards to refuse removal, a total of 9140 households were given access to refuse removal during the year under review. This represents coverage of 15% of the total municipality households. The remaining 85% which is in rural areas are receiving attention through the annual allocation of skip bins.

#### 3.1. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED

##### 3.1.1. ROAD INFRASTRUCTURE OTHER INFRASTRUCTURE PROJECTS

During the year (2021/2022) under review, the Municipality implemented a total of twenty-three (23) infrastructure projects which includes upgrading of gravel to surfaced roads, bridge project, rehabilitation of streets, sports facility, fencing and building projects. Two (2) roads were upgraded, two building projects completed, four roads were rehabilitated, one road was resurfaced while One cemetery was fenced during the year.

##### 3.1.2. ELECTRICITY CONNECTIONS

Eskom provides electricity to township households in 3 Townships and 164 villages as well as some private farms, whilst the Makhado Local Municipality provides electricity to the town of Makhado, 37 villages and private farms.

Currently the provision of basic electricity at household level to reduce the service backlog in both Municipal and Eskom licensed areas is done on an annual basis with funding from the Department of Energy (DoE) through the Integrated National Electrification Programme (INEP). Areas identified are formulated into projects that are incorporated into municipal IDP. Households in the advantaged areas are connected as and when application is received from individuals or developers.

During 2021/22, a total of 1383 households were connected with electricity which represent an increase of 37% as compared to 1005 in the previous financial year.

<b>Financial Year</b>	<b>Makhado Local Municipality</b>	<b>ESKOM</b>	<b>Total</b>
<b>2021/2022</b>	<b>1217</b>	<b>166</b>	<b>1383</b>
<b>TOTAL</b>	<b>1217</b>	<b>166</b>	<b>1383</b>

Municipality electrified 1217 households, whilst Eskom electrified 166 households. 1383 households were electrified during the year under review.

The major challenge which the municipality is experiencing is the mushrooming of households in areas where electrification projects had already been implemented; this creates a need for post-connections. Apart from the above-mentioned challenge, there are more challenges which the municipality is facing day-by day which affects the electricity supply, which are as follows.

- Ageing infrastructure
- Backlog in preventative maintenance
- Limited funding and resources to maintain and improve the existing infrastructure
- High electricity losses due to theft and failures of old infrastructure
- Illegal connections
- Mushrooming of informal settlements and settlements on private land
- Criminal activities (such as vandalism and theft)

### **3.1.3. ROADS UPGRADING AND REHABILITATION**

The Makhado Local Municipality is also responsible for the provision and maintenance of road infrastructure. Upgrading and maintenance of roads and stormwater improves accessibility within the municipality. The roads infrastructure networks and storm-water systems must be reliable, so as to improve economic conditions of the municipality.

The intention is to ensure that the public have usable roads, this can be achieved through effective spending and high-quality maintenance of our roads. The major challenge for the municipality, as maintenance authority, is the ageing of infrastructure, insufficient funding, and skilled personnel to adequately maintain the road network. Funding is on a downward spiral as the increase of funding on a year-to-year basis is less than previous years due to inflation.

By end of June 2022, the following projects were done:

**TABLE 18: ROADS PROJECTS**

No.	Project Description	Status
1	Rehabilitation of Tshitotolwe, Denzhe and Ramaano Streets	2km completed
2	Rehabilitation of Kameel and Alwyn Streets	1.8km completed
3	Commissioner & Main Street Intersection Rehabilitation and Stormwater	400m rehabilitated
4	Tshedza to Vuvha Access Road Phase 3	6.5km completed
5	Valdezia Xitacini to Jiweni Access Road	2km completed
6	Rehabilitation of Kruger Street	790m completed
7	Mudimeli stormwater & surfacing	Resurfacing of 2km and construction of stormwater infrastructure
8	Rehabilitation of Vlei street	Construction at 30%
9	Commissioner & Main Street Intersection Rehabilitation and Stormwater	Construction at 75%
10	Construction of Admin Block at Testing Ground	Construction at 72%
11	Rehabilitation of Djunane street	Construction at 5%
12	Sane to Natalie Bridge	Construction at 96%
13	Rivoni to Xihobyeni Access road	Construction at 92%
14	Lutanandwa Access Road and bridge Phase 1	Construction at 2%
15	Rehabilitation of Joe Slovo street at Vlifontein	Construction at 66%

**TABLE 18.1: OTHER PROJECTS**

1	Fencing of Makhado Municipality Cemetery	Completed
2	Tshakhuma Fruit Market Phase 2	Completed
3	Rathidili Incubation Centre	Completed
4	Refurbishment of Waterval regional office	Site handed over to Contractor Construction at 0%
5	Development of Dzanani Park Phase 2 (Installation of outdoor gym, playing equipment and swimming pool)	Site handed over to Contractor Construction at 0%
6	Erf 210 Burger Street market revitalization project	Construction at 41
7	Landfill site Makhado + Recycling centre (regravelling)	Construction at 40%

### 3.1.4. CHALLENGES

The major challenge experienced during the year was abnormal rainfall which delayed the completion of some of our projects.

### 3.2.1 PROVISION OF ELECTRICITY SERVICES

In terms of Stats SA 2016, by the 1<sup>st</sup> of July 2017 Makhado Local Municipality had a total of 7504 household without access to basic electricity, comprised of new settlement and villages extensions. Most of this number is under the Eskom licensed areas. The Municipality has a free basic electricity (FBE) policy which is designed to service the poor households or indigents.

During the year under review a total of 2668 household were given free basic electricity.

Makhado Local Municipality is implementing an alternative source of energy programme. PV Solar is rolled out across the entire municipality to non-grid customers. Engagements are at advanced stage with department of energy for funding as the cost per unit is out of approved norm.

During the year under review a total of 1383 household were electrified within the municipality. Makhado Local Municipality electrified 1217 households whilst ESKOM electrified a total of 166 households.

By end of June 2022, municipality had a total of 117 951 households having access to basic electricity. Table below detailed the names of villages benefited including source of funding and budget spent.

**TABLE 20 ELECTRICITY CONNECTIONS**

No	Village	Connections	Source of Funding
1	Afton	9	Income
2	Gogobole	65	Income
3	Gombani	23	Income
4	Khomele	47	Income
5	Maangani	46	Income
6	Madodonga	19	Income
7	Mamburu	30	Income
8	Manavhela	24	Income
9	Mashau	55	Income
10	Matshavhawe	63	Income
11	Musekwa	29	Income
12	Ramantsha	34	Income
13	Riverside	19	Income
14	Straighthardt	40	Income
15	Tshendeulu	20	Income
16	Muananzhele P4	520	INEP
<b>TOTAL</b>		<b>1043</b>	

It should be noted that the municipality is doing well with regards to electrification and to date the municipality electrical bulk capacity amount to 48 MVA.

Electrical infrastructure support projects done during the 2021/2022 financial year included the procurement of Power Transformers, Ring Main Units, including upgrading of substations in town.

Preventative maintenance was also conducted on high and low voltage networks which mainly included the replacement of rotten poles and bush clearing. The aim was to address unplanned electricity interruptions caused by aging electricity infrastructure. The following were the areas of focus: **Sinthumule, Kutama, Mara Farming Area, Levubu Farming Area, Bandelierkop Farming Area** and **Ward 37**

We had ensured the continuous maintenance of streetlights and our streetlights are functional.

We have managed to install eight (08) apollo lights on the following villages:






-  Mavhunga
-  Rathidili
-  Maebane
-  Waterval
-  Mpheni
-  Tsianda
-  Tshino
-  Muraleni

Table below represents the last three (3) years stats of fault attended.

### 3.2.2. FAULTS REPORTED AND ATTENDED

**TABLE 21: ELECTRICITY FAULTS**

<b>Unplanned outages</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Reported and attended	12,119	14 480	12852

**TABLE 22: CALL CENTRE STATISTICS – ELECTRICITY**

<b>MONTH</b>	<b>Total Number of Electricity Cases Reported</b>	<b>Total Number of Electricity Cases Resolved</b>
JULY 2021	521	521
AUGUST 2021	735	735
SEPTEMBER 2021	621	621
OCTOBER 2021	1699	1699

NOVEMBER 2021	1797	1797
DECEMBER 2021	2075	2075
JANUARY 2022	1102	1102
FEBRUARY 2022	1169	1169
MARCH 2022	539	539
APRIL 2022	758	758
MAY 2022	648	648
JUNE 2022	1188	1188
TOTAL	12852	12852

**TABLE 23: ELECTRICITY LOSSES**

Due to the municipality's vast electrical network, the determination of the losses are challenges. The NERSA norm on electricity losses is 10%. Losses are due to overhead power lines, wind, heat, copper, iron and aluminum losses that are inherent in any electrical distribution system. None of the two can be done due to financial capacity and equipment constraints.

Table below is the last 3 years distribution (energy) loss

Year	2019/20	2020/21	2021/22
Losses	10%	10%	11%

### 3.2.3. PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)

The municipality has two (2) licenses/ permits for waste transfer station in two regions being Watervaal and Dzanani. Dzanani Refuse Transfer Station is in operation whilst Waterval is not due to land availability challenge. With regards to waste drop off facilities, the municipality has an existing six (6) drop off sites and 59 refuse skip bins were strategically located in 28 wards within the municipality.

As part of poverty alleviation, the municipality participated on Nakisani Vhupo Hashu program and a total number of 304 unemployed work opportunities were created as part of Extended Public Works Program (EPWP). A total number of 25 Waste Management ambassadors and coordinator for community relief and Environmental program was deployed to the municipality to fight against environmental pollution.

As per our service standards, all domestic households in R293 towns were serviced once per week, whilst businesses were serviced twice per week. During the year under review a total number of 9140 in urban households were serviced, 1200 businesses were serviced twice per week. However, Central Business District's (CBD) were serviced on daily basis. As part of keeping our environment clean, the municipality has rendered refuse collection and cleaning of public open spaces. By June 2022, a total area of 519 km<sup>2</sup> has been cleaned per day.

The Municipality has appointed a service provider for the design, commissioning and supervision of the Rehabilitation of Vondeling Landfill Site Phase 2. During the year under review 59 refuse skip bins were allocated to 28 wards as a way of extending refuse removal. The increase in the number of employees per annum represent the increase in the volume of work being done as reflected in the table below:



**TABLE 24: INCREASE OF CLEANING PROGRAMS**

<b>Item.</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Nakisani Vhupo Hashu program	260 Workers	298 Workers	304 Workers
Cleaning of public open spaces	519 m <sup>2</sup>	519 M <sup>2</sup>	519m <sup>2</sup>

The municipality had procured 40 refuse skip bins to be used as referral points for rural areas. The municipality has conducted 4 Environmental and clean-up campaigns in all 4 Makhado municipality regions. The municipality appointed 2 service providers for waste recovery at Makhado New Landfill site for a period of three years To comply with landfill site permit conditions the municipality conducted an external audit for both Vondeling and Makhado new Landfill site using an appointed service provider. During 2021/2022 financial year, the municipality conducted a Cost calculation for both Vondeling and Makhado New landfill site to determine the current site rehabilitation value.

**TABLE 24: SOLID WASTE SERVICE DELIVERY LEVELS:**

SOLID WASTE SERVICE DELIVERY LEVELS				
DESCRIPTION	HOUSEHOLDS			
	2019/2020	2020/2021	2021/2022	REMEDIAL ACTION
	ACTUAL	ACTUAL	ACTUAL	
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week	17455	9889 Urban areas and 43 skip bins in 31 villages	9140 Urban service point and distributed 59 skip bins in 28 wards	Increase collection through placing of refuse skip bins in rural areas as refuse referral points
<i>Minimum Service Level and Above sub-total</i>	<b>17455</b>	<b>9889 and 31 villages</b>	<b>9140 and 28 wards</b>	<b>None</b>
<i>Minimum Service Level and Above percentage</i>	15%	<b>9889 and 31 villages</b>	<b>9140 and 28 wards</b>	None
<b><u>Solid Waste Removal: (Below minimum level)</u></b>				
Removed less frequently than once a week	N/A	None	None	None
Using communal refuse dump	N/A	None	None	None
Using own refuse dump	N/A	None	None	None
Other rubbish disposal	N/A	None	None	None
No rubbish disposal	116371	116371	116371	None
<i>Below Minimum Service Level sub-total</i>	99086	98916	98916	None
<i>Below Minimum Service Level percentage</i>	85%	85%	85%	None
<b>Total number of households</b>	17285	<b>9889 and 31 villages</b>		None

Variations in the above years were noted due to new demarcation after 2016 Local Government elections, which saw a large part of the municipality falling under Collins Chabane Municipality.

### 3.2.4. COMMUNITY & SOCIAL SERVICES

The Municipality has a total number of seven (07) community halls that were servicing communities, during the financial year under review. These halls are strategically located per region. These facilities are also used by communities when they held their community meetings. They are: Vleifontein, Waterval, Tshikota, Dzanani, Muduluni, Ha-Mutsha, Musekwa.

### 3.2.5. MUNICIPAL PUBLIC LIBRARIES

The Municipality owns one (01) public library and play a coordinating role on libraries that belongs to Provincial Government under the Department of Sport, Arts and Culture. The Municipality has coordinated 9 additional satellite libraries located within its jurisdiction. During the year under review municipality also participated at various events of which amongst others, this includes readathon, library week, world book day and back to school campaigns.

**TABLE 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS**

ACTIVITY	2019/20	2020/2021	2021/2022
Books issued	2260	308	811
Satellite Libraries	9	10	9
New Members	175	50	65

The Municipality is having one (01) main Library and nine (09) satellite libraries which is Emmanuel High School, Maluta High School, Kutama High School, LTT Prison, KIDS Academy, Litshovhu, Musekwa, Dzanani, Mukondeni, Tshifhire Primary School. A total number of 811 books were issued to library users and the number of new members increased by 175, during the year under review. Management of Ons Tuiste (Old Age Home) decided that there is no longer a need for the library and as such the satellite library had to be discontinued.

### 3.2.6. MUNICIPAL PARKS AND CEMETERIES

During the year under review, the Municipality managed to operate and maintain a total of twenty-nine (29) parks, four (4) sports facilities, six (6) cemeteries and municipal ablution facilities within its jurisdiction. Service provider for Phase 2 has been appointed for the development of Dzanani Park under Dzanani Region

### 3.2.7. MUNICIPAL CREMATORIA AND HERITAGE

The municipality has one crematorium which is mostly used by the Muslim community. The municipality provide basic maintenance.

### 3.2.8. DISASTER MANAGEMENT SERVICES

With regard to Disaster Management Services, the municipality had experienced a total number of forty-two (42) fire and hundred and twenty-three (123) storm/flood incidences, and such a total number of one hundred and sixty-five (165) disaster relieve programs were conducted during the year under review.

**TABLE 26: DISASTER INCIDENTS**

Incidences	2019/2020	2020/2021	2021/2022
Fire Incidence	33	56	42
Storm/floods Incidence	4	109	123
Death Incidences	0	0	03
Burned Incident	0	0	0
Disaster relieve programs	37	138	165

Variations in the above years were caused due to the effects of climate changes experienced in each year in comparison to the year under review.

### 3.2.9. PROTECTION SERVICES

The Municipality renders Security Services at all the municipal properties within municipal areas. This includes provision of security for revenue collected at various municipal pay points. The Division is composed of Traffic Law Enforcement, Registering Authorities, Vehicle Testing Stations, and Driving License Testing Centers. During the year under review the following activities were performed:

### 3.2.10. TRANSPORT: VEHICLE LICENSING & TRAFFIC SERVICES

Municipality is an agent of Department Transport for the issuing of vehicle licenses which also includes testing of vehicles as part of vehicle licensing procedure. For this task the Municipality retains 20% of revenue generated from these services which does not cover its operational costs to perform the function. The municipality continue to render traffic services in an effort to ensure the maintenance of highest safety standards.

**TABLE 28: TRAFFIC & LICENSING ACTIVITIES:**

Activities	2019/2020		2020/2021		2021/2022	
	No.	Value	No.	Value	No.	Value
Written notices issued	7304	R4 441 790	8368	R4 983 550	6723	R3 666 350
	<b>Actual</b>		<b>Actual</b>		<b>Actual</b>	
Department of Transport 80%	R 14 448 799.80		R18 590 833.58		R18 476 513.23	
	<b>Actual</b>		<b>Actual</b>		<b>Actual</b>	
Municipality 20%	R 3 592 169.95		R 4 647 708.41		R4 619 128.31	

Out of the total of 6735 written notices a total of R 3 765 734 was collected.

### HOUSING

The provision of housing is the function of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and the municipality plays an active role in the coordination of the housing development projects by making land available for such development, providing lists of beneficiaries, identifying challenges, and resolving them with support from local stakeholders like Ward Committees and traditional leaders. A total number of 300 houses could not be built in the 2021/2022 financial year due to Covid-19

**TABLE 30 HOUSING PROJECTS**

Financial Year	2019/2020		2020/2021		2021/2022	
	Target	Actual	Target	Actual	Target	Actual
Service Targets						

Service Objectives	300	274	300	0	300	80
--------------------	-----	-----	-----	---	-----	----

### 3.2. DELIVERY OF FREE BASIC SERVICES

The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.

Council adopted a Policy on Subsidy Scheme for Indigent Households, 2021/22 as per Council Resolution A.57.31.05.21.

The purpose of this policy is to ensure that the subsidy scheme for indigent households' forms part of the financial management system of Makhado Municipality and to ensure that the same procedure be followed for each individual case.

Services Subsidised:

Electricity

A subsidy of fifty (50) units of electricity per property per month to all individual households will apply. Where the consumption exceeds fifty (50) units per month the consumer will be charged for actual consumption exceeding fifty (50) units at the approved tariff.

Refuse Removal

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

**TABLE 31: SUPPORT: LOW INCOME HOUSEHOLDS**

FINANCIAL YEAR		2019/2020		2020/2021		2021/2022	
SERVICE TARGETS				TARGET	ACTUAL	TARGET	ACTUAL
<i>Provision of Free Basic Services</i>	Electricity	7522	7560	7253	4680	2668	2668
	Refuse Removal	9889	9889	9889	9889	2668	2668

### 3.3. OTHER MUNICIPAL SERVICES

Free basic water and sewerage is offered by Vhembe District Municipality

#### 3.3.1. ROADS AND STORM WATER DRAINAGE

#### 3.3.2. ROADS AND STORM WATER DRAINAGE

The streets in Makhado town and the proclaimed townships are generally tarred and provided with storm water drainage systems.

The total road and storm water management system backlog is estimated at approximately four thousand two hundred and eighty-two (4,282.9) km. The largest backlog is in Dzanani, Waterval and

Levubu regions in which most of the villages are located in mountainous, rocky, and clayish positions which aggravate the condition.

These regions require more tarring to improve the condition. The Municipality has an annual program for the upgrading of roads from gravel to surfaced over a long term. In 2021/2022 financial year the following roads were upgraded which contributed on the slight reduction of the backlog: Tshedza to Vuvha Access Road Phase 5 and Valdezia Xitacini to Jiweni Access Road Phase 3.

**TABLE 32: GRAVEL ROAD INFRASTRUCTURE**

GRAVEL ROAD INFRASTRUCTURE				
KILOMETERS				
	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Asphalt	Gravel Roads Maintained
2020/21	4276.4km	0	5.6km	4276.4km
2021/22	4270 km	0	8.5km	3867 km

A total number of 8.5 kilometers of gravel roads has been upgraded to asphalt during the year under review, as compared to only 5.6 kilometers during the 2021/22 financial year.

### 3.4.2 ROAD MAINTENANCE PROGRAMME

Besides maintenance of surfaced roads, gravel roads are also maintained on a regular basis through our municipality road maintenance Programme.

A total number of 3867 kilometers of gravel roads has been maintained during the year under review. 34 wards benefited from the grading and gravelling programme with 68 loads of gravel supplied and levelled per ward; 50km of gravel roads bladed.

Operation Duba-Buse, is still our flagship project with a focus on the regraveling/grading of streets in all our wards. To date we continue with grading of streets as per the set schedules. We have seen a major improvement in the accessibility of access roads.

### 3.4.3 MUNICIPAL DISASTER GRANT EXPENDITURE

2021/2022 Disaster Tropical Cyclone Eloise Progress Report by 30 June 2022

Ward/Villages	Budget	Physical Progress %	Actual Expenditure	Financial Progress %
Tshikota	R 3 995 912,00	100%	R 3 726 466,56	95%
Eltivillas	R 1 130 220,00	100%	R 1 073 709,00	95%
Musekwa Straighthardt	R 3 003 426,25	100%	R 2 838 467,36	95%

Makushu	R 2 231 770,50	100%	R 2 119 804,85	95%
Mashau	R 2 279 185,00	100%	R 2 051 266,50	90%
Tshavhalovhedzi	R 3 003 282,50	100%	R 2 853 118,38	95%
Tshiozwi	R 3 726 109,25	100%	R 3 298 730,08	95%
<b>Ravele</b>	<b>R 1 342 165,00</b>	<b>100%</b>	<b>R 1 277 095,13</b>	<b>95%</b>
Mukondeni	R 1 696 670,90	100%	R 1 611 837,36	95%
Waterval	R 3 506 350,00	100%	R 3 268 555,72	93%

### MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE

Makhado Local Municipality receives MIG funding for development of its infrastructure. In 2021/2022 financial year a total of R 94 768 000 million was allocated in this regard. Municipality has further received an amount of R 16 000 000.00 which then gives a total amount of R 110 768 000 for the year. Municipality was able to spend 100% on MIG funding.

**TABLE 33: CAPITAL EXPENDITURE 2021/2022: ROAD SERVICES**

PROJECT NAME	MIG FUNDING	ACTUAL EXPENDITURE
Tshedza to Vuvha Access road Phase 3	R 31 345 548.08	R 31 345 548.08
Valdezia Xitacini to Jiweni access road phase 3	R 6 672 948.92	R 6 672 948.92
Fencing of Makhado Municipality Cemetery ( Madombidzha )	R 1 674 262.49	R 1 674 262.49
Sane to Natalie Bridge	R 9 257 947.83	R 9 257 947.83
Lutanandwa Access Road and bridge Phase 1	R 23 215 581.39	R 23 215 581.39
Rivoni to Xihlobyeni Access road	R 32 259 888,27	R 32 259 888,27
Landfill site makhado + recycling centre (regravelling)	R 3 880 845,01	R 3 880 845,01
PMU Management Fees	R 2 478 486,00	R 2 478 486,00
<b>TOTAL</b>	<b>R 110 785 507.99</b>	<b>R 110 785 507.99</b>



### 3.1. DEVELOPMENT PLANNING

Development Planning plays a critical role in ensuring that the municipal vision to be realized. The strategic objectives of this unit cannot be isolated from the municipal vision and mission. In order to achieve the Vision there must be planned projects each and every financial year. The spatial plans must be implemented while taking into cognisance provincial and national plans.

The Department is consisting of Local Economic Development Division, Town Planning, Building, Survey, Properties, Valuation, Environment, Local Economic Development (LED) and Housing sections. The Department plays a pivotal role in terms of developing plans, policies and strategies aimed at attracting developments, investors, and job creation, and it is also the main driver to the success of the Municipality vision.

#### 3.1.1. AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY

##### 3.1.1.1 AUTHORIZED OFFICIAL

In compliance with the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) and the Municipality Spatial Planning, Land Development and Land Use Management By- Law, 2016, and during the current financial year the authorized official has considered 183 during 2021/2022 as compared to 154 applications during 2020/2021 financial year.

##### 3.1.1.2 MUNICIPAL PLANNING TRIBUNAL

During the 2021/2022 financial year the Municipal Planning Tribunal considered 13 land development and land use applications compared to 08 land development and land use applications considered during the 2020/2021 financial year.

No	ITEM	Land use Rights Approved
1	Rezoning of Portion 10 of Erf 4296 Louis Trichardt	Restaurant (Macdonald)
2	Rezoning of Portion 9 of Erf 4296 Louis Trichardt	Filling Station
3	Rezoning of Portion of the farm Bekaf 650 MS	"Special" Accommodation for hunters, tourists, staff, recreational facilities, spa, curio shop and supporting facilities, infrastructure as well as ancillary uses (Ekland Safaries)
4	Rezoning of Portion of the farm Pienaar 624 MS,	"Special" Accommodation for hunters, tourists, staff, recreational facilities, spa, curio shop and supporting facilities, infrastructure as well as ancillary uses (Ekland Safaries)
5	Rezoning of Portion of the farm Koschade 657 MS	"Special" Lodge, accommodation for hunters, tourists, staff, recreational facilities, spa, curio shop, helipad, supporting facilities, infrastructure as well as ancillary uses(Ekland Safaries)

6	Rezoning of Portion of the farm Qualipan 655 MS	"Special" Accommodation for hunters, tourists, staff, recreational facilities, spa, curio shop and supporting facilities, infrastructure as well as ancillary uses(Ekland Safaries)
7	Rezoning of Portion of the farm Mutamba 668 MS	"Special" spa, sauna, pools, staff facilities, kitchen and dining facilities and ancillary uses(Ekland Safaries)
8	Rezoning of Portion of the farm Wilhelm 801 MS	"Special" Administration offices, sheds, workshops, cold storage facilities, staff reception facilities, staff accommodation, tarred private airstrip and as ancillary uses(Ekland Safaries)
9	Rezoning of Portion 12 of the farm Reitvly 278 LS	"Special" (craft beer brewery, restaurant-cum-tea garden (place of refreshment), gift shop-cum-delicatessen, nursery & overnight accommodation (20 rooms)
10	Special Consent and Removal of Restrictive conditions on Portion 34 of the farm Clouds End 279 LS	Guest House
11	Extension of Township Boundary by incorporation of Portion 16 of the farm Bergvleit 288 LS into Louis Trichardt Township, to incorporate Portion 16 of the Farm Bergvliet 288-LS on the General Plan SG 515/1899 and further partially cancel the General Plan SG 11635/1898 by the removal of Portion 16 of the Farm Bergvliet 288-LS	Extension of Township Boundary
12	Subdivision and Rezoning a Portion (Portion of Portion 4) of the Farm Driefontein 33 LT	"Special" Filling station and Convenience Shop
13	Rezoning and Subdivision of Portion of the Farm Senthimula's Location 291 LT	Shopping Complex

### 3.1.1.3 APPEAL AUTHORITY

There were no applications considered by the Appeal Authority during 2021/2022 financial year

### 3.1.2. LAND ALIENATION AND REVENUE COLLECTION

The alienation of properties plays a significant role in terms of bringing development to the Municipality. During the year under review we manage to sell 411 sites and Louis Trichardt South of Pretorius and Tshikota. As part of the revenue collection, the Development and Planning Department is also responsible for the management of the Municipal valuation roll. The valuation roll was successfully implemented on the 1<sup>st</sup> July 2018 and Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) was adhered to during the process. The Department will continue with the monitoring of supplementary valuation roll

### 3.1.3. DEMARCATION OF RESIDENTIAL SITES

In order to achieve advance spatial planning and promote community well-being and environmental welfare, the municipality is also demarcating residential sites in communal land and Municipal owned land. This is also aimed at proper implementation of SPLUMA, Spatial Development Framework, Land Use Scheme and By-Law.

#### 3.1.3.1 DEMARCATION OF RESIDENTIAL SITES

During the 2020/2021 financial year that the municipality has demarcated 900 sites at different villages. During the year under review the municipality demarcated sites in the following areas: Valdezia (300), Dovheni (300) and Tsianda (300) , Doli – Doli (500) and Tshikuwi 500. A total number of 1 900 sites were demarcated.

With regards to building and zoning plans, table below detailed the 2021/2022 achievements per category of applications:

**TABLE 34. BUILDING AND ZONING PLANS (2021/2022)**

Category	Number of new applications received
Building Control	361
Rezoning	38
Consolidation	02
Erven alienated	0
Subdivision	04
Consent	139
TOTAL	544

During the year under review a total of 544 applications were and attended to. This included 361 building control, 38 rezoning, 02 consolidation, no erven alienated, 04 subdivision and 139 consent applications.

### 3.1.4. LOCAL ECONOMIC DEVELOPMENT

The Municipality is also responsible for Local Economic Development and in partnership with the National Department of Small Business Development Municipality had during 2021/2022 financial year continued to support Tshakhuma Community Fruit Market. Feasibility studies for Erf 210 Burgher stalls, Rathidili Incubation Centre and N1 Tourism center has been completed.

The Municipality will continue to support and build on other short to medium public and private programmes like the Expanded Public Works Programme, establishment of cooperatives and SMME's in the tourism and agriculture sectors. It should be noted that there are a number of cooperatives that need funding as financial constraints remain a challenge.

**TABLE 36: EPWP JOBS CREATED**

YEAR	JOBS CREATED THROUGH EPWP PROJECTS
2021/2022	1200
TOTAL	1200

A landscape photograph of a mountain range under a dark, stormy sky with a vibrant rainbow arching across the scene. The mountains are in the foreground, and the rainbow is the central focus, extending from the bottom right towards the top right. The sky is filled with dark, heavy clouds, and the overall mood is dramatic and hopeful.

# Chapter 4

## Organisational Development Performance

## CHAPTER 4

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

As of 30 June 2022, Makhado Municipality had a total workforce of five hundred and fifty one (551) employees, distributed to departments. The Table below depicts the number of employees and vacancies.

**TABLE 37 EMPLOYEE NUMBERS AND VACANCIES**

Description	Employees Numbers and Vacancies				
	2019/2020	2020/21	2021/22		
	Employees numbers	Employees numbers	Approved Posts No.	Employees No.	Vacancies No.
Municipal Manager's	11	10	16	10	6
Corporate Services	59	58	101	60	41
Community Services	144	139	177	140	37
Technical Services	132	125	234	132	102
Development Planning	28	29	52	29	23
Budget & Treasury	55	51	110	53	57
Dzanani Regional Office	60	58	86	59	27
Waterval Regional Office	62	58	77	57	20
Luvuvu Regional Office	0	0	66	11	55
<b>TOTAL</b>	<b>551</b>	<b>528</b>	<b>919</b>	<b>551</b>	<b>368</b>

The rate at which posts are filled is 59.96% whereas the vacancy rate is at 40.04%. There is a need to fill vacancies if the municipality has to maximise its organizational performance and as such the municipality will develop comprehensive recruitment plan during the 2022/23 financial year .

AGE PROFILE	MALE	FEMALE	Total
61-65 Years	26	24	50
51-60 Years	128	79	207
41-50 Years	106	69	175
31-40 Years	61	43	104
21-30 Years	8	7	15
<b>TOTAL</b>	<b>329</b>	<b>222</b>	<b>551</b>

Out of 551 employees, 50 are between the ages of 61-65, 207 are between the ages of 51-60, 175 are between the ages of 41-50, 104 are between the ages of 31-40, and 15 are between the ages of

21-30. This represented a high number of the municipality ageing workforce which will require the municipality to develop a comprehensive succession plan.

Table below depict the staff turnover rate, during the year under review: **TABLE 38. TURNOVER**

**RATE**

Details	Total appointments as at the end of Financial Year No.	Terminations during the financial year No.	Turn-Over Rate %
2019/2020	551	29	5.26
2020/2021	528	27	5.11
2021/2022	551	28	5.08

The Municipality had a staff turnover of 5.08%, which is 0.3% lower than the previous financial year.

**COMPONENT B: MANAGING MUNICIPAL WORKFORCE**

The following policies amongst others guide the managing of the municipal workforce.

**TABLE 39. HUMAN RESOURCES POLICIES**

	Name of Policies	Completed %	Reviewed
1	HIV Policy, 2021	100%	30/06/2021
2	Succession Planning Policy, 2021	100%	30/06/2021
3	Housing Allowances Policy, 2021	100%	30/06/2021
4	Acting Allowance, 2021	100%	30/06/2021
5	Appointment Procedures Policy, 2021	100%	30/06/2021
6	Pension Fund and Medical Aid Policy, 2021	100%	30/06/2021
7	Employee Assistance Program Policy, 2021	100%	30/06/2021
8	Career Path, 2021	100%	30/06/2021
9	Dress Code, 2021	100%	30/06/2021
10	In-Service Training Policy, 2021	100%	30/06/2021
11	Language Policy, 2021	100%	30/06/2021
12	Placement Policy, 2021	100%	30/06/2021
13	Retention Strategy Policy, 2021	100%	30/06/2021
14	Training and Development Policy, 2021	100%	30/06/2021
15	Employment Practices Policy, 2021	100%	30/06/2021
16	Human Resources Strategy, 2021	100%	30/06/2021
17	Employee Funeral Assistance Policy, 2021	100%	30/06/2021
18	Tobacco Control Policy, 2021	100%	30/06/2021
19	Occupational Health and Safety Policy, 2021	100%	30/06/2021
20	Leave Policy, 2021	100%	30/06/2021
21	Standby Policy, 2021	100%	30/06/2021
23	Transfer of Staff Policy, 2021	100%	30/06/2021
24	Overtime Policy, 2021	100%	30/06/2021
25	Sports Team Policy, 2021	100%	30/06/2021
26	Danger Allowance Policy, 2021	100%	30/06/2021
27	Councillors' Funeral Assistance Policy, 2021	100%	30/06/2021
28	Employment Equity Plan 2019-2023	100%	30/06/2021
29	Official Time Policy, 2021	100%	30/06/2021

30	Skills Development Policy, 2021	100%	30/06/2021
31	Travel Allowance Policy, 2021	100%	30/06/2021

Council Policies are normally reviewed annually.

#### 4.HEALTH AND SAFETY MATTERS

##### 4.1.OCCUPATIONAL INJURY

During the year under review the Municipality recorded a total of **06** injuries.

**Table 40 : All The Injuries Recorded On A Year Under Review:**

S/NO	DATE OF ACCIDENT	GENDER	PARTICULARS OF ACCIDENT	LEAVE PERIOD	NO OF DAYS
01	30/10/2021	Female	Motor Vehicle Accident	30/10/2021-03/07/2022	251
02	07/06/2022	Male	Tripped by the pavement and fall	07/06/2022-08/06/2022	1
03	14/03/2022	Female	Hit by the stone on the left Eye	14/03/2022-30/03/2022	16
04	20/07/2021	Male	Electrocuted	20/07/2021-29/08/2021	41
05	06/06/2022	Female	Left hand wrist crushed by fork lift	06/06/2022-15/06/2022	10
06	31/01/2022	Male	Tip of the left thumb crushed by skip bin	31/01/2022-05/02/2022	05

NUMBER AND COST OF INJURIES ON DUTY				
Type of Injury	Injury Leave Taken Days	Employees Using Injury Leave No	Average Injury Leave Taken Per Employee %	Total Estimated Cost R,000
Required Basic Medical Attention Only	<b>16</b>	<b>03</b>	<b>%</b>	<b>R 3611,81</b>
Temporary Total Disablement	308	03	%	<b>R255869,35</b>
Permanent Disablement	None	None	None	None
Fatal	<b>None</b>	None	None	None
<b>TOTAL</b>	<b>324</b>	<b>06</b>	<b>1.85 %</b>	<b>R 259481,16</b>

The Municipality has introduced mechanisms to address basic causes of all incidents and identify relevant management for intensive and effective incident investigation interventions to reduce the high rate for an example, induction and training.

## Public Incidents

There were no reported public incidents for the period under review. This can be attributed to the fact that the Municipality has enforced compliance on construction safety. All Contractors appointed by the Municipality has been advised to display safety notices on the construction sites with the intent to prevent injuries and fatalities around construction sites by creating public awareness on health and safety issues. These notices contain vital precautionary information for communities in the areas where these projects take place.

### 4.1. ABSENCE DUE TO ILL HEALTH 4.2.1.SICK LEAVE

The employees are entitled to eighty days (80) sick leave in a three year leave cycle in terms of the SALGBC Main Collective Agreement. The table below depicts further information on sick leave.

**TABLE 41. SICK LEAVE STATISTIC**

How is sick leave controlled

Salary Band	No of sick leave days taken	No of Sick Leave without medical certificate	No of Employees granted sick leave	Average Scale	Total Employees in posts	Estimated Cost R
MM and Section 57 1=0 2=1	0	0	0	R 839 008.20	1	R 0
Management 3 = 20 4a = 12	0	0	0	R 721 582.16	32	R 0
Highly Skilled Supervision 4b = 11 5 =30 6 = 32	285	0	28	R 484 224.96	73	R 552 016.45
Highly Skilled Production 7 = 59 8 = 56	237	0	10	R 356 637,36	115	R 338 096.21
Skilled 9 = 42 10 =49 11 = 35 12 = 1	278	0	8	R 229 283.72	127	R 254 963.50
UnSkilled 13 = 22 14 = 20 15 = 161	455	0	18	R 152 779.49	203	R 278 058.67



<b>Total</b>	1255	<b>0</b>	<b>64</b>	<b>R2 783 515.89</b>	<b>551</b>	<b>R1 423 134.83</b>
--------------	------	----------	-----------	----------------------	------------	----------------------

**Estimated cost is calculated as follows**

Average scale / 250 (no of working days per annum) \* number of sick days leave taken.

**DISCIPLINARY ACTION**

In terms of the Employees Disciplinary Code, in a case of alleged misconduct, an employee may be suspended. No employees were suspended during the year under review .

**TABLE 42. GRIEVANCES**

<b>Position</b>	<b>Nature of alleged misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action Taken or Status of the Case</b>	<b>Date Finalised</b>
<b>NONE</b>	NONE	NONE	NONE	NONE

**TABLE 42.1 MISCONDUCT**

Assistant Manager	Abscondment	None	Abscondment from work place	28 May 2022 – Final written warning
Team Leader	Theft of municipality's petrol	None	Disciplinary hearing was held and Team Leader quited the job	26 May 2022
Service Worker	Theft of municipality's petrol	None	Disciplinary hearing was held and Service worker quited the job	29 May 2022

**COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

**4.2. SKILLS DEVELOPMENT AND TRAINING**

The municipality develops its workforce by ensuring that there is sustainable capacity building. This is done in the first place by conducting skills audit. The results of skills audit assist in the Workplace Skills Plan submitted to **LGSETA** as a guiding document in terms of in which training was done for the previous financial year. Councilors and Employees across all levels have gone through various capacity building programs.

#### 4.2.1. TRAINING

The table below provides details of the demographic breakdown of various training provided to Councilors and employees:

**TABLE 42 :TRAINING PROVIDED FOR 75 COUNCILORS:**

Demographic	Male	Field of Study	Female
African	47	<ul style="list-style-type: none"> <li>• Integrated Councilors Induction Programme (ICIP)</li> <li>• Municipal Staff Regulation</li> <li>• Local Labour Forum Training (LLF)</li> <li>• Public Municipal Account Committee Training (MPAC)</li> <li>• Municipal Structures Amendments Act</li> </ul>	25
White	2		
Coloured	1		
Indian	0		
<b>Total</b>	<b>50</b>		<b>25</b>

In 2021/22 financial year, training was provided for all twenty (75) Councillors which amount to 100% as compared to the previous financial year.

**TABLE 43 : TRAINING PROVIDED FOR 380 WARD COMMITTEE MEMBERS**

Demographic	Male	Field of Study	Female
African	180	<ul style="list-style-type: none"> <li>• Ward Committee Induction Training</li> </ul>	200
White			
Colored			
Indian			
<b>Total</b>	<b>180</b>		<b>200</b>

In 2021/22 financial year, 380 Ward Committee Members were allocated for skills training programme compared to 310 during 2019/20 financial year. This is a significant increase of 70 Ward Committee Members during the year under review.

**TABLE 44: TRAINING PROVIDED FOR OFFICIALS:**

Demographic	Male	Field of Study	Female
African	73	<ul style="list-style-type: none"> <li>• Estimation; Costing &amp; Pricing of construction tenders (07)</li> <li>• AARTO (05)</li> <li>• Project Management (05)</li> <li>• Records Management (23)</li> <li>• Examiner of Motor Vehicle (1)</li> <li>• Handle &amp; use of a handgun (10)</li> <li>• Chainsaw training (25)</li> <li>• Brush cutter training (10)</li> <li>• Professional Registration Webnar (05)</li> <li>• Municipal Staff Regulation (17)</li> <li>• Performance Management System (PMS) (1)</li> <li>• EPWP Data Recovery Workshop (1)</li> <li>• Local Labour Forum (LLF) (03)</li> <li>• Geographical Information System (GIS) (01)</li> <li>• Audit &amp; Risk Workshop (2)</li> </ul>	42
White	0		
Colored	0		
Indian	0		

A total number of **116** officials were trained during the year under review as compared to 83 in the previous financial year.

#### 4.2.2. COMMUNITY AND MUNICIPAL EMPLOYEE BURSARIES AND INTERNSHIP

Bursars who have qualified and received practical training are provided with an opportunity as young graduates to be able to participate in filling of vacant positions.

The table below provides details of the demographic breakdown of the 6 bursars currently sponsored for full time study:

**TABLE 45: BURSARIES FOR FULL TIME STUDY PER POPULATION GROUP AND GENDER**

Demographic	Male	Field of Study	Female
African	3	<ul style="list-style-type: none"> <li>• Electrical Engineering</li> <li>• BCom Accounting</li> </ul>	3
White	0		0
Colored	0		0
Indian	0		0
<b>Total</b>	<b>3</b>		<b>3</b>

**TABLE 46: INTERNS BY POPULATION GROUP AND GENDER**

Demographic	Male	Area of Studies	Female
African	20	<ul style="list-style-type: none"> <li>• Huma Resource Management</li> <li>• Mechanical Engineering</li> <li>• Civil Engineering</li> <li>• Electrical Engineering</li> <li>• Business Administration</li> <li>• Urban &amp; Regional Town Planning</li> <li>• Public Administration</li> </ul>	30
White			
Colored			
Indian			
<b>Total</b>	<b>20</b>		<b>30</b>

The number of internships at any given time is fairly stable, however, the numbers do fluctuate over quarters as the interns are on contract and these contracts expire on different dates.

Over and above assisting community members with, the Municipality has awarded bursaries to its officials to study degree on Bachelor of Business Administration and Bachelors of Accounting science as follows:

**TABLE 47. EMPLOYEES BURSARIES PER POPULATION GROUP AND GENDER**

Demographic	Male	Field of Study	Female
African	8	<ul style="list-style-type: none"> <li>Bachelor of Business Administration</li> </ul>	12
White	0		0
Colored	0	<ul style="list-style-type: none"> <li>Bachelor of Accounting Science</li> </ul>	0
Indian	0		0
<b>Total</b>	<b>8</b>		<b>12</b>

**TABLE 48. CAPACITY BUILDING – WORK FORCE**

Skills Matrix						
Levels	Gender	Employees in post as at June 2022	Number of Skilled employees as of 30 June 2022			
		No	Skill program and other short courses		Other forms of Training	
			Target	Actual	Target	Actual
Councillors	Males	50	50	50	50	0
	Females	25	25	25	25	0
MM and Directors	Males	1	1	1	2	0
	Females	0	0	0	0	0
Managers & Assistant Managers	Males	23	7	7	7	0
	Females	9	2	1	2	0
Professionals	Males	98	15	20	15	0
	Females	26	15	11	15	0
Administrators	Males	94	10	9	10	0
	Females	77	10	21	10	0
Elementary	Males	118	30	27	30	0
	Females	105	30	8	30	0
<b>TOTAL</b>		<b>626</b>	<b>120</b>	<b>115</b>	<b>120</b>	<b>00</b>

The target for Councillors was 75 and for officials was 80 for the year under review. There was an achievement of the set target at 100 % for Councillors and there was an overachievement for officials which saw the overall training of 116 against the target of 80.

**COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE:**

During the year under review, the salary bill of the Municipality was **R282 574 860**. This represented decrease of 1.42 as compared to the **R286 651 820** in the previous financial year

The workforce expenditure of the Municipality was at 28% of the total Municipality budget which is less than the norm of 36% set out by the National Treasury.

A landscape photograph of a savanna with a rainbow in a cloudy sky. The sky is dark and overcast, with a vibrant rainbow arching across the upper right portion. The ground is a mix of brown and green grasses, with some rocky outcrops in the foreground. The overall mood is dramatic and natural.

# Chapter 5

# Financial Performance

## CHAPTER 5: FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of the municipality. They underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and underutilization of resources. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. The municipality had during the year under review, implemented financial management practices that seeks to effectively and efficiently manage municipality resources.

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 municipal overall operating results achieved for the past financial year closed off with a profit of R22.5 million compared to a budgeted surplus of R 155 million as well as the 2020/21 profit of R182.8 million. Operating revenue for the year was R1.14 billion (2021: R1.2 billion), which reflects a decrease of 2% from previous financial period. The operating expenditure for the year is R1.1 billion (2021: R 984 million), which indicates a 14% increase from previous financial period.

The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R251 million (2020: R241 million). This includes R125 million from government grants, and R126 million from own cash resources.

Cash and cash equivalents decreased by 2% to R201 million (2021: R206 million).

### 5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE

Operating revenue excluding capital grants and subsidies for the year was R1 billion (2021: R1.1 billion), which shows a decrease of 4% from the previous financial period. Included in the above figure are operating government grants to the amount of R434 million (2021: R477 million), which constitute 38% of total revenue as shown in the table below:

NAME OF GRANT	R
Equitable Share	401 747 000
Financial Management Grant	1 850 000
Expanded Public Works	2 280 000
LGSETA	1 076 722
Disaster Management Grant	26 000 000
<b>TOTAL</b>	<b>432 953 722</b>

Service charges jointly comprise 35% of total revenue and increased by R23 million from (2021: R 380 million) to R402 million in the current financial year. Electricity remains the largest source of income and contributes 66% to municipal revenue excluding capital & operational grants. Furthermore, electricity revenue increased by 6% from R367 million in the previous financial year to R489 million in the current year.

Property rates constitute 16% of municipal revenue and increased by 10% from R88 million in the previous financial year to R96 million in the 2021/22 financial year.



Interest received from financial institutions has increased by 35% from R5.1 million in the previous financial year to R6.9 million in the current year.

The operating expenditure for the year was R1.1 billion (2021: R984 million), which indicates an increase of 14% from the previous financial year. This was mainly due to increases in the following expenses:

- Depreciation & asset impairment increased by 8% from R128 million in the previous year to R137 million.
- Finance costs increased by 18% from R12 million in the previous year to R14 million in the current year.
- Debt impairment more than doubled and increased by more than 100% from R28 million in the previous year to R79 million in the current year.
- Bulk purchases increased by 11% from R276 million in the previous financial year to R306 million in the current year.
- Contracted services increased by 27% from R159 million in the previous financial year to R202 million in the current financial year.

The major expenditure items during the financial year ended 30 June 2022 were as stated above.

## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The following represent the financial summary of the municipality as audited:

### 5.2.FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED

Table 52: Financial Summary

#### LIM344: Makhado Local Municipality

Description	2020/21	Current Year 2021/22				
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjustment Budget %
<b>R thousands</b>						
<b>Financial Performance</b>						
Property rates	87 658	95 852	96 190	96 261	100%	100%
Service charges	379 539	471 098	471 098	402 489	85%	85%
Interest from financial institutions	5 137	6 423	6 423	6 914	108%	108%
Transfers recognised - operational	476 825	468 646	468 646	432 954	92%	92%
Other own revenue	108 952	168 673	168 673	80 692	48%	48%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 058 112</b>	<b>1 210 692</b>	<b>1 211 030</b>	<b>1 019 309</b>	<b>84%</b>	<b>84%</b>
Employee costs	286 652	298 896	287 896	282 575	95%	98%
Remuneration of councillors	26 158	28 311	28 311	28 071	99%	99%
Depreciation & asset impairment	127 637	130 000	141 000	137 431	106%	97%
Finance charges	12 226	9 263	14 763	14 465	156%	98%
Debt impairment	28 113	57 934	81 434	79 465	137%	98%
Materials and bulk purchases	275 610	292 350	306 850	306 304	105%	100%
Contracted services	159 330	204 104	204 104	201 727	99%	99%
Other expenditure	68 246	118 882	79 977	71 882	60%	90%
<b>Total Expenditure</b>	<b>983 972</b>	<b>1 139 740</b>	<b>1 144 335</b>	<b>1 121 918</b>	<b>98%</b>	<b>98%</b>
<b>Surplus/(Deficit)</b>	<b>74 140</b>	<b>70 952</b>	<b>66 695</b>	<b>(102 609)</b>	<b>-145%</b>	<b>-154%</b>
Transfers recognised - capital	108 703	69 295	88 295	125 064	180%	142%
<b>Surplus after capital transfers &amp; contributions</b>	<b>182 843</b>	<b>140 247</b>	<b>154 990</b>	<b>22 455</b>	<b>16%</b>	<b>14%</b>
<b>Surplus for the year</b>	<b>182 843</b>	<b>140 247</b>	<b>154 990</b>	<b>22 455</b>	<b>16%</b>	<b>14%</b>

#### 5.2.2. GOVERNMENT CAPITAL GRANTS

The municipality received and spent capital grants during the financial year, which normally have conditions attached. The following table shows the various capital grants receipts and spending for the year ended 30 June 2022.

**Table 53: Capital Grants Received And Spent**

GRAND TYPE	OPENING BAL	RECEIPTS	EXPENDITURE	CLOSING BAL:30/06/2022
MIG	-	110 768 000.00	-110 768 000.00	-
INEP	-	14 296 000.00	- 14 296 000.00	-
<b>GRAND TOTAL</b>	-	<b>125 064 000.00</b>	- <b>125 064 000.00</b>	-

### 5.2.3. MUNICIPALITY APPROVED POLICIES

Over and above the direct requirements of different sections of the Local Government: Municipal Finance Management Act, 2003 and its Regulations, Council also adopted the budget related policies in respect of the 2021/22 financial year. The following are the policies:

**Table 54: Budget Related Policies**

COUNCIL APPROVED POLICIES	
Budget policy	Budget Virement
Uniform Credit Control & Debt Collection policy	Uniform Credit Control & Debt Collection by-law
Borrowing Policy	Expenditure Management Policy
Framework for Cash-flow Management Policy	Funding and Reserves Policy
Tariff and Free Basic Services Policy	Policy on Subsidy Scheme for Indigents
Investment of Funds Policy	Revenue Management Policy
Petty Cash Policy	Travel and Subsistence Policy
Principles of Writing-off of Irrecoverable Debt	Asset Management Policy
Property Rates Policy	Property Rates by-law
Supply Chain Management Policy	

### 5.2.4. THE ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

The municipality considers effective revenue management to be important for a financially sound institution. The municipality monitors its debt book on monthly basis through the MFMA section 71 reports and regular debtors' reconciliations. The indigent policy is in compliance with the government policy that makes provision for free basic services. This policy is further extended to the indigent and poor people of the municipality who are unemployed, depending on government grant and some are child headed. The number of indigent households that benefited during the year was 473 and 2 195 respectively and the total cost incurred was R240 528. The breakdown of the municipality indigents are as follows, old age 1 700, below threshold 67, child headed family 4, unemployed 377 and disability 47.

In the year under review, the municipality has seen an increase in the debt book, especially with residential debtors. Management has implemented measures to ensure that amounts owed to the municipality are recovered timeously.

As at the end of the financial year the debt book amounted to R449 million. The debt has increased from R383 million to R449 million. The increase in debtors during the financial year was R66 million, representing a 17% increase from previous year. Below is the detail for the current financial year debt book per area,

AREA	2020/21 AMOUNT( R )	2021/22 AMOUNT( R )	%
Louis Trichardt	178 million	215 million	21
Dzanani	28 million	32 million	14
Vleifontein	37 million	42 million	14
Waterval	72 million	83 million	15
Tshikota	11 million	12 million	9
Farms	57 million	65 million	14
<b>TOTAL</b>	<b>383 Million</b>	<b>449 Million</b>	

The municipality also established better communication with national and provincial government as a stakeholder through IGR forums, thus enabling a simplified manner of debt collection for government accounts. The collection rate from government departments averages 75% as at 30 June 2022.

The municipality still has room for improvement with regards to its collection rate. At the moment we have undertaken the exercise to replace conventional meters with prepaid meters.

The municipality had an overall debt collection rate of 94% for the 2021/22 financial year.

### 5.2.5. ASSET MANAGEMENT

Municipality has asset management policy that complies with all relevant legislative requirements and standards specified by the Accounting Standards Board.

The municipality has developed and maintained an asset register containing key financial data on each item of property, plant, or equipment that satisfies and complies with GRAP standards.

The municipality had non-current assets with a total cost of R3 229 510 814 as at 30 June 2022 as compared to the previous financial year balance of R2 983 767 455, which reflected 8% increase, this was due to capitalization during the year of R251 087 530 (2021: R155 256 338). The capitalization increased by 62% from the previous financial year.

Major asset categories such as Infrastructure assets constituted a greater portion of the total cost with an amount of R2 411 596 140 (2021: R2 310 598 944), representing 75% of the total asset cost, Work in progress cost of R186 281 412 (2021:R119 728 018) was 6% of total assets value, Community assets of R140 870 163 (2021: R89 384 651) was 4% of total assets value and machinery & equipment assets of R61 215 140 (2021: R48 408 593) was 2% of the total assets value at the end of the financial reporting period.

The total carrying value of municipal assets was R1 729 787 715 (2021: R1 619 195 090) for the year ended 30 June 2022.

The municipal council approved the following disposals disclosed at net book value after financial year ended 30 June 2022:

<b>ASSET CLASS</b>	<b>( R )</b>
Transport assets	336 582
Machinery and equipment	194
Computer equipment	122 012
Furniture & fittings	56 438
Buildings	229 388
Infrastructure roads	28 059 577
<b>TOTAL</b>	<b>28 804 191</b>

### Treatment of the three largest assets acquired 2021/22

**Table 55: Three Largest Assets**

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2021/22</b>				
<b>Asset 1</b>				
Name	<b>Tshedza to Vuvha Access Road Phase 3</b>			
Description	Construction of Tshedza to Vuvha Access Road Phase 3			
Asset Type	Roads and Storm Water Management			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2021/22</b>			
<b>Cumulative Asset Value</b>	<b>R 81 900 857.00</b>			
Capital Implications	Upgrading of road from gravel to tar road and stormwater infrastructure			
Future Purpose of Asset	Provision of access road to Community and Control of Storm Water			
Describe Key Issues	Construction of road and associated storm-water control system			
Policies in Place to Manage Asset	Yes			
<b>Asset 2</b>				
Name	<b>Rivoni to Xihlobyeni Access Road</b>			
Description	Construction of Rivoni to Xihlobyeni Access Road			
Asset Type	Roads and Storm Water			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2021/22</b>			
<b>Cumulative Asset Value</b>	<b>R 44 607 145.00</b>			
Capital Implications	Upgrading of road from gravel to tar road and stormwater infrastructure			
Future Purpose of Asset	Provision of access road to Community and Storm Water Management			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			
<b>Asset 3</b>				
Name	<b>Lutanandwa bridge and Access Road Phase 1</b>			
Description	Construction of Tshedza to Vuvha Access road Associated with stormwater			
Asset Type	Roads and Stormwater			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2021/22</b>			
<b>Cumulative Asset Value</b>	<b>R 36 606 720.00</b>			
Capital Implications	Construction of access road and bridge			
Future Purpose of Asset	Provision of access road to Community and Storm Water Management			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			

## FINANCIAL RATIOS BASED ON KEY FINANCIAL INDICATORS

RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS	
<b>Asset Management/Utilisation</b>						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10% - 20%		18%	The capital expenditure incurred during the year was 18% of total expenditure. This is reasonable based on the maximum norm of 20%.
				Total Operating Expenditure	1 121 918 335	
				Taxation Expense	-	
				Total Capital Expenditure	251 087 530	
<b>Debtors Management</b>						
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue × 100	95%		86%	The municipality's collection rate is 86% for the year under review. Collection efforts are being intensified in order to recover outstanding debt amounts.
				Gross Debtors closing balance	448 697 433	
				Gross Debtors opening balance	382 572 931	
				Bad debts written Off	-	
Billed Revenue	498 749 929					
<b>Liquidity Management</b>						
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	1 - 3 Months		2 Month	The municipality has the ability to cover operational costs with the available cash resources during the financial year.
				Cash and cash equivalents	201 323 734	
				Unspent Conditional Grants	-	
				Overdraft	-	
				Short Term Investments	-	
Total Annual Operational Expenditure	1 121 918 335					
2	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		1.76	Municipality was able to settle short term obligations due to the availability of current assets to cover payments to creditors. The ratio is favourable.
				Current Assets	480 975 572	
				Current Liabilities	272 683 805	

RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS	
<b>Liability Management</b>						
1	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	45%	Total Debt	0% 1 057 797	Municipality had no significant borrowings during the year under review. The outstanding obligation of R1.1 million relates to leasing of photocopier machines.
				Total Operating Revenue	1 144 373 188	
				Operational Conditional Grants	432 953 722	
<b>Revenue Management</b>						
1	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue ) x 100	= CPI	CPI	1% 7%	Municipality achieved revenue increase of 1% from previous financial year. The revenue figures excludes grants & subsidies.
				Total Revenue (Previous)	581 287 152	
				Total Revenue (Current)	586 355 466	
<b>Expenditure Management</b>						
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	30 days		31 days	The creditors payment period was 30 days during the year under review. Suppliers were paid in time in compliance with the legislative requirements.
				Trade Creditors	115 292 471	
				Contracted Services	201 726 732	
				Repairs and Maintenance	-	
				General expenses	613 887 955	
				Bulk Purchases	306 303 648	
				Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and	251 087 530	
2	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	25% - 40%		28%	Employee costs was 28% of the total expenditure. The ratio is favourable.
				Employee/personnel related cost	282 574 860	
				Councillors Remuneration	28 070 806	
				Total Operating Expenditure	1 121 918 335	
				Taxation Expense	-	

**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

**5.3.SPENDING ON 5 LARGEST PROJECTS**

The following represent the capital spending against the capital budget:

**Table 56: Capital Expenditure Of 5 Largest Projects**

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: Year 2021/2022			Variance: Current Year 2020/21		
	Project Cost	Original Budget	Adjustment Budget	Actual Expenditure	Adjustment variance (%)	
A - Tshedza to Vuvha Access Road Phase 3	81 900 857	23 278 552	31 345 548	31 345 548	0%	
B - Rivoni to Xihlobyeni Access Road	44 607 145	36 262 516	32 359 888	32 359 888	0%	
C - Lutanandwa access road & bridge Phase 1	36 606 720	8 100 000	23 215 581	23 215 581	0%	
D - Commissioner & Main street rehabilitation and stormwater	15 141 108	12 700 000	9 600 000	9 600 000	0%	
E - Electrification of Muanazhele	9 400 000	9 400 000	9 400 000	9 400 000	0%	
<b>Name of Project - A: Tshedza to Vuvha Access Road Phase 3</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			None			
Future Challenges: Roads infrastructure costs rapidly increasing						
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas						
<b>Name of Project - B: Rivoni to Xihlobyeni Access Road</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			None			
Future Challenges:None						
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas						
<b>Name of Project - C: Lutanandwa access road &amp; bridge Phase 1</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			None			
Future Challenges: Roads infrastructure costs rapidly increasing						
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas						
<b>Name of Project - D: Commissioner &amp; Main Streets rehabilitation and stormwater</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			Shoratge of construction materials.			
Future Challenges: None						
<b>Name of Project - E: Electrical of Muananzhele</b>						
Objective of Project: To ensure that Muananzhele community have access to electricity.						
Delays			Shoratge of construction materials.			
Future Challenges: None						

**Table 57: Capital Expenditure**

Capital Expenditure - Funding Sources: Year 2021/22						R' 000
Details	Year 2020/21	2021/22				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to AB Variance (%)	
<b>Source of finance</b>						
Grants and subsidies	108 703	69 295	88 295	125 064	41.64%	
Internal	132 646	263 674	263 673	126 024	52.20%	
<b>Total</b>	<b>241 349</b>	<b>332 969</b>	<b>351 968</b>	<b>251 088</b>	<b>28.66%</b>	
<b>Capital expenditure</b>						
Governance and administration	136 826	93 495	90 687	64 694.57	-28.66%	
Community and public safety	5 790	7 769	7 769	5 542.27	28.66%	
Economic and environmental services	80 845	149 605	166 412	118 715.50	28.66%	
Trading services	17 888	82 100	87 100	62 135.66	28.66%	
<b>Total</b>	<b>241 349</b>	<b>332 969</b>	<b>351 968</b>	<b>251 088</b>	<b>28.66%</b>	

**COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS****5.4.CASH MANAGEMENT**

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections are done on a monthly basis, and cash not immediately required are invested for a better return on the short term.

With regards to municipality borrowings, the municipality had no significant borrowings during the financial year ended 30 June 2022.

The municipality is leasing photocopier machines, whereby it is paying monthly instalment for the use of the machines. These transactions resulted in recognition of Finance Lease obligations in the accounting records. As of the end of the financial year 30 June 2022, R1 057 797 is outstanding.

The below table analyses the municipality borrowings made during the year and previous years.

**Table 58: Borrowings**

Actual Borrowings: Year -2019/20 to Year -2021/22				R' 000
Instrument	2019/20	2020/21	2021/22	
Financial Leases	183	1 744	1 058	
<b>Total</b>	<b>183</b>	<b>1 744</b>	<b>1 058</b>	



#### 5.4.4. CASH AND CASH EQUIVALENTS

The below table shows the cash and cash equivalents of the municipality comparing the budgeted amounts vis-à-vis the actual cash flows.

**Table 59: Statement Of Cash Flow**

Statement of Cash flow				
R'000				
Description	2020/21	2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates	60 491	75 483	75 821	76 926
Service charges	398 602	498 843	498 843	490 217
Grants	575 041	538 279	557 279	558 018
Other receipts	99 267	194 523	194 523	124 570
<b>Payments</b>				
Suppliers and employees	(843 947)	(910 283)	(910 283)	(1 010 450)
Finance charges	(1)	(200)	(200)	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>289 453</b>	<b>396 645</b>	<b>415 983</b>	<b>239 280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	1 890	–	–	–
<b>Payments</b>				
Capital assets	(228 749)	(332 968)	(351 968)	(243 021)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(226 859)</b>	<b>(332 968)</b>	<b>(351 968)</b>	<b>(243 021)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Payments</b>				
Finance lease payments	(459)	–	–	(721)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(459)</b>	<b>–</b>	<b>–</b>	<b>(721)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>62 135</b>	<b>63 677</b>	<b>64 015</b>	<b>(4 463)</b>
Cash/cash equivalents at the year begin:	143 652	143 652	143 652	205 786
Cash/cash equivalents at the year end:	205 786	207 329	207 667	201 324

#### 5.4.5. COMMENT ON CASH FLOW

The cash flow from operating activities indicates a positive cash flow of R239.3 million. Further, R243 million was utilized on investment activities mainly to purchase property, plant, and equipment. The cash flow from financing activities indicated an outflow of R721 thousand, which is mainly attributable to the repayments on finance leases (photocopiers).

Considering the above movements, the net cash position at financial year-end was R201 million. The municipality has adequate cash resources to enable to settle short term obligations as they fall due.

#### COMPONENT D: OTHER FINANCIAL MATTERS

## 5.5. SUPPLY CHAIN AND EXPENDITURE MANAGEMENT

The Council has adopted a Supply Chain Management Policy and practices in compliance with the guidelines set out by the Supply Chain Management Regulations, 2005. The new Preferential Procurement Regulations, 2017, with effect from 01 April 2017, was incorporated in the policy and adopted.

The SCM Policy incorporating the above-mentioned regulations, as well as all other relevant pieces of legislation, regulations, and circulars are annually reviewed during the budget process.

The municipality has established the three (3) bid committee system. No councilors are members of any committee of the committees handling supply chain processes.

The supply chain officials are currently attending accredited training modules to meet the requirements of the minimum competency levels.

### 5.5.1. PROCUREMENT STATISTICS

The municipality had 128 successful bidders in the 2021/22 financial year. Of that number, 90 were male bidders representing 70%, while female were 38 in total representing 30% and there were no bidders of mixed gender ( Male and Female).

An analysis based on age group showed that successful bidders who were among the youths were 37 in total, representing 29% and the remainder of 91 successful bidders were of the old age and represents 71% of the total successful bidders. There was one bidder with disability.

### 5.5.2. SUMMARY OF PROCUREMENT STATISTICS

#### GENDER

MALE	FEMALE	MIXED (MALE AND FEMALE)	TOTAL
90	38	0	128
70%	30%	0%	100%

#### AGE

YOUTH	OTHER	TOTAL
37	91	128
29%	71%	100%

### 5.5.3. EXPENDITURE

The Municipal Finance Management Act, (Act 56 of 2003) read together with the Municipal Budget and Reporting Regulations, provides the legislative framework within which any expenditure related transactions must take place.

Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of Makhado

Municipality. The turnaround time for processing payments is 30 days and the municipality is complying with MFMA Section 65(e).

#### **5.5.4. GRAP COMPLIANCE**

The municipality prepared its annual financial statement in line with GRAP Standards. The objectives of GRAP are the following:

1. To ensure consistency in the accounting treatment of transactions and classification of account balances in municipalities
2. To enhance comparability between similar-sized municipal bodies on a national basis
3. To enable users of financial statements to make more accurate assessments of risks and returns.

#### **5.5.5. MSCOA IMPLEMENTATION**

MSCOA System is a fully Integrated Financial Management System which is 100% South African, developed on the latest development trends and based on international open standards and the MSCOA Steering committee is functional.



# Chapter 6

# Auditor-General Audit Findings

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

### 6.1. AUDITOR-GENERAL REPORTS PREVIOUS YEAR TABLE 56. AG REPORT 2020/2021

<b>Audit Report Status*:</b>	<b>Unqualified Opinion</b>
------------------------------	----------------------------

**TABLE 56. AUDIT FINDINGS 2020/2021**

<b>Component Areas</b>	<b>Issues Raised</b>	<b>Remedial Action</b>
Annual Financial Statement	PPE: Electrification assets with no co-ordinates	Electrical assets have co-ordinates and Internal Audit has verified.
Annual Performance Report	Internal control deficiencies on indigents beneficiaries	A new Indigent Register for the 2022 Financial Year is to be developed, with all the Indigents having to reapply to be in the register, thereafter the Indigents will be reviewed in the terms of the Indigent Policy and Internal Audit has confirmed and verified new Indigent register.

### 6.2. AUDITOR-GENERAL REPORT – CURRENT YEAR

#### AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2021/22 TABLE

### 63. AG OPINION 2021/2022

<b>Audit Report Status*:</b>	<b>Unqualified Opinion</b>
------------------------------	----------------------------



# ANNEXURES A1

## 2021/22 Audit Report

v

# Report of the auditor-general to provincial legislature and the council on Makhado Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Makhado Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement, appropriation statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Makhado local municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

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

### Material losses - electricity

7. As disclosed in note 54 to the financial statements, material electricity losses of R25 107 383 (2021:R 24 122 747) were incurred, which represent 11% (2021: 11%) of the total electricity purchased.

### Material impairments

8. As disclosed in note 37 to the financial statements, material losses of R79 464 580 was incurred as a result of an impairment of irrecoverable debtors.

### An uncertainty relating to the future outcome of litigations

9. With reference to note 45 to the financial statements, the municipality is the defendant in various lawsuits. The municipality is opposing these claims, as it believes that the claims have no basis. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

### Other matters

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

### Unaudited supplementary schedules

11. The supplementary information as set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose the particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of financial statements and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer/ is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.



## Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework; as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2022:

<b>Development priorities</b>	<b>Pages in the annual performance report</b>
KPA 2 – Basic service delivery	5 – 12

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the

indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. The material findings on the usefulness and reliability of the performance information of the selected development priorities are as follows:

#### **KPA 2 – Basic service deliver**

##### **Percentage completion of Kruger street (resurfacing and paving)**

22. The reported target 100% completed Kruger street by 30 June 2022 did not agree with the planned indicator of 100% completed Kruger street by 30 June 2021.

##### **Rehabilitation of Djunane street (Waterval)**

23. The source information for achieving the planned indicator was not clearly defined.

#### **Other matters**

24. I draw attention to the matters below.

#### **Achievement of planned targets**

25. Refer to the annual performance report on pages 5 to 12 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 and 22 of this report.

#### **Adjustment of material misstatements**

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Basic Service Delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of non-current assets, current assets, liabilities, and revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Strategic planning and performance management

30. The performance management system and related controls were inadequate as they did not sufficiently describe how the performance monitoring, measurement, review and reporting processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).
31. The infrastructure development plan (IDP) did not reflect the key performance indicators and targets as required by sections 26 (i) of the Municipal Systems Act 32 of 2000 and municipal planning and performance management regulation 2(1)(e).

### Consequence management

32. Losses resulting from fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulations 75(2).

### Asset management

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

### Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary

#### Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, reported performance information 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 opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
39. The accounting officer did not sufficiently exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
40. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
41. Management did not adequately review and monitor compliance with applicable laws and regulations.

#### Material irregularities

42. 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 the material irregularities reported in the previous year's auditor's report.

#### Material irregularities identified during the audit

##### Prohibited investment with a mutual bank not registered un terms of the Banks Act 94 of 1990 (Banks Act): Venda Building Society (VBS) Mutual Bank

43. In the audit report dated 13 December 2022, we reported on a material irregularity (MI) incurred by the municipality. The details of this MI were as follows:
44. The municipality made investments since 12 of February 2015 with VBS. At the time (12 March 2018) of placing VBS under curatorship, the municipality had investments amounting to R62 734 416 including interest.
45. The municipality received a letter from the curator of VBS on 12 March 2018 informing them that VBS mutual bank is under curatorship and that all deposits with VBS are frozen until such time the bank is in a position to repay these deposits.

46. In terms of regulation 6 of the municipal investment regulations, a municipality may only invest deposits with banks registered in terms of the Bank Act. The municipality did not comply with municipal investment regulations, as VBS is not registered in terms of the Bank Act.
47. This non-compliance is likely to result in a financial loss for the municipality if the amount invested is not recovered in full from the estate of VBS.
48. The accounting officer was notified of the material irregularity on 9 November 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on 23 December 2021, and the following actions have been taken to address the material irregularity:
- The municipal managers' contract expired prior VBS Investigation and the council had no powers to discipline him.
  - CFO has resigned to join another Municipality and the council had no powers to discipline her.
  - The municipality has lodged a claim with the curator as a creditor on 6 November 2019 in the Polokwane High Court before the master of the high court.
  - We confirm that the municipality has developed an investment policy which complies with Gazette no. 27431 for MFMA and municipal investment regulation.
  - The municipality put adequate controls in place to improve Investment management.
  - The municipality has received an amount of R4 391,409 from curator/ liquidator as part of recovery process and the municipality is eagerly waiting for the finalisation of curatorship process. The municipality continues to be registered with the curator for further recoveries.
  - There is ongoing investigation by the Directorate for Priority Crime, investigations into the VBS matter: DPCI National Head Office Enquiry 06/01/2019. The investigation started on 6 January 2019. The municipality awaits the outcomes of the investigation.
49. I will follow up on the material irregularity during my next audit.

Auditor - General

Polokwane

30 November 2022



# 2021/22 Audited Annual Financial Statement

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022



## MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements  
for the year ended 30 June 2022

Auditor-General of South Africa  
Chartered Accountants (S.A.)  
Registered Auditors

---

\* See Note

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

<b>Legal form of entity</b>	Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution of the Republic of South Africa.
<b>Nature of business and principal activities</b>	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
<b>Executive Committee</b>	Cllr K Maphubu Cllr R.T Maingo Cllr R Raliphada Cllr N.J Matumba Cllr N Munyai Cllr M.R Magada Cllr T.A Maraga Cllr T.G Mukwevho Cllr N.B Jones
<b>Mayor</b>	Cllr N.S Munyai
<b>Speaker</b>	Cllr M.D Mboyi
<b>Chief whip</b>	Cllr R.S Baloyi
<b>Incoming Councilors [08 Nov 2021 - 30 June 2022]</b>	Cllr R Mukhudwana Cllr J.J Hlongwane Cllr L Phangami Cllr H.G Maluleke Cllr M.C Malange Cllr D.J Sebola Cllr P Smalle Cllr M Ramalivhana Cllr L Mashamba Cllr E.T Sithi Cllr F.P Makhubele Cllr S.E Baloyi Cllr M.D Ndou Cllr N.J Simangwe Cllr M.E Mulefu Cllr P Mashau Cllr T.T Mushandana Cllr N.V Malivha Cllr P.N Masipa Cllr M.E Mulaudzi Cllr M.R Makwala Cllr T Kutama Cllr M.I Phuluwa Cllr T.R Ravele Cllr M Maraga Cllr N.S Nemudzivhadi Cllr F.N Madzhiga Cllr S Masuka Cllr A.S Dzhivhuho Cllr K Mukheli Cllr M Mukosi



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

Cllr M.R Mokgoadi  
Cllr N.S Mahosi  
Cllr M Swalivha  
Cllr R Mukhuba  
Cllr F.B Hlongwane  
Cllr A.Z Maphahla  
Cllr C.D Halgreen  
Cllr M.D Singo  
Cllr N.A Mudunungu  
Cllr A Madavha  
Cllr M.W Ramalwa  
Cllr K.P Maphakela  
Cllr M.G Furumele  
Cllr M.J Mpashe  
Cllr M.A Selapyana  
Cllr N.F Chililo  
Cllr T.C Mashau  
Cllr T.M Malange  
Cllr W Mabasa  
Cllr L.M Mathalise  
Cllr N.D Davhana  
Cllr T.T Ngobeni  
Cllr N Kutuma  
Cllr L.B Mogale  
Cllr T.C Mamafha  
Cllr T.J Mamafha  
Cllr M.J Gabara  
Cllr I.A Tshidavhu  
Cllr T.T Makamu  
Cllr B Hlangwani  
Cllr H.G Mabudu  
Cllr M.S Tshilambyana

### Outgoing Councilors [ 01 July 2021 - 08 Nov 2021]

Cllr S.M Sinyosi  
Cllr D Ratshikuni  
Cllr M.S Machethe  
Cllr T.P Mamorobela  
Cllr M.S Tshilambyana  
Cllr M.F Mukhari  
Cllr S.Z Mthombeni  
Cllr V.S Luduvhangu  
Cllr M.N Ndou  
Cllr S Madula  
Cllr J Lukheli  
Cllr T.E Dzivhani  
Cllr S.I Bulala  
Cllr T.E Tambani  
Cllr M.A Mashamba  
Cllr A Matumba  
Cllr MF Nethulwe  
Cllr G Tshibvumo

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

	Cllr LR Tshiambwa
	Cllr T.J Mohlaba
	Cllr K.M Maluleke
	Cllr T Balibali
	Cllr M.C Nematandani
	Cllr S.S Tshifura
	Cllr T.M Babadu
	Cllr M.G Phoshoko
	Cllr K.S Ramavhoya
	Cllr L.G Masutha
	Cllr L.G Maduwa
	Cllr E Maduwa
	Cllr S.S Nyelisani
	Cllr P.N Musandiwa
	Cllr G.M Ramushavha
	Cllr M.L Masengana
	Cllr A Du Plooy
	Cllr T Seshoki
	Cllr B.K Jones
	Cllr J Khodoga
	Cllr V.O Mauda
	Cllr F.B Hlongwane
<b>Acting Accounting Officer</b>	K.M Nemaname
<b>Acting Chief Finance Officer (CFO)</b>	G. Raliphada
<b>Grading of local authority</b>	4
<b>Registered office</b>	Corner Krogh and Erasmus Street Makhado 0920

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

<b>Business address</b>	Corner Krogh and Erasmus Street Makhado 0920
<b>Postal address</b>	Private Bag X2596 Makhado 0920
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor-General of South Africa Chartered Accountants (S.A.) Registered Auditors
<b>Audit and Performance Audit Committee</b>	Ms J Masite(Chairperson) - [01 July 2021 - 30 June 2022] Mr Matenzhe Ntsieni Stanley - [01 July 2021 to 31 May 2022] Mr Ramuedzisi Vhonani Denga - [01 July 2021 to 31 May 2022] Ms MP Ramutsheli - [01 June 2022 to 30 June 2022] Mr A Tshikovhi - [01 June 2022 to 30 June 2022] Mr LJ Muthivhi - [01 June 2022 to 30 June 2022]
<b>Attorneys</b>	Panel of attorneys of the Municipality Makhuvha EM Kgoroeadira Mudau Incorporated Nthambeleni Dabishi Attorneys Inc S Muedi Incorporated TT Ngobeni Attorneys Rerani Mawila JV Attorneys Gogome Ndou Attorneys JV Popela Maaake Inc Mudau Netshipise Attorneys

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Index

---

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	7
Accounting Officer's Report	8 - 10
Statement of Financial Position	11
Statement of Financial Performance	12
Statement of Changes in Net Assets	13
Cash Flow Statement	14
Statement of Comparison of Budget and Actual Amounts	15 - 18
Appropriation Statement	19 - 20
Accounting Policies	21 - 58
Notes to the Annual Financial Statements	59 - 116
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	117
Appendix D: Segmental Statement of Financial Performance	124
Appendix C: Actual versus Budget (Revenue and Expenditure)	125
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	127

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
COVID	Corona Virus Disease

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## 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.

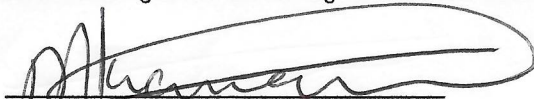
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable 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 the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's council.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



**K.M Nemaname**  
**Acting Accounting Officer**

**31 August 2022**

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

---

The accounting officer submits his report for the year ended 30 June 2022.

### 1. Review of activities

#### Main business and operations

The municipality's total income for the year ended 30 June 2022 decreased by 2% from R1 166 815 236 in the previous in the previous financial year to R1 144 373 188 in the current period. Below table analyses the total income of the municipality in a particular financial period as a proportion of the type of income of the municipality. For the period ended 30 June 2022, Grants and subsidies was the major contributor to total income of the municipality with 48.8% [2021:47.4%] contributing factor followed by service charges which contributed 35.2% [2021: 32.5%] of the total income, which was mainly sale of electricity as well as refuse collection.

Net surplus of the municipality was 22 454 853 (2021: surplus 182 843 381).

#### Proportion of income generated/raised

##### 2022

Type of income	Proportion of contribution to income	Amount
Service charges	35,20 %	402 489 332
Property rates	8,40 %	96 260 597
Grants and subsidies	48,80 %	558 017 722
Traffic fines	0,30 %	3 765 724
Licence & permits	0,40 %	4 053 393
Agency services	0,40 %	4 107 933
Interest on debtors: Exchange transactions	1,00 %	11 803 142
Interest on debtors: Non-exchange transactions	1,70 %	19 433 737
Bank interest received	0,60 %	6 913 853
Other income	3,30 %	37 527 755

##### 2021

Type of income	Proportion of contribution to income	Amount
Service charges	32,50 %	379 538 936
Property rates	7,50 %	87 658 434
Grants and subsidies	50,20 %	585 528 084
Traffic fines	0,40 %	5 163 564
Licence & permits	0,40 %	4 465 794
Agency services	0,40 %	4 084 953
Interest on debtors: Exchange transactions	0,70 %	8 642 650
Interest on debtors: Non-exchange transactions	1,40 %	16 208 507
Bank interest received	0,40 %	5 137 404
Other income	6,00 %	70 386 910

### 2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 1 795 894 042 (2021: R1 773 439 189) and that the municipality's total assets exceed its liabilities by 1 795 894 042 (2021:R1 773 439 189) .

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

---

### 3. Subsequent events

The accounting officer is aware of material events that occurred between the end of the reporting period 30 June 2022 and the date that the financial statements are authorised for issue. Refer to Note 50

### 4. Accounting Officer's interest in contracts

The municipality has a policy relating to declaration of interest in contracts and other related transactions. This was adhered to in that relevant officials with interests in SCM related transactions declared (both potential and existing) declared their interests.

### 5. Accounting policies

The annual financial statements were prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) including any interpretation of such Statements issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Accounting Officer

The acting accounting officer of the municipality is as follows:

Name	Nationality
K.M Nemaname	South African

### 7. Corporate governance

#### General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Management meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

#### Council

The Council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

#### Remuneration

The upper limits of the remuneration of the councillors, are determined in terms of Government Notices issued by the Minister of Co-operative Governance and Traditional Affairs, as required of her by the Remuneration of Public Office Bearers Act No. 20 of 1998.

#### Committee meetings

The accounting officer meets on scheduled basis with the Executive Committee as well as the Audit & Performance Audit Committee. The Committee Chairpersons have access to all members of management (Section 57 Managers) of the municipality. Furthermore, the accounting officer meets with the Municipal Public Accounts Committee (MPAC) as and when the need arises.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

---

### Audit and risk committee

The Chairperson of the audit committee is an independent audit committee member. The committee met on a regular basis during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, Makhado Local Municipality must appoint members of the Audit and Performance Committee.

### Internal audit

The municipality has an internal audit function, which is in compliance with the Municipal Finance Management Act, 2003 section 165.

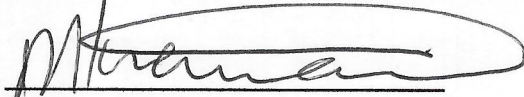
### 8. Bankers

First National Bank is the municipality's bank. The municipality's bankers did not change during the current year.

### 9. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



**K.M Nemaname**  
**Acting Accounting Officer**



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	2	15 884 270	15 583 573
Property, plant and equipment	3	1 709 692 321	1 599 560 695
Intangible assets	4	2 050 795	1 890 493
Heritage assets	5	2 160 329	2 160 329
		<b>1 729 787 715</b>	<b>1 619 195 090</b>
<b>Current Assets</b>			
Inventories	7	128 637 294	127 528 573
Sundry Debtors	8	21 274 384	49 466 381
Receivables from non-exchange transactions	9	1 828 415	1 276 675
Consumer debtors - Exchange transactions	10	91 333 695	81 294 800
Consumer debtors - Non- Exchange transactions	10	36 578 050	46 802 524
Cash and cash equivalents	11	201 323 734	205 786 440
		<b>480 975 572</b>	<b>512 155 393</b>
<b>Total Assets</b>		<b>2 210 763 287</b>	<b>2 131 350 483</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee benefit obligation	6	4 871 000	6 386 000
Finance lease obligation	12	735 751	686 149
Unspent conditional grants and receipts	13	-	-
Performance bonus obligation	14	125 789	523 318
Rehabilitation provision	15	10 000 000	3 000 000
Deferred Income	16	174 247	147 645
Payables from exchange transactions	17	223 137 350	166 386 373
VAT payable	18	17 681 850	14 835 555
Consumer deposits	19	15 957 818	16 028 591
		<b>272 683 805</b>	<b>207 993 631</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	6	112 542 000	108 718 000
Finance lease obligation	12	322 046	1 057 797
Performance bonus obligation	14	125 789	-
Rehabilitation provision	15	29 195 605	40 141 866
		<b>142 185 440</b>	<b>149 917 663</b>
<b>Total Liabilities</b>		<b>414 869 245</b>	<b>357 911 294</b>
<b>Net Assets</b>		<b>1 795 894 042</b>	<b>1 773 439 189</b>
Accumulated surplus		1 795 894 042	1 773 439 189
<b>Total Net Assets</b>		<b>1 795 894 042</b>	<b>1 773 439 189</b>

\* See Note 47

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	21	402 489 332	379 538 936
Rental of facilities and equipment	22	239 386	256 904
Agency services	24	4 107 933	4 084 953
Licences and permits	25	4 053 393	4 465 794
Interest earned -outstanding receivables	26	11 803 142	8 642 650
Other revenue	27	20 248 456	70 130 006
Interest received from financial institutions	28	6 913 853	5 137 404
Actuarial gains	41	8 443 504	-
<b>Total revenue from exchange transactions</b>		<b>458 298 999</b>	<b>472 256 647</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Interest earned -outstanding receivables	26	19 433 737	16 208 507
Property rates	29	96 260 597	87 658 434
<b>Transfer revenue</b>			
Fines, penalties and forfeits	23	3 765 724	5 163 564
Government grants & subsidies	30	558 017 722	585 528 084
Other revenue	31	8 596 409	-
<b>Total revenue from non-exchange transactions</b>		<b>686 074 189</b>	<b>694 558 589</b>
<b>Total revenue</b>	20	<b>1 144 373 188</b>	<b>1 166 815 236</b>
<b>Expenditure</b>			
Employee related costs	32	(282 574 860)	(286 651 820)
Remuneration of councillors	33	(28 070 806)	(26 157 677)
Depreciation and amortisation	34	(136 057 880)	(126 133 477)
Impairment of non cash generating assets	35	(1 373 483)	(1 503 427)
Finance costs	36	(14 464 554)	(12 225 949)
Debt Impairment	37	(79 464 580)	(28 113 029)
Bulk purchases	38	(306 303 648)	(275 609 956)
Contracted services	39	(201 726 732)	(159 330 342)
General Expenses	40	(68 462 134)	(61 481 472)
Actuarial losses	41	-	(6 764 706)
Inventories losses/write-downs	42	(3 419 658)	-
<b>Total expenditure</b>		<b>(1 121 918 335)</b>	<b>(983 971 855)</b>
<b>Surplus for the year</b>		<b>22 454 853</b>	<b>182 843 381</b>

\* See Note 47

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 586 607 485	1 586 607 485
Adjustments		
Prior year adjustments [Note 47]	3 788 524	3 788 524
<b>Balance at 01 July 2020 as restated*</b>	<b>1 590 396 009</b>	<b>1 590 396 009</b>
Changes in net assets		
Surplus for the year [Restated - Note 47]	182 843 381	182 843 381
Changes recognised directly in net assets	(253 173)	(253 173)
Total changes	182 590 208	182 590 208
Adjustments		
Prior year adjustments [Note 47]	452 972	452 972
<b>Balance at 01 July 2021 as restated*</b>	<b>1 773 439 189</b>	<b>1 773 439 189</b>
Changes in net assets		
Surplus/ (Loss) for the year	22 454 853	22 454 853
Total changes	22 454 853	22 454 853
<b>Balance at 30 June 2022</b>	<b>1 795 894 042</b>	<b>1 795 894 042</b>
Refer to Note(s)		

\* See Note 47

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		76 926 185	60 490 947
Service charges		490 216 505	398 602 258
Grants		558 017 722	575 040 650
Traffic Fines & Penalties		569 161	1 758 132
Licence & permits		3 986 600	4 455 681
Other income		55 186 936	55 308 066
VAT Received		48 638 475	28 228 609
Interest Income		16 188 568	9 516 129
		<u>1 249 730 152</u>	<u>1 133 400 472</u>
<b>Payments</b>			
Employee costs		(274 033 962)	(273 838 932)
Remuneration of council		(28 070 806)	(26 157 677)
Payments to suppliers		(708 345 651)	(543 950 461)
Finance costs		-	(880)
		<u>(1 010 450 418)</u>	<u>(843 947 950)</u>
<b>Net cash flows from operating activities</b>	43	<b><u>239 279 734</u></b>	<b><u>289 452 522</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(241 692 561)	(228 035 999)
Proceeds from sale of property, plant and equipment	3	-	1 890 000
Purchase of other intangible assets	4	(1 328 928)	(712 880)
<b>Net cash flows from investing activities</b>		<b><u>(243 021 489)</u></b>	<b><u>(226 858 879)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(720 951)	(458 789)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4 462 706)</b>	<b>62 134 854</b>
Cash and cash equivalents at the beginning of the year		205 786 440	143 651 586
<b>Cash and cash equivalents at the end of the period</b>	11	<b><u>201 323 734</u></b>	<b><u>205 786 440</u></b>

\* See Note 47

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	471 098 000	-	<b>471 098 000</b>	402 489 332	<b>(68 608 668)</b>	Refer to Appendix C
Rental of facilities and equipment	301 000	-	<b>301 000</b>	239 386	<b>(61 614)</b>	Refer to Appendix C
Interest earned - outstanding receivables	11 011 195	-	<b>11 011 195</b>	11 803 142	<b>791 947</b>	
Agency services	10 958 399	-	<b>10 958 399</b>	4 107 933	<b>(6 850 466)</b>	Refer to Appendix C
Licences and permits	3 836 000	-	<b>3 836 000</b>	4 053 393	<b>217 393</b>	
Other revenue	54 015 158	-	<b>54 015 158</b>	20 248 456	<b>(33 766 702)</b>	Refer to Appendix C
Interest received - financial institutions	6 423 000	-	<b>6 423 000</b>	6 913 853	<b>490 853</b>	Refer to Appendix C
<b>Total revenue from exchange transactions</b>	<b>557 642 752</b>	<b>-</b>	<b>557 642 752</b>	<b>449 855 495</b>	<b>(107 787 257)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	95 852 000	338 000	<b>96 190 000</b>	96 260 597	<b>70 597</b>	Refer to Appendix C
Interest earned - outstanding receivables	18 129 805	-	<b>18 129 805</b>	19 433 737	<b>1 303 932</b>	Refer to Appendix C
<b>Transfer revenue</b>						
Government grants & subsidies	537 941 000	19 000 000	<b>556 941 000</b>	558 017 722	<b>1 076 722</b>	Refer to Appendix C
Other revenue	39 086 798	-	<b>39 086 798</b>	8 596 409	<b>(30 490 389)</b>	
Fines, Penalties and Forfeits	4 241 000	-	<b>4 241 000</b>	3 765 724	<b>(475 276)</b>	Refer to Appendix C
<b>Total revenue from non-exchange transactions</b>	<b>695 250 603</b>	<b>19 338 000</b>	<b>714 588 603</b>	<b>686 074 189</b>	<b>(28 514 414)</b>	
<b>Total revenue</b>	<b>1 252 893 355</b>	<b>19 338 000</b>	<b>1 272 231 355</b>	<b>1 135 929 684</b>	<b>(136 301 671)</b>	
<b>Expenditure</b>						
Personnel	(298 896 000)	11 000 000	<b>(287 896 000)</b>	(282 574 860)	<b>5 321 140</b>	Refer to Appendix C
Remuneration of councillors	(28 311 000)	-	<b>(28 311 000)</b>	(28 070 806)	<b>240 194</b>	Refer to Appendix C
Depreciation, amortisation & impairment	(130 000 000)	(11 000 000)	<b>(141 000 000)</b>	(140 850 558)	<b>149 442</b>	Refer to Appendix C
Finance costs	(9 263 000)	(5 500 000)	<b>(14 763 000)</b>	(14 464 554)	<b>298 446</b>	Refer to Appendix C
Debt Impairment	(57 934 000)	(23 500 000)	<b>(81 434 000)</b>	(79 464 580)	<b>1 969 420</b>	Refer to Appendix C
Bulk purchases	(292 350 000)	(14 500 000)	<b>(306 850 000)</b>	(306 303 648)	<b>546 352</b>	Refer to Appendix C

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted Services	(204 104 000)	-	<b>(204 104 000)</b>	(201 726 732)	<b>2 377 268</b>	Refer to Appendix C
General Expenses	(112 942 611)	38 905 000	<b>(74 037 611)</b>	(65 042 939)	<b>8 994 672</b>	Refer to Appendix C
<b>Total expenditure</b>	<b>(1 133 800 611)</b>	<b>(4 595 000)</b>	<b>(1 138 395 611)</b>	<b>(1 118 498 677)</b>	<b>19 896 934</b>	
<b>Operating surplus</b>	<b>119 092 744</b>	<b>14 743 000</b>	<b>133 835 744</b>	<b>17 431 007</b>	<b>(116 404 737)</b>	
Actuarial gains	27 093 645	-	<b>27 093 645</b>	8 443 504	<b>(18 650 141)</b>	Refer to Appendix C
Inventories losses/write-downs	(5 939 389)	-	<b>(5 939 389)</b>	(3 419 658)	<b>2 519 731</b>	Refer to Appendix C
	<b>21 154 256</b>	-	<b>21 154 256</b>	<b>5 023 846</b>	<b>(16 130 410)</b>	
<b>Surplus before taxation</b>	<b>140 247 000</b>	<b>14 743 000</b>	<b>154 990 000</b>	<b>22 454 853</b>	<b>(132 535 147)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>140 247 000</b>	<b>14 743 000</b>	<b>154 990 000</b>	<b>22 454 853</b>	<b>(132 535 147)</b>	

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	112 036 000	(4 595 000)	<b>107 441 000</b>	128 637 294	<b>21 196 294</b>	
Sundry Debtors	132 673 000	-	<b>132 673 000</b>	21 274 384	<b>(111 398 616)</b>	
Receivables from non-exchange transactions	-	-	-	1 828 415	<b>1 828 415</b>	
Consumer debtors	40 250 000	-	<b>40 250 000</b>	127 911 745	<b>87 661 745</b>	
Cash and cash equivalents	207 329 000	338 000	<b>207 667 000</b>	201 323 734	<b>(6 343 266)</b>	
	<b>492 288 000</b>	<b>(4 257 000)</b>	<b>488 031 000</b>	<b>480 975 572</b>	<b>(7 055 428)</b>	
<b>Non-Current Assets</b>						
Investment property	15 144 000	-	<b>15 144 000</b>	15 884 270	<b>740 270</b>	
Property, plant and equipment	2 594 574 000	19 178 000	<b>2 613 752 000</b>	1 709 692 321	<b>(904 059 679)</b>	
Intangible assets	(100 000)	(178 000)	<b>(278 000)</b>	2 050 795	<b>2 328 795</b>	
Heritage assets	-	-	-	2 160 329	<b>2 160 329</b>	
	<b>2 609 618 000</b>	<b>19 000 000</b>	<b>2 628 618 000</b>	<b>1 729 787 715</b>	<b>(898 830 285)</b>	
<b>Total Assets</b>	<b>3 101 906 000</b>	<b>14 743 000</b>	<b>3 116 649 000</b>	<b>2 210 763 287</b>	<b>(905 885 713)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Performance bonus obligation	-	-	-	125 789	<b>125 789</b>	
Finance lease obligation	-	-	-	735 751	<b>735 751</b>	
Payables from exchange transactions	45 196 000	(4 595 000)	<b>40 601 000</b>	223 137 350	<b>182 536 350</b>	
VAT Payable	-	-	-	17 681 850	<b>17 681 850</b>	
Consumer deposits	10 458 000	-	<b>10 458 000</b>	15 957 818	<b>5 499 818</b>	
Employee benefit obligation	-	-	-	4 871 000	<b>4 871 000</b>	
Rehabilitation provision	26 893 000	-	<b>26 893 000</b>	10 000 000	<b>(16 893 000)</b>	
Deferred Income	-	-	-	174 247	<b>174 247</b>	
	<b>82 547 000</b>	<b>(4 595 000)</b>	<b>77 952 000</b>	<b>272 683 805</b>	<b>194 731 805</b>	
<b>Non-Current Liabilities</b>						
Performance bonus obligation	-	-	-	125 789	<b>125 789</b>	
Finance lease obligation	-	-	-	322 046	<b>322 046</b>	
Employee benefit obligation	121 789 000	-	<b>121 789 000</b>	112 542 000	<b>(9 247 000)</b>	
Rehabilitation provision	-	-	-	29 195 605	<b>29 195 605</b>	
	<b>121 789 000</b>	-	<b>121 789 000</b>	<b>142 185 440</b>	<b>20 396 440</b>	
<b>Total Liabilities</b>	<b>204 336 000</b>	<b>(4 595 000)</b>	<b>199 741 000</b>	<b>414 869 245</b>	<b>215 128 245</b>	
<b>Net Assets</b>	<b>2 897 570 000</b>	<b>19 338 000</b>	<b>2 916 908 000</b>	<b>1 795 894 042</b>	<b>(1 121 013 958)</b>	
<b>Reserves</b>						
Accumulated surplus	2 897 570 000	19 338 000	<b>2 916 908 000</b>	1 795 894 042	<b>(1 121 013 958)</b>	

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Property Rates	75 483 000	338 000	<b>75 821 000</b>	76 926 185	<b>1 105 185</b>	
Services Charges	498 843 000	-	<b>498 843 000</b>	490 216 505	<b>(8 626 495)</b>	
Grants	538 279 000	19 000 000	<b>557 279 000</b>	558 017 722	<b>738 722</b>	
Interest income	6 423 000	-	<b>6 423 000</b>	16 188 568	<b>9 765 568</b>	
Other receipts	188 100 000	-	<b>188 100 000</b>	108 381 172	<b>(79 718 828)</b>	
	<b>1 307 128 000</b>	<b>19 338 000</b>	<b>1 326 466 000</b>	<b>1 249 730 152</b>	<b>(76 735 848)</b>	

##### Payments

Suppliers and employees	(910 283 000)	-	<b>(910 283 000)</b>	(1 010 450 418)	<b>(100 167 418)</b>	
Finance costs	(200 000)	-	<b>(200 000)</b>	-	<b>200 000</b>	
	<b>(910 483 000)</b>	-	<b>(910 483 000)</b>	<b>(1 010 450 418)</b>	<b>(99 967 418)</b>	

<b>Net cash flows from operating activities</b>	<b>396 645 000</b>	<b>19 338 000</b>	<b>415 983 000</b>	<b>239 279 734</b>	<b>(176 703 266)</b>	
---	--------------------	-------------------	--------------------	--------------------	----------------------	--

#### Cash flows from investing activities

Capital assets	(332 968 000)	(19 000 000)	<b>(351 968 000)</b>	(243 021 489)	<b>108 946 511</b>	
----------------	---------------	--------------	----------------------	---------------	--------------------	--

#### Cash flows from financing activities

Finance lease payments	-	-	-	(720 951)	<b>(720 951)</b>	
Net increase/(decrease) in cash and cash equivalents	63 677 000	338 000	<b>64 015 000</b>	(4 462 706)	<b>(68 477 706)</b>	
Cash and cash equivalents at the beginning of the year	143 652 000	-	<b>143 652 000</b>	205 786 440	<b>62 134 440</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>207 329 000</b>	<b>338 000</b>	<b>207 667 000</b>	<b>201 323 734</b>	<b>(6 343 266)</b>	

#### Reconciliation



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2022</b>											
<b>Financial Performance</b>											
Property rates	95 852 000	338 000	96 190 000	-	-	96 190 000	96 260 597	-	70 597	100 %	100 %
Service charges	471 098 000	-	471 098 000	-	-	471 098 000	402 489 332	-	(68 608 668)	85 %	85 %
Interest earned - financial institutions	6 423 000	-	6 423 000	-	-	6 423 000	6 913 853	-	490 853	108 %	108 %
Transfers recognised - operational	468 646 000	-	468 646 000	-	-	468 646 000	432 953 722	-	(35 692 278)	92 %	92 %
Other own revenue	168 673 000	-	168 673 000	-	-	168 673 000	80 691 684	-	(87 981 316)	48 %	48 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 210 692 000</b>	<b>338 000</b>	<b>1 211 030 000</b>	<b>-</b>	<b>-</b>	<b>1 211 030 000</b>	<b>1 019 309 188</b>	<b>-</b>	<b>(191 720 812)</b>	<b>84 %</b>	<b>84 %</b>
Employee costs	(298 896 000)	-	(298 896 000)	-	11 000 000	(287 896 000)	(282 574 860)	-	5 321 140	98 %	95 %
Remuneration of councillors	(28 311 000)	-	(28 311 000)	-	-	(28 311 000)	(28 070 806)	-	240 194	99 %	99 %
Debt impairment	(57 934 000)	-	(57 934 000)	-	(23 500 000)	(81 434 000)	(79 464 580)	-	1 969 420	98 %	137 %
Depreciation and asset impairment	(130 000 000)	-	(130 000 000)	-	(11 000 000)	(141 000 000)	(137 431 363)	-	3 568 637	97 %	106 %
Finance charges	(9 263 000)	-	(9 263 000)	-	(5 500 000)	(14 763 000)	(14 464 554)	-	298 446	98 %	156 %
Bulk purchases	(292 350 000)	-	(292 350 000)	-	(14 500 000)	(306 850 000)	(306 303 648)	-	546 352	100 %	105 %
Other expenditure	(322 986 000)	(4 595 000)	(327 581 000)	-	43 500 000	(284 081 000)	(273 608 524)	-	10 472 476	96 %	85 %
<b>Total expenditure</b>	<b>(1 139 740 000)</b>	<b>(4 595 000)</b>	<b>(1 144 335 000)</b>	<b>-</b>	<b>-</b>	<b>(1 144 335 000)</b>	<b>(1 121 918 335)</b>	<b>-</b>	<b>22 416 665</b>	<b>98 %</b>	<b>98 %</b>
<b>Surplus/(Deficit)</b>	<b>70 952 000</b>	<b>(4 257 000)</b>	<b>66 695 000</b>	<b>-</b>	<b>-</b>	<b>66 695 000</b>	<b>(102 609 147)</b>	<b>-</b>	<b>(169 304 147)</b>	<b>(154)%</b>	<b>(145)%</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	69 295 000	19 000 000	88 295 000	-	-	88 295 000	125 064 000		36 769 000	142 %	180 %
Surplus (Deficit) after capital transfers and contributions	140 247 000	14 743 000	154 990 000	-	-	154 990 000	22 454 853		(132 535 147)	14 %	16 %
Surplus/(Deficit) for the year	140 247 000	14 743 000	154 990 000	-	-	154 990 000	22 454 853		(132 535 147)	14 %	16 %

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

Figures in Rand	Note(s)	2022	2021
-----------------	---------	------	------

### 1. Presentation of Annual Financial Statements

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.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 New standards and interpretations

##### Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations relevant to its operations:

##### Standards and Interpretations early adopted

The municipality has chosen not to early adopt any standards and interpretations.

##### 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 July 01, 2022 or later periods:

##### GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

These revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect the following:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

### **Guideline: Guideline on Accounting for Landfill Sites**

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

### **GRAP 25: Employee Benefits**

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@ ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

### **Key amendments to GRAP 25**

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The municipality expects to adopt the standard for the first time in the future. The effective date of these revisions have not yet been set.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

### **iGRAP 7: Limit on defined benefit asset, minimum funding requirements and their interaction**

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14® ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set. The municipality expects to adopt the revisions for the first time in the future.

### **Guideline: Guideline on the Application of Materiality to Financial Statements**

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities. The municipality expects to adopt the guideline for the first time in the future. It is unlikely that the guideline will have a material impact on the economic entity's annual financial statements.

### **iGRAP21: The Effect of Past Decisions on Materiality**

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called “items”).

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially “misstated” over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

The municipality expects to adopt the interpretation for the first time in the 2022/2023 financial year.

### GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

#### Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

#### Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

#### Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

#### Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances. The effective date of this amendment is for years beginning on or after 01 April 2025.

The municipality expects to adopt the amendment for the first time in the 2024/2025 financial statements.

### 1.4 Materiality

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

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

### 1.5 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

#### Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

#### Estimates

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively. In the process of applying the municipality's accounting policies the following estimates, were made:

#### Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

#### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of intangible and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Rehabilitation provisions.

#### Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

### 1.6 Investment property

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

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

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

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

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

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

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

#### Cost model



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.6 Investment property (continued)

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 instalments over the useful life of the property, which is as follows:

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

### 1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

#### Initial measurement.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

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

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

#### Subsequent measurement

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

The municipality will, after initial recognition, treat items of PPE in terms of the cost model, thus carried at cost less any accumulated depreciation and accumulated impairment losses.

#### Depreciation

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.

#### Useful lives

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

---

Item	Depreciation method	Average useful life
Land and Buildings		
• Land	Straight-line	Indefinite
• Buildings	Straight-line	30 Years
Other assets		
• Furniture and fittings	Straight-line	5 - 19 Years
• Air conditioners	Straight-line	5 - 9 Years
• Office machines	Straight-line	5 - 19 Years
• Computer hardware	Straight-line	5 - 19 Years
• Transport assets	Straight-line	7 - 30 Years
Infrastructure		
• Roads ,Bridges and Storm water	Straight-line	10 - 100 Years
• Pedestrian malls	Straight-line	20 Years
• Electricity	Straight-line	10 - 70 Years
• Security measures	Straight-line	3 - 7 Years
Community Assets		
• Buildings and other assets	Straight-line	05 - 50 Years
• Recreational facilities	Straight-line	15 - 30 Years
• Watercraft	Straight-line	15 Years
• Emergency equipment	Straight-line	05 - 15 Years
• Plant and equipment	Straight-line	05 - 40 Years
• Landfill sites	Straight-line	05 - 10 Years
• Bins and containers	Straight-line	05 - 10 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.

#### Assets under construction.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.7 Property, plant and equipment (continued)

Assets under construction are stated at cost and not depreciated until the respective assets are completed and ready for use. Assets under construction are also assessed for impairment.

#### Derecognition

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.

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

#### 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 the number of production or similar units expected to be obtained from the asset by the municipality.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### 1.8 Site restoration and dismantling cost

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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

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

### 1.9 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

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

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

---

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	2 - 10 Years

---

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

---

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.9 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

### 1.10 Heritage assets

Assets are resources controlled by a 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.

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 a 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.

### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

### Initial measurement

Heritage assets are measured at cost.

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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.10 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

### 1.11 Financial instruments

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

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

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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

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

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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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.

### Classification

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

<b>Class</b>	<b>Category</b>
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

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

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value, plus in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

#### Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the municipality reclassifies the instrument from cost to fair value.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectability of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Financial assets measured at amortised cost:

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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Financial instruments (continued)

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

The municipality assesses the financial assets for impairment individually, when assets are individually significant, or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment for impairment.

For collective assessments of impairment, assets with similar characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to contractual terms.

In making this assessment, management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the debtor;
- Delays in payments (including interest payments) or failure to pay / defaults;
- The probability that the borrower / debtor will enter sequestration (bankruptcy);
- Observable historical data indicating that there is a decrease in the estimated future cash flows that will be received by the municipality from a group of financial assets since the initial recognition of those assets;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Accounts in arrears for a period longer than the initial estimated repayment period;
- Accounts with a provision factor of more than 10; and
- Accounts handed over for collection.

Management considers all the indicators above as guidance but only uses the indicators for which there is sufficient information to make the assessment for possible or actual impairment.

### Derecognition

#### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.11 Financial instruments (continued)

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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

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

### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

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

### Presentation

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

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

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

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

### 1.12 Leases

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

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

### Finance leases - lessee

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.12 Leases (continued)

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 municipality's incremental borrowing rate.

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

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

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.13 Inventories

The municipality recognises inventories as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality;
- the cost of the inventory can be measured reliably.

#### Initial recognition and measurement

Inventories, consisting of consumable stores, land inventories and raw materials are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date of acquisition.

#### Subsequent measurement

Consumable stores and raw materials are valued at the lower of cost and net realisable value unless they are distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted average cost method.

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

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in surplus or deficit in the year in which they arose. The amount of any reversal of any write down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories. Such reversal is recognised in surplus or deficit in the period in which the reversal occurs.

Land inventory held by the municipality for the purpose of resale is carried at cost and accounted for as inventory.

#### Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.14 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value.

The municipality does not have bank overdraft facilities.

### 1.15 Consumer deposits

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Consumers are also allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

### 1.16 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Impairment of cash-generating assets (continued)

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Impairment of cash-generating assets (continued)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

### Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Impairment of cash-generating assets (continued)

- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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
- the number of production or similar units expected to be obtained from the asset by the municipality.

### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.17 Impairment of non-cash-generating assets (continued)

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.17 Impairment of non-cash-generating assets (continued)

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.18 Value added tax

The municipality is registered for Value Added Tax (VAT) on the payment basis to SARS in accordance with the VAT Act no 89 of 1991. The annual financial statements have been prepared on the accrual basis of accounting. The municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

### 1.19 Employee benefits

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

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

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

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

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

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

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

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

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

### Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Employee benefits (continued)

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and 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 concerned.

### Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality 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.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality 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
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Employee benefits (continued)

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount 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 obligation.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an entity (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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.

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 any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- 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 these economic benefits is determined using a discount rate which reflects the time value of money.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality 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. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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

- 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
- 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 valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Employee benefits (continued)

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- 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:
  - those changes were enacted before the reporting date; or
  - past history, 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 take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.20 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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Provisions and contingencies (continued)

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.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

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:

- 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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

The municipality has an obligation to dismantle, remove and restore items of property plant and equipment. The estimated cost to rehabilitate the landfill sites is performed by qualified engineers, using various assumptions. A provision is then made using those costs. The related cost is measured at cost:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets.

### 1.21 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.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments,
- where the expenditure has been approved and the contract has been awarded at the reporting date, and
- where disclosure is required by a specific standard of GRAP.

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the municipality will discharge its responsibilities thereby incurring future expenditure that will result in an outflow of cash.

### 1.22 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.22 Revenue from exchange transactions (continued)

#### 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 fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 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.

#### Prepaid Electricity

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date. Prepaid electricity liability portion is estimated based on the average unit sales and rate per unit as at 30 June 2022 and 30 June 2023 based on the Contour Prepaid Electricity vending system.

#### Service charges relating to electricity

Service charges relating to electricity are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption. Revenue arising from the consumption of electricity in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

#### Refuse removal

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

#### Service charges

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.22 Revenue from exchange transactions (continued)

Service charges are recognised on a monthly basis in arrears by applying the approved tariff and/or contract conditions. Tariffs are determined per category of property usage and are levied on a monthly basis.

#### Rental income

Rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds, lease of tents etc. and is charged using the relevant approved tariffs.

#### Licenses and permits

Revenue of specific licenses and permits is recognised on an ad hoc basis by applying tariffs determined and approved by the Department of Transport and adopted by the municipal council on a yearly basis.

#### Other Income

Other income included amongst others the following:

- Sale of bid documents;
- Advertising; and
- Sale of municipal land

### 1.23 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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.23 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.

#### 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.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.23 Revenue from non-exchange transactions (continued)

#### Government grants

##### Equitable Share:

Equitable share allocations are recognised in revenue at the start of the financial year.

##### Conditional Grants:

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a differential rating system i.e business, farming and residential properties. In terms of this system, assessment rates are levied on the market value in respect of properties. Rebates are granted according to the use of the property concerned.

### 1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

### 1.25 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.26 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

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.26 Accounting by principals and agents (continued)

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.

#### 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.

### 1.27 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Current year comparatives (Budget):

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.27 Comparative figures (continued)

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Certain comparative figures have been reclassified. The nature and reasons for the reclassification and restatement are disclosed in note 36 "Prior year adjustments" to the financial statements.

### 1.28 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).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.29 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).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.30 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality that is not in accordance with or in contravention of:

- the MFMA, and which has not been condoned in terms of Section 70;
- the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that Act;
- the Public Office-Bearers Act, (Act No.20 of 1998);
- the requirements of a supply chain management policy of the municipality or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.30 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the municipal council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.31 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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.

### 1.32 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022 2021

### 2. Investment property

	2022		2021			
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	
Investment property	19 459 426	(3 575 156)	15 884 270	18 777 018	(3 193 445)	15 583 573

### Reconciliation of investment property - 2022

Investment property	Opening balance	Additions	Depreciation	Total
	15 583 573	682 408	(381 711)	15 884 270

### Reconciliation of investment property - 2021

Investment property	Opening balance	Depreciation	Total
	15 965 284	(381 711)	15 583 573

### Pledged as security

No investment property of the municipality was pledged as security.

### Details of property

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.

### Details of valuation

The municipality measures investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2022		2021			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	233 202 225	-	233 202 225	233 839 633	-	233 839 633
Buildings	53 464 195	(20 203 145)	33 261 050	45 169 880	(18 406 968)	26 762 912
Machinery and equipment	61 215 140	(30 927 490)	30 287 650	48 408 593	(25 059 128)	23 349 465
Furniture and office equipment	17 201 205	(12 481 035)	4 720 170	15 154 754	(10 773 365)	4 381 389
Transport assets	78 167 816	(35 474 906)	42 692 910	76 689 551	(25 223 688)	51 465 863
Computer equipment	14 722 559	(7 385 781)	7 336 778	11 560 863	(5 588 173)	5 972 690
Infrastructure assets	2 411 596 140	(1 348 944 862)	1 062 651 278	2 310 598 938	(1 238 016 034)	1 072 582 904
Community assets	140 870 163	(31 747 107)	109 123 056	89 384 651	(28 129 383)	61 255 268
Library Books	2 470 476	(2 334 684)	135 792	2 470 476	(2 247 923)	222 553
Work In Progress	186 281 412	-	186 281 412	119 728 018	-	119 728 018
<b>Total</b>	<b>3 199 191 331</b>	<b>(1 489 499 010)</b>	<b>1 709 692 321</b>	<b>2 953 005 357</b>	<b>(1 353 444 662)</b>	<b>1 599 560 695</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening Balance	Additions	Disposals	Transfers to expenditure	Transfers of completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 839 633	45 000	(682 408)	-	-	-	-	233 202 225
Buildings	26 762 912	4 160 001	-	-	4 134 314	(1 776 829)	(19 348)	33 261 050
Machinery and equipment	23 349 465	12 806 547	-	-	-	(5 868 362)	-	30 287 650
Furniture and office equipment	4 381 389	2 046 451	-	-	-	(1 707 670)	-	4 720 170
Transport assets	51 465 863	1 478 265	-	-	-	(10 251 218)	-	42 692 910
Library Books	222 553	-	-	-	-	(86 761)	-	135 792
Computer equipment	5 972 690	3 161 696	-	-	-	(1 797 608)	-	7 336 778
Infrastructure assets	1 072 582 904	-	-	-	100 997 202	(109 586 109)	(1 342 719)	1 062 651 278
Community assets	61 255 268	-	-	-	51 485 512	(3 606 308)	(11 416)	109 123 056
Work In Progress	119 728 018	225 551 573	-	(2 381 151)	(156 617 028)	-	-	186 281 412
	<b>1 599 560 695</b>	<b>249 249 533</b>	<b>(682 408)</b>	<b>(2 381 151)</b>	<b>-</b>	<b>(134 680 865)</b>	<b>(1 373 483)</b>	<b>1 709 692 321</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening Balance	Additions	Transfers to expenditure	Transfers of completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 839 633	-	-	-	-	-	233 839 633
Buildings	24 215 971	-	-	4 143 650	(1 543 687)	(53 022)	26 762 912
Machinery and equipment	25 986 894	2 251 420	-	-	(4 865 749)	(23 100)	23 349 465
Furniture and office equipment	3 772 367	2 153 414	-	-	(1 518 806)	(25 586)	4 381 389
Transport assets	30 724 261	26 774 182	-	-	(6 032 380)	(200)	51 465 863
Library Books	395 909	-	-	-	(173 288)	(68)	222 553
Computer equipment	3 695 961	3 526 139	-	-	(1 246 374)	(3 036)	5 972 690
Infrastructure assets	1 111 691 289	-	-	68 957 784	(106 669 376)	(1 396 793)	1 072 582 904
Community assets	51 690 993	-	-	12 420 167	(2 853 644)	(2 248)	61 255 268
Work In Progress	90 727 813	119 930 387	(5 408 581)	(85 521 601)	-	-	119 728 018
	<b>1 576 741 091</b>	<b>154 635 542</b>	<b>(5 408 581)</b>	<b>-</b>	<b>(124 903 304)</b>	<b>(1 504 053)</b>	<b>1 599 560 695</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 3. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	62 650 631	45 392 784	11 684 603	119 728 018
Additions/capital expenditure	178 064 903	27 499 785	19 986 885	225 551 573
Transferred to completed items	(100 997 202)	(51 485 512)	(4 134 314)	(156 617 028)
Transferred to expenditure	(1 642 025)	-	(739 126)	(2 381 151)
	<b>138 076 307</b>	<b>21 407 057</b>	<b>26 798 048</b>	<b>186 281 412</b>

#### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	64 623 143	24 046 491	2 058 179	90 727 813
Additions/capital expenditure	70 268 844	35 112 469	14 549 074	119 930 387
Transferred to completed items	(68 957 784)	(12 420 167)	(4 143 650)	(85 521 601)
Transferred to expenditure	(3 283 572)	(1 346 009)	(779 000)	(5 408 581)
	<b>62 650 631</b>	<b>45 392 784</b>	<b>11 684 603</b>	<b>119 728 018</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>3. Property, plant and equipment (continued)</b>		
<b>Projects which are taking significantly longer periods to complete</b>		
Included in Work In Progress (WIP) total carrying value are projects which are taking longer to complete. The expenditure incurred to date for these projects are as follows:		
<b>Project Name</b>	<b>Amount</b>	<b>Reasons for project delays</b>
Waterval Sports Facility Phase 2	12 542 061	The project was waiting completion of installation of the precast concrete grand stand which was part of Phase 3 scope.
Kutama/Sinthumule Sports Facility	1 654 443	The project was registered for MIG funding on the 12 November 2021 hence there was no expenditure during the year
Designs of Municipality Civic Centre - New Council Chamber and Offices	2 918 107	There was no budget for construction phase, hence there is no expenditure. According to Engineers estimate, this project needs more than R 100m for both construction and engineers fees
Rehabilitation of Djunane street at Waterval Township for proper design	1 858 526	There was no budget for construction phase. The design was completed during 2019/2020 financial year.
Arts and Craft centre Designs	366 454	There was no budget for design and also construction phase.
Development of Dzanani Park	1 214 506	There was a delay in appointment of the contractor and they will commence the in 2022/23 financial year
Led street lights system design - all areas	160 577	Rolled over to 2022/2023
Electrification of 170 Residential sites at Tshikota Townshi (Design)	428 806	-Project rolled over to appoint contractor during 2022/2023
Minor Extensions	1 812 970	The contractor was not appointed during the financial year and rolled over to 2022/223
Siloam and Dzanani Taxi Rank Paving and Ablution	451 821	The project is still on design stage.
Dzanani Traders Market 2019	413 208	The project is still on design stage
Tsianda ( Marundu to Military Base) Access Road 2020	605 622	The project is on design stage and is awaiting MIG Registration processes
Cricket substation control building	289 216	The project scope of work was not completed in the BOQ and it will be completed internal in 2022/23

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 3. Property, plant and equipment (continued)

**24 716 317**

#### Impairment of non cash generating assets

At the reporting date all asset classes were assessed for impairment and the following classes of assets were impaired at reporting date and below are the asset categories that have been impaired by the following amounts:

#### Asset Class

Buildings	19 348	53 022
Infrastructure assets	1 342 719	1 396 793
Machinery and equipment	-	23 100
Community Assets	11 416	2 248
Furniture and fittings	-	25 586
Computer assets	-	3 036
Transport assets	-	200
Library Books	-	68
	<b><u>1 373 483</u></b>	<b><u>1 504 053</u></b>

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.

#### Pledged as security

No items of property, plant & equipment of the municipality was pledged as security.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

	2022		2021		
Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
8 699 728	(6 648 933)	2 050 795	7 544 139	(5 653 646)	1 890 493

Intangible assets

### Reconciliation of intangible assets - 2022

Opening balance	Additions	Amortisation	Total
1 890 493	1 155 589	(995 287)	2 050 795

Intangible assets

### Reconciliation of intangible assets - 2021

Opening balance	Additions	Amortisation	Total
2 117 659	620 796	(847 962)	1 890 493

Intangible assets

### Pledged as security

No intangible assets of the municipality were pledged as security.

### Restricted title

There is no restriction on the title of Intangible assets. Intangible assets have finite useful lives and are amortized over the useful lives.

**MAKHADO LOCAL MUNICIPALITY**  
 Annual Financial Statements for the year ended 30 June 2022  
**Notes to the Annual Financial Statements**

Figures in Rand

**5. Heritage assets**

	2022		2021	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Heritage assets	2 160 329	-	2 160 329	2 160 329
				Accumulated impairment losses
				-
				Carrying value
				2 160 329

**Reconciliation of heritage assets 2022**

Heritage assets

Opening balance	2 160 329	Total
		2 160 329

**Reconciliation of heritage assets 2021**

Heritage assets

Opening balance	2 160 329	Total
		2 160 329

**Restrictions on heritage assets**

There is no restriction on the title of heritage assets.

**Pledged as security**

No heritage assets of the municipality were pledged as security.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 6. Employee benefit obligations

#### Long Service Awards Obligation

The actuarial valuation of the long service award was performed by Chanan Weiss (Fellow of the Actuarial Society of South Africa), on behalf of ARCH Actuarial Consulting.

The long service bonus award provision consists of an obligation to pay out a bonus to qualifying employees in the year the employee attains the required service period. The obligation represents a liability to Makhado Local Municipality and the value is represented by the present value of the long service bonus awards expected to be paid in future. The valuation is thus an estimate of the cost of providing long service awards. The actual cost to the municipality will be dependent on the future levels of assumed variables and the demographic profile of the membership. The municipality is required to pay awards to its employees for every 5 years of service completed from 10 years to 45 years. This will be in the form of days accumulated, that will be encashed immediately.

Valuation assumptions made include Discount Rate of 10.87% (2021: 8.70%), Consumer Price Inflation of 7.33% (2021: 5.64%), Normal Salary Increase of 4.90% (2021: 3.50%) and Net Effective Discount Rate of 3.30% (2021: 2.90%), Mortality SA 85-90 (2021: SA 85-90)

#### Long service awards liability

Opening balance	(15 726 000)	(15 245 000)
Current service cost	(1 243 000)	(1 201 000)
Interest cost	(1 229 000)	(983 000)
Actuarial (gains)/loss	515 336	(1 065 231)
Expected employer benefit vesting	2 766 664	2 768 231
	<u>(14 916 000)</u>	<u>(15 726 000)</u>

#### Post retirement medical aid plan

The municipality operates an unfunded post employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Hosmed, LA Health and SAMWUMED medical aid schemes. The municipality is committed to pay 70% of the members' post employment medical aid contributions up to an amount that is currently capped at R5,028 per month. Under the plan, dependents of the former employees are entitled to continued membership of their medical aid scheme upon the death of the primary member. No other post-employment benefits are provided to these employees. As at the balance sheet date, the members of the medical aid entitled to the post employment medical scheme subsidy were 395 in service members, 152 in service non- members and 47 continuation(retiree and widow) members.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2022 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the Projected Unit Credit Method.

#### Total post-retirement health care benefits liability

Opening balance	(99 378 000)	(84 271 000)
Current service cost	(3 870 000)	(3 344 000)
Interest cost	(9 972 000)	(8 763 000)
Actuarial (gains)/loss	7 928 169	(5 699 475)
Expected contributions (benefits paid)	2 794 831	2 699 475
	<u>(102 497 000)</u>	<u>(99 378 000)</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 6. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening Balance	(115 104 000)	(99 516 000)
Current Service Costs	(5 113 000)	(4 545 000)
Interest Costs	(11 201 000)	(9 746 000)
Expected employee benefit vesting	5 561 495	5 467 706
Actuarial gain/(loss)	8 443 505	(6 764 706)
	<b><u>(117 413 000)</u></b>	<b><u>(115 104 000)</u></b>
Non-current liabilities	(112 542 000)	(108 718 000)
Current liabilities	(4 871 000)	(6 386 000)
	<b><u>(117 413 000)</u></b>	<b><u>(115 104 000)</u></b>

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,82 %	10,19 %
Net discount rate	3,12 %	3,10 %
Expected increase in salaries	4,90 %	3,50 %
Expected increase in healthcare costs	8,44 %	6,88 %

### 7. Inventories

Consumable stores	32 067 552	26 284 173
Land inventory	96 569 742	101 244 400
	<b><u>128 637 294</u></b>	<b><u>127 528 573</u></b>

#### 7.1 Reconciliation of inventories

Land inventory		
Opening balance	101 244 400	101 244 400
Less: Sales	(1 255 000)	-
Inventory written down	(3 419 658)	-
Closing balance	<b><u>96 569 742</u></b>	<b><u>101 244 400</u></b>

Included in land inventory disclosed is an amount of R7 741 000 relating to land portions auctioned during the year. The municipality is still in control of the auctioned land at year -end. The risks and rewards passes from the municipality to the buyer on transfer of the property.

Furthermore, there are certain portions of land illegally occupied by invaders. At year -end, an amount of R3 419 658 was written down.

#### Inventory consumables

Opening balance	26 284 173	24 087 523
Add: Purchases	35 620 692	19 797 281
Less: Issues	(29 837 313)	(17 600 631)
Closing balance	<b><u>32 067 552</u></b>	<b><u>26 284 173</u></b>

#### Inventory pledged as security

No inventory was pledged as security for the current and previous year.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>8. Sundry Debtors</b>		
Other receivables	3 661 703	3 179 748
Vhembe District Municipality	16 940 900	45 881 800
Prepaid expenses - Insurance	671 781	404 833
	<b>21 274 384</b>	<b>49 466 381</b>

### Vhembe District Municipality

As of 30 June 2022, trade and other receivables of 33 881 800 (2021: 45 881 800) were impaired and provided for.

The amount of the provision was 16 940 900 as of 30 June 2022.

The reconciliation of the gross balance for VDM debt is as follows:

Opening Balance	45 881 800	87 881 800
Settlements	(12 000 000)	(42 000 000)
Total	33 881 800	45 881 800
Less: Allowance for impairment	(16 940 900)	-
Closing Balance	16 940 900	45 881 800

### Reconciliation of provision for impairment of sundry debtors

Opening balance	-	(66 790 168)
Contributions to allowance	(16 940 900)	-
Unused amounts reversed	-	66 790 168
	<b>(16 940 900)</b>	<b>-</b>

### Sundry debtors pledged as security.

No trade and other receivables were pledged as security.

## 9. Receivables from non-exchange transactions

Fines	1 828 415	1 276 675
-------	-----------	-----------

### Receivables from non-exchange transactions impaired

As of 30 June 2022, receivables from traffic fines of R11 530 235 (2021: R27 886 405) were impaired and provided for. The amount of the provision was R9 701 820 as of 30 June 2022 (2021: R26 609 730).

### Gross Balances

Opening balance	27 886 405	24 029 755
Tickets issued	3 724 150	5 081 600
Withdrawals	(149 140)	(289 800)
Reductions	(80 280)	(120 120)
Payments	(474 240)	(815 030)
Bad debts written off	(19 376 660)	-
Closing Balance	11 530 235	27 886 405
Less: Provision for impairment	(9 701 820)	(26 609 730)
	<b>1 828 415</b>	<b>1 276 675</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Receivables from non-exchange transactions (continued)</b>		
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	(26 609 730)	(23 571 930)
Contributions to allowance	(2 468 750)	(3 037 800)
Bad debts written off	19 376 660	-
	<b>(9 701 820)</b>	<b>(26 609 730)</b>
<b>Receivables from non-exchange transactions pledged as security</b>		
No receivables from non-exchange transactions were pledged as security.		
<b>10. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	151 139 522	127 580 189
Consumer debtors - Electricity	110 120 481	106 911 235
Consumer debtors - Interest	110 979 925	89 098 965
Consumer debtors - Refuse	26 591 216	23 169 949
Consumer debtors - Sundries	16 640 286	14 723 752
Consumer debtors - VAT	28 110 371	16 698 832
Consumer debtors - Other	5 115 632	4 390 009
	<b>448 697 433</b>	<b>382 572 931</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(114 561 472)	(80 777 666)
Consumer debtors - Electricity	(46 374 121)	(79 939 823)
Consumer debtors - Interest	(96 428 372)	(56 413 197)
Consumer debtors - Refuse	(25 844 946)	(14 670 102)
Consumer debtors - Sundries	(15 189 106)	(9 322 375)
Consumer debtors - VAT	(17 367 823)	(10 572 900)
Consumer debtors - Other	(5 019 848)	(2 779 543)
	<b>(320 785 688)</b>	<b>(254 475 606)</b>
<b>Net balance</b>		
Consumer debtors - Rates	36 578 050	46 802 524
Consumer debtors - Electricity	63 746 360	26 971 412
Consumer debtors - Interest	14 551 553	32 685 768
Consumer debtors - Refuse	746 270	8 499 847
Consumer debtors - Sundries	1 451 180	5 401 377
Consumer debtors - VAT	10 742 548	6 125 930
Consumer debtors - Other	95 784	1 610 466
	<b>127 911 745</b>	<b>128 097 324</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	63 746 360	26 971 412
Interest	14 551 553	32 685 768
Refuse	746 270	8 499 847
Sundries	1 451 180	5 401 377
VAT	10 742 548	6 125 930
Other	95 784	1 610 466
	<b>91 333 695</b>	<b>81 294 800</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	36 578 050	46 802 524
<b>Net balance</b>	<b>127 911 745</b>	<b>128 097 324</b>
<b>Rates</b>		
Current (0 -30 days)	10 301 432	9 930 734
31 - 60 days	3 634 139	3 455 752
61 - 90 days	7 921 881	3 157 250
91 - 120 days	10 330 921	3 065 911
121 - 365 days	118 951 149	107 970 542
	<b>151 139 522</b>	<b>127 580 189</b>
<b>Electricity</b>		
Current (0 -30 days)	59 358 730	54 329 501
31 - 60 days	2 951 781	3 534 586
61 - 90 days	1 679 292	3 074 302
91 - 120 days	2 397 064	2 520 335
121 - 365 days	43 733 614	43 452 511
	<b>110 120 481</b>	<b>106 911 235</b>
<b>Interest</b>		
Current (0 -30 days)	5 785 080	5 062 899
31 - 60 days	2 717 649	2 410 238
61 - 90 days	2 670 465	2 322 352
91 - 120 days	2 548 235	2 253 850
121 - 365 days	97 258 496	77 049 626
	<b>110 979 925</b>	<b>89 098 965</b>
<b>Refuse</b>		
Current (0 -30 days)	1 512 999	1 466 753
31 - 60 days	507 846	509 875
61 - 90 days	488 096	499 668
91 - 120 days	462 173	479 308
121 - 365 days	23 620 102	20 214 346
	<b>26 591 216</b>	<b>23 169 950</b>
<b>Sundries</b>		
Current (0 -30 days)	1 688 500	1 770 668
31 - 60 days	647 434	642 386
61 - 90 days	401 093	622 004
91 - 120 days	365 384	696 514
121 - 365 days	13 537 875	10 992 179
	<b>16 640 286</b>	<b>14 723 751</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>VAT</b>		
Current (0 -30 days)	15 837 650	4 987 087
31 - 60 days	599 844	663 789
61 - 90 days	374 038	558 784
91 - 120 days	467 926	517 053
121 - 365 days	10 830 913	9 972 119
	<b>28 110 371</b>	<b>16 698 832</b>
<b>Other</b>		
Current (0 -30 days)	265 652	561 174
31 - 60 days	145 567	233 739
61 - 90 days	138 771	232 721
91 - 120 days	143 085	234 776
121 - 365 days	4 422 558	3 327 599
	<b>5 115 633</b>	<b>4 590 009</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Residential</b>		
Current (0 -30 days)	24 332 386	30 415 942
31 - 60 days	4 165 572	4 055 285
61 - 90 days	3 773 496	3 735 817
91 - 120 days	3 635 460	3 644 695
121 - 365 days	22 892 957	71 102 225
> 365 days	144 151 454	-
	<u>202 951 325</u>	<u>112 953 964</u>
Less: Allowance for impairment	(188 112 917)	(83 765 788)
	<b><u>14 838 408</u></b>	<b><u>29 188 176</u></b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	24 136 970	63 887 308
31 - 60 days	4 293 811	4 839 973
61 - 90 days	7 547 848	4 658 359
91 - 120 days	10 146 751	3 913 578
121 - 365 days	17 993 814	79 516 666
> 365 days	62 869 252	-
	<u>126 988 446</u>	<u>156 815 884</u>
Less: Allowance for impairment	(45 683 569)	(99 288 307)
	<b><u>81 304 877</u></b>	<b><u>57 527 577</u></b>
<b>Agriculture</b>		
Current (0 -30 days)	46 280 688	52 832 414
31 - 60 days	2 744 876	2 555 107
61 - 90 days	2 352 292	2 072 907
91 - 120 days	2 932 576	2 209 472
121 - 365 days	12 709 552	53 133 185
> 365 days	51 737 678	-
	<u>118 757 662</u>	<u>112 803 085</u>
Less: Allowance for impairment	(86 989 200)	(71 421 511)
	<b><u>31 768 462</u></b>	<b><u>41 381 574</u></b>
<b>Total</b>		
Current (0 -30 days)	94 750 043	147 135 664
31 - 60 days	11 204 259	11 450 365
61 - 90 days	13 673 636	10 467 083
91 - 120 days	16 714 787	9 767 745
121 - 365 days	53 596 323	203 752 074
> 365 days	258 758 384	-
	<u>448 697 432</u>	<u>382 572 931</u>
Less: Allowance for impairment	(320 785 687)	(254 475 606)
	<b><u>127 911 745</u></b>	<b><u>128 097 325</u></b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(79 978 757)	(102 858 454)
31 - 60 days	(7 622 780)	(23 372 119)
61 - 90 days	(9 302 813)	(19 948 958)
91 - 120 days	(11 371 850)	(18 788 381)
121 - 365 days	(36 464 080)	(89 507 694)
> 365 days	(176 045 407)	-

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
	<b><u>(320 785 687)</u></b>	<b><u>(254 475 606)</u></b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(254 475 606)	(226 349 695)
Contributions to allowance	(66 849 852)	(28 131 194)
Debt impairment written off against allowance	539 771	5 283
	<b><u>(320 785 687)</u></b>	<b><u>(254 475 606)</u></b>
<b>Consumer debtors impaired</b>		
As of 30 June 2022, consumer debtors of R320 785 867 (2021: R254 475 606) were impaired and provided for.		
An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. The provision for doubtful debts is determined in line with the municipality's approved method and assumptions for calculating provision for bad debts. No debt was written off during the period as uncollectable.		
The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements.		
<b>Consumer debtors pledged as security</b>		
No portion of accounts receivables was pledged as security for any financial liabilities.		
<b>Credit quality of consumer debtors</b>		
The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.		
Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.		
<b>Fair value of consumer debtors</b>		
The fair value of accounts receivable approximates their carrying amounts.		
Consumer debtors	<b><u>448 697 433</u></b>	<b><u>382 572 931</u></b>



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Primary bank account	201 295 534	205 758 240
Petty Cash	15 000	15 000
Cash Float	13 200	13 200
	<b><u>201 323 734</u></b>	<b><u>205 786 440</u></b>

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

### Cash and cash equivalents pledged as collateral

No cash and cash equivalents were pledged as collateral in the current financial year and previous years.

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB BANK - Primary account - 623-0832-9988	200 740 897	205 898 658	146 102 026	201 323 734	205 758 240	143 623 386
VBS MUTUAL BANK Investment account-010029570007	58 264 578	62 734 416	62 734 416	58 264 578	62 734 416	62 734 416
<b>Total</b>	<b><u>259 005 475</u></b>	<b><u>268 633 074</u></b>	<b><u>208 836 442</u></b>	<b><u>259 588 312</u></b>	<b><u>268 492 656</u></b>	<b><u>206 357 802</u></b>

### Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2021:R62 734 416) has been impaired in full. VBS Mutual Bank was placed under curatorship by the Reserve Bank of South Africa on 11 March 2018 following material irregularities and alleged fraud by those charged with governance of the bank. The bank failed to honor its obligations due to liquidity crisis. For the period ended 30 June 2022, the municipality has recovered R4 391 409 of the amount, disclosed in Note 27 of the Annual Financial Statements.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	786 489	786 489
- in second to fifth year inclusive	327 704	1 114 192
	<u>1 114 193</u>	<u>1 900 681</u>
less: future finance charges	(56 396)	(156 735)
<b>Present value of minimum lease payments</b>	<b><u>1 057 797</u></b>	<b><u>1 743 946</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	735 751	686 149
- in second to fifth year inclusive	322 046	1 057 797
	<u>1 057 797</u>	<u>1 743 946</u>
Non-current liabilities	322 046	1 057 797
Current liabilities	735 751	686 149
	<u>1 057 797</u>	<u>1 743 946</u>

It is municipality policy to lease certain equipment under finance leases, denominated in the presentation currency (Rand). The average lease term was 3 years, interest rates are fixed at the contract date and leases have fixed repayments. No arrangements have been entered into for contingent rent.

### Defaults and breaches

During the current year, there were no defaults or breaches of any finance leases agreements.

### Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	1 057 797	1 743 946
------	-----------	-----------

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 48. The fair value of finance lease liabilities approximates their carrying amounts.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>13. Unspent conditional grants and receipts</b>		
Unspent grants are mainly attributed to projects that are work in progress in the relevant financial year-end. The unspent grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. All conditional grants were fully spent as at 30 June 2022.		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	-	-
Intergrated National Electrification Programme	-	-
Expanded Public Works Programmes	-	-
Disaster Management Grant	-	-
Expanded Public Works Programmes	-	-
	<u>-</u>	<u>-</u>
<b>Movement during the year</b>		
Balance at the beginning of the year	-	10 487 434
Additions during the year	156 270 722	104 631 869
Income recognition during the year	(156 270 722)	(115 119 303)
	<u>-</u>	<u>-</u>
See note 30 for reconciliation of grants from National/Provincial Government.		
<b>14. Performance bonus obligation</b>		
Performance bonuses	<u>251 578</u>	<u>523 318</u>
<b>Reconciliation of performance bonuses</b>		
Balance at the beginning of the year	523 318	346 235
Increase in provision	136 193	177 083
Payments during the year	(407 933)	-
	<u>251 578</u>	<u>523 318</u>
<b>Total performance bonus obligation</b>		
Performance bonuses	<u>251 578</u>	<u>523 318</u>
	<b>251 578</b>	<b>523 318</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	125 789	-
Current liabilities	125 789	523 318

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 15. Rehabilitation provision

#### Reconciliation of rehabilitation provision - 2022

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	37 039 755	(6 252 848)	2 620 007	33 406 914
New Landfill Site [Permit Number:12/9/11/L413/6]	6 102 111	(851 840)	538 420	5 788 691
	<b>43 141 866</b>	<b>(7 104 688)</b>	<b>3 158 427</b>	<b>39 195 605</b>

#### Reconciliation of rehabilitation provision - 2021

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	38 714 764	(3 963 322)	2 288 313	37 039 755
New Landfill Site [Permit Number:12/9/11/L413/6]	1 523 013	4 466 232	112 866	6 102 111
	<b>40 237 777</b>	<b>502 910</b>	<b>2 401 179</b>	<b>43 141 866</b>

Non-current liabilities		29 195 605	40 141 866
Current liabilities		10 000 000	3 000 000
		<b>39 195 605</b>	<b>43 141 866</b>

#### Environmental rehabilitation provision

Long-term obligations comprising pollution control, rehabilitation and site closure result from environmental disturbances associated with the municipality's operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

#### Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects market assessments of the value of money. The increase in restoration provisions owing to the passage of time is charged to finance costs. All other charges in the carrying amount of the provision subsequent to initial recognition are included in profit or loss in the period in which they are incurred.

#### Ongoing rehabilitation cost

The cost of ongoing current programmes to prevent and control pollution is recognised as an expense when incurred.

#### Critical accounting estimates and assumptions

The municipality's activities are subject to various laws and regulations governing the protection of the environment. The municipality recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of site estimates and discount rates can affect the carrying amount of this provision.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and landfill site closure, are based on the municipality's environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

Rehabilitation costs have been calculated as the present value of future obligation, discounted at net effective discount rate of 2.75% for the Vondeling Landfill and 4% for the Makhado Landfill.

### 16. Deferred Income

Deferred Income	174 247	147 645
-----------------	---------	---------

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Payables from exchange transactions</b>		
Salary Control	4 771 010	-
Accrued operating creditors	115 292 471	69 293 489
Retentions	41 957 455	28 067 037
Advance payments	11 923 796	15 531 508
Other creditors	6 656 468	10 815 381
Provision for leave pay	36 076 807	36 839 592
Provision for bonus: General Employees	6 459 342	5 839 366
	<b>223 137 350</b>	<b>166 386 373</b>

### Fair value of trade and other payables

Trade payables	223 137 350	166 386 373
----------------	-------------	-------------

The carrying amount of payables from exchange transactions approximates their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties. The Municipality did not default on any accounts payable in respect of capital or interest portions. No terms attached to the accounts payable were re-negotiated.

### Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms.

### Annual leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

### Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

### Annual bonus

Annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of it's conditions of employment.

## 18. VAT payable

VAT payable	17 681 850	14 835 555
-------------	------------	------------

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>21. Service charges</b>		
Sale of electricity	388 761 778	366 573 506
Refuse removal	13 727 554	12 965 430
	<b>402 489 332</b>	<b>379 538 936</b>
<p>The amount disclosed above for revenue from service charges is in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</p>		
<b>22. Rental of facilities and equipment</b>		
<b>Premises</b>		
Venue hire	97 331	87 215
<b>Garages and parking</b>		
Rental Car Ports	24 287	25 254
<b>Facilities and equipment</b>		
Rental-Show Ground	117 344	131 529
Rental of equipment	424	12 906
	<b>117 768</b>	<b>144 435</b>
	<b>239 386</b>	<b>256 904</b>
<b>23. Fines, Penalties and Forfeits</b>		
Overdue Books Fines	143	33
Pound Fees Fines	41 431	81 931
Municipal Traffic Fines	3 724 150	5 081 600
	<b>3 765 724</b>	<b>5 163 564</b>
<b>24. Agency services</b>		
Vehicle Registration & Licencing	4 107 933	4 084 953
<b>25. Licences and permits (exchange)</b>		
Dog Licences	85 060	8 280
Trading Licences	137 732	187 028
Road and Transport	3 830 601	4 270 486
	<b>4 053 393</b>	<b>4 465 794</b>
<b>26. Interest earned -outstanding receivables</b>		
Interest earned -outstanding receivables: non-exchange transactions	19 433 737	16 208 507
Interest earned -outstanding receivables: exchange transactions	11 803 142	8 642 650
	<b>31 236 879</b>	<b>24 851 157</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Other revenue from exchange transactions</b>		
Burial fees	195 061	173 023
Advertising	6 273	7 471
Land sales	5 093 421	-
Sundries	7 482 359	2 744 789
Sale of tender documents	76 200	256 500
Building plans	290 454	158 055
Landfill management	7 104 688	-
Reversal of impairment: VDM	-	66 790 168
	<b>20 248 456</b>	<b>70 130 006</b>
<b>28. Interest received from financial institutions</b>		
<b>Interest revenue</b>		
Interest received from primary account	6 913 853	5 137 404
<b>29. Property rates</b>		
<b>Rates received</b>		
Residential	42 476 319	42 052 948
Commercial	25 679 343	26 825 283
State	28 104 935	18 780 203
	<b>96 260 597</b>	<b>87 658 434</b>
<b>Valuations</b>		
Residential	5 222 777 206	5 234 188 789
Commercial	2 176 281 223	2 160 505 223
Agricultural	6 466 632 227	8 396 864 200
Municipal	424 419 729	170 701 102
Churches	107 296 570	103 044 570
Government	3 575 275 716	1 457 501 215
Public Service Purposes	273 061 175	210 753 975
Public Service Infrastructure	104 650 140	-
	<b>8 350 393 986</b>	<b>7 733 559 074</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied monthly on property owner's accounts.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
--	------	------

### 30. Government grants and subsidies

#### Operating grants

Equitable share	401 747 000	469 106 000
Expanded Public Works Programmes (EPWP)	2 280 000	2 270 000
Finance Management Grant (FMG)	1 850 000	1 700 000
Local Government Sector for Education and Training Authority	1 076 722	3 748 650
Government grant (operating) 19	26 000 000	-
	<b>432 953 722</b>	<b>476 824 650</b>

#### Capital grants

Municipal Infrastructure Grant (MIG)	110 768 000	97 459 567
Integrated Electrification Program (INEP)	14 296 000	10 340 000
Local Economic Development (LED)	-	903 867
	<b>125 064 000</b>	<b>108 703 434</b>
	<b>558 017 722</b>	<b>585 528 084</b>

#### Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	125 064 000	98 216 000
Operational grants received	31 206 722	7 718 650
Equitable Share	401 747 000	469 106 000
	<b>558 017 722</b>	<b>575 040 650</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The Equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

All registered indigents receive a monthly subsidy of 240 528 (2021: 1 484 386), which is funded from the grant.

Current-year receipts	401 747 000	469 106 000
Conditions met - transferred to revenue	(401 747 000)	(469 106 000)
	<b>-</b>	<b>-</b>

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	9 583 567
Current-year receipts	110 768 000	87 876 000
Conditions met - transferred to revenue	(110 768 000)	(97 459 567)
	<b>-</b>	<b>-</b>

MIG Grant was used to accelerate the provision of basic service delivery through construction of capital projects. Conditions of the grant were fully satisfied - (see note 13).

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
--	------	------

### 30. Government grants and subsidies (continued)

#### Integrated National Electricity Programme (INEP)

Current-year receipts	14 296 000	10 340 000
Conditions met - transferred to revenue	(14 296 000)	(10 340 000)
	<u>-</u>	<u>-</u>

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were fully satisfied - (see note 13).

#### Expanded Public Works Programmes (EPWP)

Current-year receipts	2 280 000	2 270 000
Conditions met - transferred to revenue	(2 280 000)	(2 270 000)
	<u>-</u>	<u>-</u>

The grant was received from the Department of public works, roads, and infrastructure and spent on employing casual workers within community based projects. Conditions of the grant were fully satisfied - (see note 13).

#### Finance Management Grant (FMG)

Current-year receipts	1 850 000	1 700 000
Conditions met - transferred to revenue	(1 850 000)	(1 700 000)
	<u>-</u>	<u>-</u>

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns). Conditions of the grant were fully satisfied - (see note 13).

#### Local Economic Development Grant (LED)

Balance unspent at beginning of year	-	903 867
Conditions met - transferred to revenue	-	(903 867)
	<u>-</u>	<u>-</u>

The purpose of this grant was to encourage local economic development, by allowing local people to work together to achieve sustainable economic growth and development. Conditions of the grant were fully satisfied in the previous financial year. - (see note 13).

#### Local Government Sector for Education and Training Authority

Current-year receipts	1 076 722	3 748 650
Conditions met - transferred to revenue	(1 076 722)	(3 748 650)
	<u>-</u>	<u>-</u>

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters. The conditions of the grant were fully met- (see note 13).

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 30. Government grants and subsidies (continued)

#### Disaster Management Grant

Current-year receipts	26 000 000	-
Conditions met - transferred to revenue	(26 000 000)	-
	<u>-</u>	<u>-</u>

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The conditions of the grant were fully met - (see note 13).

### 31. Other revenue from non exchange transactions

VBS Bank	4 391 409	-
Makhado Mall donation	4 205 000	-
	<u>8 596 409</u>	<u>-</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Employee related costs</b>		
Basic	165 664 605	164 728 427
Bonus	13 801 778	13 027 379
Medical aid - company contributions	15 312 142	15 421 681
UIF	1 318 053	1 200 032
Other payroll levies	64 370	64 172
Leave pay provision charge	361 659	6 130 009
Pension fund contributions	32 312 068	32 557 453
Travel, motor car, accommodation, subsistence and other allowances	13 671 005	13 271 230
Overtime payments	27 300 199	28 580 821
Employee benefits - current service costs	5 113 000	4 545 000
Acting allowances	1 512 011	2 285 670
Allowances: Non-pensionable	1 689 000	-
Housing benefits and allowances	361 689	431 459
Standby allowance	2 283 234	2 644 686
Group life insurance	1 810 047	1 763 801
	<b>282 574 860</b>	<b>286 651 820</b>

### Remuneration of municipal manager

Annual Remuneration	-	333 407
Acting Allowance	163 824	97 081
Car Allowance	-	99 410
Contributions to UIF, Medical and Pension Funds	-	73 961
Other	-	6 155
	<b>163 824</b>	<b>610 014</b>

During the financial year, the position of the Accounting officer was on an acting basis. However, the Municipal Manager was appointed with effect from 01 September 2022. Refer to Note 50.

### Remuneration of chief finance officer

Annual Remuneration	754 736	754 736
Acting Allowance	56 975	43 017
Car Allowance	311 300	311 612
Contributions to UIF, Medical and Pension Funds	191 886	191 545
	<b>1 314 897</b>	<b>1 300 910</b>

During the financial year, the position of the Chief Finance Officer was subsistant. However, the CFO resigned on the 31st of August 2022. Refer to Note 50

### Remuneration of Director Technical Services

Acting Allowance	56 975	74 854
------------------	--------	--------

During the financial year, the position of Director Technical Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

### Remuneration of Director Corporate Services

Acting Allowance	53 853	78 343
------------------	--------	--------

During the financial year, the position of Director Corporate Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

### Remuneration of Director Development Planning

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 32. Employee related costs (continued)

Acting Allowance	56 568	77 745
------------------	--------	--------

During the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

### Remuneration of Director Community Services

Acting Allowance	56 365	78 343
------------------	--------	--------

During the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022. Refer to Note 50

### 33. Remuneration of councillors

Mayor	924 088	913 869
Speaker	741 959	715 078
Councillors	26 404 759	24 528 730
	<u>28 070 806</u>	<u>26 157 677</u>

### In-kind benefits

The Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties. The Mayor and Speaker have full-time secretary and manager.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette Number 43246 of 24 April 2020 and 46470 of 02 June 2022.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 33. Remuneration of councillors (continued)

#### 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.

#### 30 June 2021

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mrs SM SINYOSI	212 152	70 718	11 075	293 945
Ms D RATSHIKUNI	502 790	167 597	15 118	685 505
Ms MS MACHETHE	252 226	84 075	10 492	346 793
Ms TP MAMOROBELA	502 790	167 597	9 380	679 767
Mr NS MUNYAI	670 387	223 463	20 019	913 869
Mr MR MAGADA	252 226	84 075	13 533	349 834
Mrs TM MALANGE	488 040	162 681	11 881	662 602
Mr ME MALIMA	212 152	70 718	9 609	292 479
Mr FN MADZHIGA	272 263	90 754	6 450	369 467
Ms MS TSHILAMBYANA	232 189	77 396	1 908	311 493
Mr NF CHILILO	280 491	93 497	3 130	377 118
Mr ND DAVHANA	502 790	167 597	7 246	677 633
Mr TC MAMAFHA	272 263	90 754	-	363 017
Mrs R RALIPHADA	212 152	70 718	8 087	290 957
Mr N KUTAMA	272 263	90 754	21 787	384 804
Mrs MJ GABARA	232 189	77 393	23 212	332 794
Mrs MF MUKHARI	212 152	70 718	2 483	285 353
Mr TJ MAMAFHA	502 790	167 597	1 806	672 193
Mr SZ MTHOMBENI	272 263	90 754	5 182	368 199
Mrs VS LUDUVHUNGU	212 152	70 718	9 925	292 795
Mr S MASUKA	280 491	93 497	10 656	384 644
Mr RH SINTHUMULE	6 000	-	-	6 000
Ms NB JONES	280 491	93 497	4 604	378 592
Mr MJ MPASHE	212 152	70 718	3 447	286 317
Mr NS NEMUDZIVHADI	212 152	70 718	8 703	291 573
Ms MG FURUMELE	212 152	70 718	6 990	289 860
Mrs MN NDOU	212 152	70 718	1 970	284 840
Ms S MADULA	212 152	70 718	956	283 826
Mrs RASHAMUSE	74 819	24 976	4 199	103 994
Mr MA SELAPYANA	212 152	70 718	3 658	286 528
Mr J LUKHELI	212 152	70 718	10 747	293 617
Mrs TE DZIVHANI	212 152	70 718	81	282 951
Mr SI BULALA	212 152	70 718	224	283 094
Ms TE TAMBANI	212 152	70 718	9 040	291 910
Mr MA MASHAMBA	212 152	70 718	10 871	293 741
Mr A MATUMBA	280 491	93 497	5 450	379 438
Ms MF NETHULWE	212 152	70 718	18 983	301 853
Mr G TSHIBVUMO	212 152	70 718	8 886	291 756
Ms GT MUKWEVHO	280 491	93 497	328	374 316
Ms TD MUKWEVHO	212 152	70 718	1 216	284 086
Mrs LR TSHIAMBWA	212 152	70 718	5 677	288 547
Ms NJ SIMANGWE	212 152	70 718	2 879	285 749
Mrs TJ MOHLABA	212 152	70 718	1 848	284 718
Mr MD NDOU	212 152	70 718	5 074	287 944
Mr KM MALULEKE	232 189	77 396	6 787	316 372
Mr T KUTAMA	212 152	70 718	6 275	289 145
Mr T BALIBALI	212 152	70 718	5 869	288 739
Mrs MC NEMATANDANI	212 152	70 718	3 763	286 633
Mr ME MULEFU	232 189	77 396	4 903	314 488
Mr NV MALIVHA	212 152	70 718	2 077	284 947
Mr SS TSHIFURA	212 152	70 718	8 167	291 037

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021		
<b>33. Remuneration of councillors (continued)</b>				
Mrs MR MOKGOADI	212 152	70 718	1 019	283 889
Mrs TM BABADU	212 152	70 718	6 793	289 663
Mr ET SITHI	212 152	70 718	4 600	287 470
Ms MG PHOSHOKO	212 152	70 718	2 377	285 247
Mr KS RAMAVHOYA	212 152	70 718	10 949	293 819
Mr K MAPHUBU	212 152	70 718	9 709	292 579
Mr LG MASUTHA	212 152	70 718	931	283 801
Mrs LG MADUWA	212 152	70 718	6 078	288 948
Mr E MADUWA	212 152	70 718	454	283 324
Mr SS NYELISANI	212 152	70 718	5 590	288 460
Mr PN MUSANDIWA	212 152	70 718	2 994	285 864
Mr N MUNYAI	272 263	90 754	5 269	368 286
Ms GM RAMUSHAVHA	212 152	70 718	2 433	285 303
Ms TA MARAGA	212 152	70 718	5 324	288 194
Ms ML MASENGANA	212 152	70 718	9 631	292 501
Mr P NETSIANDA	12 000	-	-	12 000
Mr F MOLEMA	12 000	-	-	12 000
Mrs MM MPHEPHU	12 000	-	-	12 000
Mr VP KUTAMA	12 000	-	-	12 000
Mr TG MUILA	12 000	-	-	12 000
Mr HS MUKHARI	12 000	-	-	12 000
Mr VC RAMABULANA	12 000	-	-	12 000
Mr ST MUKHARI	12 000	-	-	12 000
Mr NTL MASHAMBA	12 000	-	-	12 000
Mr SR BALOYI	212 152	70 718	7 161	290 031
Mr T SESHOKI	212 152	70 718	7 240	290 110
Mr BK JONES	212 152	70 718	2 178	285 048
Mr J KHODOGA	212 152	70 718	12 197	295 067
Mr R MUKHUBA	25 318	8 439	5 299	39 056
Mr FB Hlongwani	212 152	70 718	2 127	284 997
Mrs RT MAINGO	212 152	70 718	923	283 793
Mr A DU PLOOY	212 152	70 718	3 984	286 854
Ms MD Mboyi	502 790	167 597	-	670 387
Mrs LB MOGALE	536 308	178 770	-	715 078
Mrs LM MATHALISE	272 263	90 754	7 019	370 036
	<b>19 287 511</b>	<b>6 391 236</b>	<b>478 930</b>	<b>26 157 677</b>

### 30 June 2022

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI [Mayor]	672 605	224 200	27 283	924 088
S M.D MBOYI [Speaker]	527 688	175 893	22 332	725 913
MR S.R BALOYI [Chief Whip]	400 999	133 666	25 206	559 871
Miss IA TSHIDAVHU	174 998	58 331	23 775	257 104
Miss TC MASHAU	141 576	47 191	24 068	212 835
Miss TT NGOBENI	141 576	47 191	24 068	212 835
Mr A DU PLOOY	74 960	24 986	670	100 616
Mr A MADAVHA	141 576	47 191	23 775	212 542
Mr A MATUMBA	99 107	33 035	1 248	133 390
Mr AS DZHIVHUHO	141 576	47 191	24 068	212 835
Mr AZ MAPHAHLA	141 576	47 191	26 341	215 108
Mr BK JONES	74 960	24 986	727	100 673
Mr CD HALGREEN	141 576	47 191	26 341	215 108
Mr DJ SEBOLA	141 576	47 191	23 765	212 532
Mr E MADUWA	74 960	24 986	-	99 946
Mr ET SITHI	218 517	72 839	23 786	315 142
Mr F MOLEMA	4 000	-	-	4 000
Mr FB Hlongwani	196 205	65 400	27 740	289 345
Mr FN MADZHIGA	240 498	80 164	25 870	346 532

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021		
<b>33. Remuneration of councillors (continued)</b>				
Mr FP MAKHUBELE	141 576	47 191	24 005	212 772
Mr G TSHIBVUMO	74 960	24 986	3 273	103 219
Mr HS MUKHARI	4 000	-	-	4 000
Mr J KHODOGA	74 960	24 986	2 616	102 562
Mr J LUKHELI	74 960	24 986	3 382	103 328
Mr K MAPHUBU	261 388	87 129	25 804	374 321
Mr K MUKHELI	141 576	47 191	23 712	212 479
Mr KM MALULEKE	96 199	32 066	1 908	130 173
Mr KS RAMAVHOYA	74 960	24 986	3 382	103 328
Mr L PHANGAMI	141 576	47 191	26 341	215 108
Mr LG MASUTHA	74 960	24 986	-	99 946
Mr M MARAGA	174 998	58 331	23 775	257 104
Mr M MUKOSI	141 576	47 191	23 765	212 532
Mr MA MASHAMBA	74 960	24 986	3 327	103 273
Mr MA SELAPYANA	218 517	72 839	26 307	317 663
Mr MC MALANGE	141 576	47 191	26 341	215 108
Mr MD NDOU	251 939	83 980	25 002	360 921
Mr MD SINGO	141 576	47 191	26 341	215 108
Mr ME MALIMA	-	-	888	888
Mr ME MULAUDZI	141 576	47 191	26 341	215 108
Mr ME MULEFU	240 498	80 164	26 309	346 971
Mr MI PHULUWA	141 576	47 191	24 068	212 835
Mr MJ MPASHE	218 517	72 839	24 252	315 608
Mr MR MAGADA	400 999	133 666	26 719	561 384
Mr MR MAKWALA	174 998	58 331	23 995	257 324
Mr MW RAMALWA	141 576	47 191	26 341	215 108
Mr N KUTAMA	240 498	78 708	31 649	350 855
Mr N MUNYAI	422 980	140 991	25 096	589 067
Mr NA MUDUNUNGU	141 576	47 191	26 341	215 108
Mr ND DAVHANA	324 334	108 109	28 621	461 064
Mr NF CHILILO	243 488	81 161	27 024	351 673
Mr NS NEMUDZIVHADI	251 939	83 980	27 714	363 633
Mr NTL MASHAMBA	4 000	-	-	4 000
Mr NV MALIVHA	391 591	130 530	23 237	545 358
Mr P MASHAU	141 576	47 191	23 775	212 542
Mr P NETSIANDA	4 000	-	-	4 000
Mr PA SMALLE	141 576	47 191	26 341	215 108
Mr PN MASIPA	141 576	47 191	24 005	212 772
Mr PN MUSANDIWA	74 960	24 986	1 092	101 038
Mr R BALOYI	141 576	47 191	26 341	215 108
Mr R MUKHUBA	218 517	72 839	38 171	329 527
Mr R MUKHUDWANA	141 576	47 191	23 995	212 762
Mr S MASUKA	243 488	81 161	29 176	353 825
Mr SE BALOYI	141 576	47 191	23 942	212 709
Mr SI BULALA	74 960	24 986	735	100 681
Mr SS NYELISANI	74 960	24 986	2 674	102 620
Mr SS TSHIFURA	74 960	24 986	2 556	102 502
Mr ST MUKHARI	4 000	-	-	4 000
Mr SZ MTHOMBENI	96 199	32 066	2 802	131 067
Mr T BALIBALI	74 960	24 986	2 546	102 492
Mr T KUTAMA	218 517	72 839	24 243	315 599
Mr T SESHOKI	74 960	24 986	1 963	101 909
Mr TC MAMAFHA	240 498	80 164	22 512	343 174
Mr TG MUILA	4 000	-	-	4 000
Mr TJ MAMAFHA	324 334	108 109	30 943	463 386
Mr TR RAVELE	141 576	24 986	25 920	192 482
Mr TT MAKAMU	174 998	58 331	23 765	257 094
Mr VC RAMABULANA	4 000	-	-	4 000
Mr VO MAUDA	64 070	21 357	12 541	97 968
Mr VP KUTAMA	4 000	-	-	4 000



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand			2022	2021
<b>33. Remuneration of councillors (continued)</b>				
Mr W MABASA	141 576	47 191	23 765	212 532
Mrs JJ HLONGWANE	21 922	7 307	3 700	32 929
Mrs LB MOGALE	336 431	112 142	25 141	473 714
Mrs LG MADUWA	74 960	24 986	3 265	103 211
Mrs LM MATHALISE	273 920	91 305	23 137	388 362
Mrs LR TSHIAMBWA	74 960	24 986	1 409	101 355
Mrs MC NEMATANDANI	74 960	24 986	982	100 928
Mrs MF MUKHARI	74 960	24 986	5 069	105 015
Mrs MJ GABARA	240 498	80 164	33 182	353 844
Mrs MM MPHEPHU	4 000	-	-	4 000
Mrs MN NDOU	74 960	24 986	1 376	101 322
Mrs MR MOKGOADI	218 517	72 839	24 257	315 613
Mrs R RALIPHADA	261 388	87 129	27 333	375 850
Mrs RT MAINGO	261 388	87 129	23 340	371 857
Mrs SM SINYOSI	74 960	24 986	5 432	105 378
Mrs TE DZIVHANI	74 960	24 986	853	100 799
Mrs TJ MOHLABA	74 960	24 986	1 011	100 957
Mrs TM BABADU	74 960	24 986	2 267	102 213
Mrs TM MALANGE	318 895	106 297	24 696	449 888
Mrs TT MUSHANDANA	141 576	47 191	23 942	212 709
Mrs VS LUDUVHUNGU	74 960	24 986	4 016	103 962
Ms B HLANGWANI	141 576	47 191	24 068	212 835
Ms D RATSHIKUNI	177 652	59 216	25 995	262 863
Ms GM RAMUSHAVHA	74 960	24 986	1 352	101 298
Ms GT MUKWEVHO	349 501	119 118	21 332	489 951
Ms HG MABUDU	141 576	47 191	23 995	212 762
Ms HG MALULEKE	141 576	47 191	23 995	212 762
Ms KP MAPHAKELA	141 576	47 191	26 341	215 108
Ms L MASHAMBA	141 576	47 191	24 068	212 835
Ms M RAMALIVHANA	141 576	47 191	24 068	212 835
Ms M SWALIVHA	141 576	47 191	24 068	212 835
Ms MF NETHULWE	74 960	24 986	5 686	105 632
Ms MG FURUMELE	218 517	72 839	24 291	315 647
Ms MG PHOSHOKO	74 960	24 986	589	100 535
Ms ML MASENGANA	74 960	24 986	4 123	104 069
Ms MS MACHETHE	74 960	24 986	5 027	104 973
Ms MS TSHILAMBYANA	218 576	72 833	21 836	313 245
Ms NB JONES	286 359	95 451	29 719	411 529
Ms NJ MATUMBA	324 058	108 018	26 341	458 417
Ms NJ SIMANGWE	251 939	83 980	25 879	361 798
Ms NS MAHOSI	174 998	58 331	23 775	257 104
Ms S MADULA	74 960	24 986	132	100 078
Ms TA MARAGA	261 388	86 929	24 443	372 760
Ms TD MUKWEVHO	45 401	17 679	-	63 080
Ms TE TAMBANI	74 960	24 986	2 673	102 619
Ms TP MAMOROBELA	177 652	59 216	4 221	241 089
	<b>19 549 849</b>	<b>6 485 790</b>	<b>2 035 167</b>	<b>28 070 806</b>
<b>34. Depreciation and amortisation</b>				
Property, plant and equipment			134 680 882	124 903 804
Investment properties			381 711	381 711
Intangible assets			995 287	847 962
<b>Total depreciation and amortisation</b>			<b>136 057 880</b>	<b>126 133 477</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>35. Impairment of non cash generating assets</b>		
<b>Impairments</b>		
Property, plant and equipment	<u>1 373 483</u>	<u>1 503 427</u>
<b>36. Finance costs</b>		
Interest cost: Actuarial valuation	11 201 000	9 746 000
Interest cost: Trade and other payables	8 790	880
Interest cost: Finance leases	96 337	77 890
Interest cost: Landfill site	3 158 427	2 401 179
	<u><b>14 464 554</b></u>	<u><b>12 225 949</b></u>
<b>37. Debt impairment</b>		
Consumer debtors	60 054 930	25 075 229
Traffic Fines	2 468 750	3 037 800
Sundry debtors - VDM	16 940 900	-
	<u><b>79 464 580</b></u>	<u><b>28 113 029</b></u>
<b>38. Bulk purchases</b>		
Electricity - Eskom	<u>306 303 648</u>	<u>275 609 956</u>
Included in the electricity bulk purchases is 11% R36 624 559 (2021: 11% R29 531 721) which relate to distribution losses. Makhado Municipality gets billed by Eskom on a monthly basis for electricity used/or given to the municipality based on readings.		
<b>39. Contracted services</b>		
<b>Outsourced Services</b>		
Business and Advisory	13 523 432	8 739 291
Cleaning Services	978 000	896 500
Clearing and Grass Cutting Services	50 344	165 000
Hygiene Services	720 000	1 830 579
Internal Auditors	5 969 527	4 850 474
Meter Management	2 468 044	2 420 307
Medical Services [Medical Health Services & Support	960 000	1 200 000
Security Services	23 850 988	15 370 938
<b>Consultants and Professional Services</b>		
Business and Advisory	21 538 191	21 343 776
Infrastructure and Planning	3 748 741	8 022 249
Legal Cost	25 463 058	19 194 792
<b>Contractors</b>		
Electrical	7 340 731	-
Employee Wellness	3 260 445	4 239 004
Maintenance of Equipment	1 183 645	2 701 482
Maintenance of other assets	90 671 586	68 355 950
	<u><b>201 726 732</b></u>	<u><b>159 330 342</b></u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>40. General expenses</b>		
Cost of sales: Land	1 255 000	-
Advertising & publications	5 698 872	4 402 325
Bank charges	1 962 822	1 526 125
Consumables	30 270 607	23 975 869
Insurance	2 715 718	1 875 520
Bursaries	217 076	137 028
IT expenses	329 102	345 598
Skills Development Fund Levy	2 562 175	2 143 579
Pre-paid electricity commission	4 929 812	3 950 882
Ward committees allowances	3 229 743	4 960 430
Postage and courier	17 136	38 480
Motor Vehicle Licence & Registrations	987 696	917 569
Workmens compensation	-	2 045 728
Subscriptions and membership fees	3 309 702	3 071 770
Telephone and fax	3 866 095	5 883 267
Travel - local	3 246 412	911 161
Uniform expenses	1 078 755	841 004
Indigent policy	240 528	1 484 386
Special programmes	1 337 222	33 379
Other expenses	1 207 661	2 937 372
	<b>68 462 134</b>	<b>61 481 472</b>
<b>41. Actuarial gains/losses</b>		
Post -Employment Medical Aid Benefits	7 928 168	(5 699 475)
Long Service Awards	515 336	(1 065 231)
	<b>8 443 504</b>	<b>(6 764 706)</b>
<b>42. Inventories losses/write-downs</b>		
Land	(3 419 658)	-

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>43. Cash generated from operations</b>		
Surplus	22 454 853	182 843 381
<b>Adjustments for:</b>		
Depreciation and amortisation	136 057 880	126 133 477
Impairment of non-cash generating assets	1 373 483	1 503 427
Inventory adjustment	4 069 881	422 633
Gains/(losses): Actuarial valuation	(8 443 505)	6 726 046
Expected employee benefit vesting	(5 561 495)	(5 467 706)
Finance costs - Finance leases	96 337	77 890
Interest Cost: Actuarial valuation	11 201 000	9 746 000
Current Service Costs: Actuarial valuation	5 113 000	4 545 000
Interest Cost: Provision for rehabilitation	3 158 427	2 401 179
Debt impairment	79 464 580	28 113 029
Increase/(decrease) in provision for employee costs	2 309 000	4 797 553
Increase/(decrease) in provision for landfill site	(3 946 261)	2 904 089
<b>Changes in working capital:</b>		
Inventories	(1 108 721)	(2 196 650)
Sundry Debtors	28 191 997	(27 540 835)
Receivables from non-exchange transactions	(551 740)	(975 375)
Consumer Debtors -Exchange transactions	(10 038 895)	(31 771 183)
Consumer Debtors -Non- Exchange transactions	10 224 474	(21 187 505)
Payables from exchange transactions	(39 886 910)	12 747 525
VAT	2 837 520	(8 932 533)
Employee benefits	2 309 000	15 588 000
Unspent conditional grants and receipts	-	(10 487 434)
Consumer deposits	(70 773)	(537 931)
Deferred Income	26 602	445
	<b>239 279 734</b>	<b>289 452 522</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>44. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>151 465 784</u>	<u>190 373 056</u>
<b>Total capital commitments</b>		
Already contracted for but not provided for	<u>151 465 784</u>	<u>190 373 056</u>
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Operational costs	<u>79 704 863</u>	<u>64 701 404</u>
<b>Total operational commitments</b>		
Already contracted for but not provided for	<u>79 704 863</u>	<u>64 701 404</u>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	151 465 784	190 373 056
Authorised operational expenditure	79 704 863	64 701 404
	<u><b>231 170 647</b></u>	<u><b>255 074 460</b></u>

This committed expenditure relates to plant and equipment and other operational costs. These commitments will be financed by available retained surpluses, internally generated funds and government grants. Commitment values are disclosed VAT inclusive.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>45. Contingencies</b>		
Litigations are in process against the municipality relating to a dispute with defendants in the following cases, should the judgement or ruling be in favour of the defendants the municipality will have to pay the estimated damages. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 129.3 million (2021 : R116.9 million). The merits must still be determined and could result in a lesser or greater amount.		
<b>Contingent Liabilities</b>		
SGL Engineers CC Consulting: Outstanding payment for consultancy rendered during the construction of Mutsha Road [Case Number: 721/12 MAG. LTT]	136 463	136 463
Getrusburg CPA: Claim for compensation for extracting water without the consent of the land owner [Case Number: 55339/2011]	28 484 000	28 484 000
Matshavha Thapelo Jeffrey: Claim for damages due to pothole on a provincial road in Levubu area. [Case Number: 226/17]	1 550 000	1 550 000
Department of Water Affairs and Sanitation: The Municipality extract water from the Middle Letaba Waterval Bulk Supply Main (Majosi) without the consent of the Department as the water authority [Case Number: 3940/16]	16 977 558	16 977 558
Antoinette Albertus Geerds: Claim for unlawful arrest and defamation of character. [Case Number: 71357/12]	680 000	680 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No: 67 of 2016. [Case Number: 2303/18]	2 000 000	2 000 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No:61 of 2016. [Case Number: 2628/18]	5 425 414	5 425 414
Mleya Irene: Claim against Council, injury caused by pothole [Case number: 451/18]	215 000	215 000
Musa Mkhabele: Claim for damages[Case Number: 1082/18]	60 000	60 000
Tshihatu Tryphinah: Claim for damages[Case Number: 01/2019]	120 000	120 000
Mphephu Royal Council: Land dispute[Case Number: 635/2016]	600 000	600 000
Nengwekhulu Tshiwandalani Inc: Payment of outstanding amount. [Case Number: 1368/2018]	-	600 000
Tshifhiwa Jonathan Tambani: Plaintiff's child drowned in sewage drain[Case Number: 1305/2019]	1 950 000	1 950 000
Khulani Timber Industries: Plaintiff claiming settlement of amounts for service rendered. [Case Number: 970/2019]	144 291	400 000
MA Africa Party: Applicant filed an urgent application for council to be dissolved since it can not perform its service delivery functions. [Case Number: 742/2020]	-	1 200 000
Zoutnet CC And Anton Jacobus Van Zyl: Applicants seeking and order to compel the municipality to disclose information regarding the award of tender [Case Number: 152/2020]	600 000	600 000
Makhado Nancy and Estate Late Moses Makhado: Applicants seeking an order to reprimand the municipality with further construction at Tshakhuma market due to the alleged damage casued on the Applicant's billboard: [Case Number: CCT145/2020]	1 000 000	1 000 000
Agnes Munzhedzi Shandukani & others: Plaintiff is suing for losses suffered as a result of drowning of three minor children. [Case Number:559/2020]	37 535 000	40 000 000
Pandelani Isaac Mutshinyali: Plaintiff is claiming for money which he believes was due and payable to him as per settlement agreement. [Case Number:466/2020]	300 000	300 000
Voltex Pvt Ltd: Plaintiff is suing the Municipality for goods sold and delivered to the defendant. [Case Number: 4548/2020]	565 289	800 000
Avax SA 222 CC: Claims against the Municipality. [Case Number: 1064/20]	1 227 806	1 227 806
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:229/2021]	400 000	400 000
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:1432/2020]	552 000	-
Mpho Aaron Mulaudzi: Claim against the municipality for the death of employee who was electrocuted in the Levubu area under Makhado Local Municipality.[Case Number: 1661/2020]	480 000	700 000

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>45. Contingencies (continued)</b>		
Landmark Pvt Ltd: Plaintiff is claiming for the amount which they paid their employees due to an increment imposed by PSIRA. [Case Number: 1506/21]	2 450 424	2 450 424
Lindelani Trading & Projects: Contract claims against council. [Case Number: 1370/2020]	-	-
Unlawful occupiers of portion 04 Makhado Farm [Case Number: 4549/2020]	1 200 000	1 200 000
Tshikhuthula Peter Radebe: Court interdict to compel the municipality to give out information in terms of PAIA. [Case Number: 1596/2020]	500 000	500 000
Land invasion at Vleifontein township	2 500 000	2 500 000
Contour Technology (Pty) Ltd [The amount is impracticable to determine at the moment.]	-	-
Mpho Emmanuel Mulaudzi: Claim against council [Case Number: 17/01/2022]	11 985 300	-
Northbulk Petroleum Whosalers: Claims against the Municipality for supply of fuel [Case Number: 147/2022]	5 000 000	-
Makongoza Adziambei Patrick: Land invasion at Dzanani, Makongoza [Case Number: 065/2022]	500 000	-
Sharp Move Trading 150 (PTY) LTD: Notice of Motion to compel municipality not to cut off applicant's electricity. [Case Number: 7917/2021]	400 000	-
Rammese Thomas: Claim sounding in money and matter is pending in court. [Case Number: 838/2021]	3 000 000	-
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	-
MEPF: Application to remove members from contributing to the fund.	500 000	-
	<b>129 338 545</b>	<b>112 076 665</b>

### Contingent assets

Litigations is in process and the municipality is a plaintiff in the following cases, should the judgement or ruling be in favour of the municipality, the municipality will be entitled to receive the estimated value of the damages as indicated below. The provisional estimate based on management assessment is R 70.1 million (2021 : R74.6 million). The merits must still be determined and could result in a lesser or greater amount.

VBS Mutual Bank [Recovery of investment in VBS Bank]	58 264 578	62 734 416
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	7 000 000	7 000 000
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	4 825 414	4 825 414
	<b>70 089 992</b>	<b>74 559 830</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 46. Related parties

Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee members, Municipal Manager and Directors reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### Relationships

Accounting Officer	Vacant
Chief Financial Officer	K.M Nemaname
Director Community services	Vacant
Director Corporate Services	Vacant
Director Technical Services	Vacant
Director Planning & Development	Vacant
Councillors	Refer to note 33

No member of the Municipality's management has significant influence over the financial or operating policies of the Municipality. No business transactions took place between the Municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the Municipality.

### Related party transactions

#### Section 57 Managers and Councillors:

Refer to Note 32 for detail of remuneration paid to Section 57 Managers and to Note 33 for remuneration paid to Councillors.

#### Loans granted to related parties:

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 01 March 2004.

### 47. Prior-year adjustments

The comparatives have been restated to account for prior period errors. Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved:



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 47. Prior-year adjustments (continued)

#### Statement of financial position

##### 2020

	Note	As previously reported	Correction of error	Restated
<b>Current Assets</b>				
Inventories	7	125 401 723	(69 800)	125 331 923
Sundry debtors	8	21 551 671	373 875	21 925 546
Receivables from non-exchange transactions	9	302 800	155 025	457 825
Consumer debtors- Exchange transactions	10	49 523 617	-	49 523 617
Consumer debtors- Non- Exchange transactions	10	25 615 019	-	25 615 019
Cash and cash equivalents	11	143 651 586	-	143 651 586
<b>Non-current Assets</b>				
Investment property	2	15 965 284	-	15 965 284
Property, plant & equipment	3	1 578 483 665	(1 742 726)	1 576 740 939
Intangible assets	4	2 117 659	-	2 117 659
Heritage assets	5	2 160 329	-	2 160 329
<b>Current Liabilities</b>				
Employee benefit obligation	6	(4 922 000)	-	(4 922 000)
Finance lease obligation	12	(183 118)	-	(183 118)
Unspent conditional grants	13	(10 487 434)	-	(10 487 434)
Rehabilitation provision	15	(2 000 000)	-	(2 000 000)
Deferred income	16	(147 200)	-	(147 200)
Payables from exchange transactions	17	(181 948 221)	(239 379)	(182 187 600)
VAT payable	18	(29 079 617)	5 311 529	(23 768 088)
Consumer deposits	19	(16 566 522)	-	(16 566 522)
<b>Non-current liabilities</b>				
Employee benefit obligation	6	(94 594 000)	-	(94 594 000)
Rehabilitation provision	15	(38 237 777)	-	(38 237 777)
Accumulated surplus		(1 586 607 464)	(3 788 524)	(1 590 395 988)
		<u>-</u>	<u>-</u>	<u>-</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021			
<b>47. Prior-year adjustments (continued)</b>					
<b>2021</b>					
	Note	As previously reported	Correction of error	Re-classification	Restated
<b>Current Assets</b>					
Inventories	7	127 528 573	-	-	127 528 573
Sundry debtors	8	49 061 548	404 833	-	49 466 381
Receivables from non-exchange transactions	9	759 650	517 025	-	1 276 675
Consumer debtors- Exchange transactions	10	118 939 273	(37 644 470)	-	81 294 803
Consumer debtors- Non- Exchange transactions	10	46 802 524	-	-	46 802 524
Cash and cash equivalents	11	205 786 440	-	-	205 786 440
<b>Non-current Assets</b>					
Investment property	2	15 583 573	-	-	15 583 573
Property, plant & equipment	3	1 601 839 062	(2 278 370)	-	1 599 560 692
Intangible assets	4	1 866 388	24 105	-	1 890 493
Heritage assets	5	2 160 329	-	-	2 160 329
<b>Current Liabilities</b>					
Employee benefit obligation	6	(6 386 000)	-	-	(6 386 000)
Finance lease obligation	12	(686 149)	-	-	(686 149)
Performance bonus obligation	14	-	-	(523 318)	(523 318)
Rehabilitation provision	15	(3 000 000)	-	-	(3 000 000)
Deferred income	16	(147 645)	-	-	(147 645)
Payables from exchange transactions	17	(169 999 925)	3 090 234	523 318	(166 386 373)
VAT payable	18	(10 056 949)	(4 778 606)	-	(14 835 555)
Consumer deposits	19	(16 028 591)	-	-	(16 028 591)
<b>Non-current liabilities</b>					
Employee benefit obligation	6	(108 718 000)	-	-	(108 718 000)
Finance lease obligation	12	(1 057 797)	-	-	(1 057 797)
Rehabilitation provision	15	(40 141 866)	-	-	(40 141 866)
Accumulated surplus		(1 814 104 438)	40 665 249	-	(1 773 439 189)
		-	-	-	-

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand		2022	2021		
<b>47. Prior-year adjustments (continued)</b>					
<b>Statement of financial performance</b>					
<b>2021</b>					
	Note	As previously reported	Correction of error	Re-classification	Restated
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	21	448 765 782	(69 226 846)	-	379 538 936
Rental of facilities and equipment	22	256 904	-	-	256 904
Agency services	24	4 084 953	-	-	4 084 953
Licences and permits	25	4 465 794	-	-	4 465 794
Interest earned -outstanding receivables	26	8 642 650	-	-	8 642 650
Other income	27	72 829 481	-	(2 699 475)	70 130 006
Interest received from financial institutions	28	5 137 404	-	-	5 137 404
<b>Revenue from non-exchange transactions</b>					
<b>Taxation revenue</b>					
Interest earned -outstanding receivables	26	16 208 507	-	-	16 208 507
Property rates	29	87 658 434	-	-	87 658 434
<b>Transfer revenue</b>					
Fines, penalties and forfeits	23	5 256 032	(92 468)	-	5 163 564
Government grants & subsidies	30	585 528 084	-	-	585 528 084
<b>Expenditure</b>					
Employee related costs	32	(287 366 574)	179 437	535 317	(286 651 820)
Remuneration of councillors	33	(26 157 677)	-	-	(26 157 677)
Depreciation and amortisation	34	(126 159 761)	26 318	-	(126 133 443)
Impairment of non cash generating assets	35	(1 503 462)	-	-	(1 503 462)
Finance costs	36	(12 225 949)	-	-	(12 225 949)
Debt Impairment	37	(54 958 048)	26 845 019	-	(28 113 029)
Bulk purchases	38	(275 609 956)	-	-	(275 609 956)
Contracted services	39	(168 029 272)	(325 610)	9 024 541	(159 330 341)
General Expenses	40	(64 414 862)	3 029 067	(95 677)	(61 481 472)
Actuarial losses		-	-	(6 764 706)	(6 764 706)
<b>Surplus for the year</b>		<b>222 408 464</b>	<b>(39 565 083)</b>	<b>-</b>	<b>182 843 381</b>

### Errors

The following prior period errors adjustments occurred:

#### Error 1

#### Workmen's Compensation

Workmen's compensation provision was over -provided by R2 597 584 in the previous financial year. The municipality is up to date with all payments to Department of Labour. The error was subsequently corrected in the current year and the effect of the correction of the error is as follows:

#### Financial Statement Area

Decrease in Trade & other payables [SFP]	2 597 584
Decrease in General Expenses - Workmen's Compensation[SCI]	(2 597 584)
	<u>-</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 47. Prior-year adjustments (continued)

#### Error 2

##### Trade & other payables

In the previous financial year ended 30 June 2021, Trade & other payables was overstated by an amount of R399.00 relating to petty cash refund. The error was subsequently corrected in the current financial year.

In the previous financial year ended 30 June 2021, Trade & other payables were overstated by an amount of R179 436.60 relating to Medical aid accrual. The accrued amount was duplicated. The error was subsequently discovered and corrected in the current year.

Furthermore, in the previous financial year ended 30 June 2021, Trade & other payables were understated by an amount of R3 431 relating to purchasing of Toyota Dyna battery from Cesor Pvt Ltd. The amount was supposed to be accrued at financial year ended 30 June 2021. The error was subsequently discovered and corrected in the current year.

The effect of the correction of the errors is as follows:

#### Financial Statement Area

Decrease in Trade & other payables [SFP]	399
Decrease in General Expenses -[SCI]	(399)
Decrease in Trade & other payables [SFP]	179 437
Decrease in Employee costs -[SCI]	(179 437)
Increase in Trade & other payables [SFP]	(3 431)
Increase in Contracted services [SCI]	3 431
	<hr/>
	-
	<hr/>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 47. Prior-year adjustments (continued)

#### Error 3

##### Property, Plant & Equipment

In the previous financial year ended 30 June 2021, Work in progress was overstated by an amount of R2 031 860 relating to expenditure which was supposed to be expensed in the prior year. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Infrastructure - Roads Accumulated depreciation and impairments was overstated by R4 393 due to incorrect takeon balances in the asset register. The error was discovered in the current year and subsequently corrected.

Furthermore, in the previous financial year ended 30 June 2021; Machinery & Equipment cost was understated by R26 250. The amount was expensed to Materials and supplies. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Trade & other payables was overstated by an amount of R316 245 relating to expenditure incurred for rehabilitating dzanani streets. BCE Pvt Ltd was involved in the rehabilitation of the streets. The transaction of R316 245 was processed twice in the general ledger. The error was discovered in the current year and subsequently corrected.

In the previous financial year ended 30 June 2021, Accumulated depreciation for Computer Equipment, Furniture Equipment, Machinery and Transport assets was misstated by R1 804 as well as Accumulated amortisation for Intangible assets of R22 301 due to incorrect takeon balances in the asset register. The error was discovered in the current year and subsequently corrected.

The effect of the correction of the errors is as follows:

#### Financial Statement Area

Decrease in Property, Plant & Equipment- WIP [SFP]	(2 031 860)
Increase in Contracted Services [SCI]	2 031 860
Increase in Property, Plant & Equipment -Roads [SFP]	4 393
Decrease in depreciation & impairment [SCI]	(4 393)
Increase in Property, Plant & Equipment -Machinery Cost [SFP]	25 876
Increase in Machinery & Equipment depreciation [SCI]	374
Decrease in General Expenses - Materials & supplies [SCI]	(26 250)
Decrease in Property, Plant & Equipment -WIP[SFP]	(274 996)
Decrease in Trade & other payables [SFP]	316 245
Decrease in input VAT [SFP]	(41 249)
Increase in Intangible assets [SFP]	24 105
Decrease in Property, plant & equipment [SFP]	(1 804)
Decrease in Depreciation & amortisation expense [SCI]	(22 301)
	<hr/>
	-
	<hr/>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 47. Prior-year adjustments (continued)

#### Error 4

##### Receivables

##### Sundry debtors:

Pre - paid insurance was understated in the previous financial year. The error was identified and corrected during the audit of the year ended 30 June 2022.

##### Traffic fines:

Traffic fines debtors was understated and traffic fines revenue was overstated in the previous financial years. The error was identified and corrected in the current financial year.

The effect of the correction of the errors is as follows:

#### Financial Statement Area

Increase in Accounts receivable from non-exchange transaction [SFP]	360 500
Decrease in Fines , Penalties & Forfeits [SCI]	92 468
Increase in Accumulated surplus [SCE]	(452 968)
Increase in Sundry debtors [SFP]	404 833
Decrease in insurance expense [SC]	(404 833)
	<u>-</u>

#### Additional disclosure in terms of Municipal Finance Management Act

#### Supply Chain Management Regulations

In the previous financial year, the municipality failed to disclose awards made to families of employees in the annual financial statements. The error was identified during the audit of the 2020/21 financial statements. The effect of the correction of the error is as follows: Refer to Note 54

Supplier	Directors as per CIPC	Shared business	Municipal Official	Municipal official position	Amount
Mont Consulting8 Engineers cc	T.E Muvhango	Phindulo Consulting	N.F Tshivhengwa	Municipal Manager	4 142 269
Mphuma Supply & Services	T.V Mabuli	MMR84 Trading Enterprise	S Ngobeni	Ward Committee Member	1 144 275
Gonyanie Trading & Technology (Pvt) Ltd	N.B Tseisi	Magic Automation	T Mamorobela	Councillor	978 000
Muponi Property Management	T Mpofo	Voxilor	T Mabogo	Service Worker	544 000
Mapondho Trading & Projects	M.J Baloyi	Mountains Bains	E Fungene	Administrative Officer	540 277
Linte	T.E Netshilindi	Vhembe District Women Helping Women Soya Beans & Ginger Grower	M Machethe	Councillor	43 471
PML Trading Enterprise	S Luthada	Faranani Women transport-Co-operative Ltd	M Machethe	Councillor	4 850
					<u>7 397 142</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>47. Prior-year adjustments (continued)</b>		
<b>Contingent Assets and Liabilities</b>		
Opening balance		116 902 079
Adjustments made: Tshiamiso Trading: Counter claim for unpaid standing time invoices. [Case Number: 4608/18]		(4 825 414)
<b>Restated opening balance</b>		<b>112 076 665</b>

Adjustment made to opening balance of contingent liabilities is due to inclusion of Tshiamiso Trading counter litigation by the municipality erroneously included as part of contingent liabilities in the previous financial year. The error was identified and corrected in the current year. Refer to Note 45

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 47. Prior-year adjustments (continued)

#### Error 5

#### Revenue from exchange transactions:

In the previous financial year ended 30 June 2021, management estimate on consumer debtors (electricity) was overstated by R69 226 846, due to incorrect calculations. This was as a result of inclusion of inactive accounts, prepaid electricity meters as well as accounts with no billing, in calculating consumer estimates for the year ending 30 June 2021. The error was identified during the audit and subsequently corrected. The effect of the correction of the error is as follows:

Decrease in Revenue from exchange transactions [SCI]	69 226 846
Decrease in Debt impairment [SCI]	(26 845 019)
Increase in Value Added Tax [SFP]	(4 737 356)
Decrease in Consumer Debtors Exchange transactions [SFP]	(37 644 471)
<b>Restated opening balance</b>	<b>-</b>

---



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 47. Prior-year adjustments (continued)

#### Reclassifications

The following reclassifications adjustment occurred:

#### Reclassification 1

##### Post-Employment Medical Aid Benefits paid

An amount of R2 699 474.92 paid to pensioners was incorrectly classified as other income. The error was identified in the current year and eventually corrected. The following re-classification was done in the Annual Financial Statements:

##### Financial Statements Area

Decrease in Other Income [SCI]	2 699 475
Decrease in Employee costs [SCI]	(2 699 475)
	<hr/>
	-

#### Reclassification 2

##### Actuarial gains & losses

Actuarial losses amounting to R6 764 706 relating to Post -Employment Medical Aid and Long Service Awards was incorrectly disclosed under Employee costs rather than reported as a separate line item on the face of the Income Statement. The error was identified in the current year and eventually corrected. The following re-classification was done in the Annual Financial Statements:

##### Financial Statements Area

Increase in Actuarial losses [SCI]	6 764 706
Decrease in Employee costs [SCI]	(6 764 706)
	<hr/>
	-

#### Reclassification 3

##### Employee related costs

Employee related costs amounting to R9 024 540.75 for temporary workers was incorrectly disclosed under Contracted services for the year ended 30 June 2021. The error was identified during the audit for the year ended 30 June 2022 and subsequently corrected. The following re- classification was done in the Annual Financial Statements:

##### Financial Statements Area

Increase in Basic salary [SCI]	8 707 130
Increase in UIF [SCI]	221 734
Increase in SDL [SCI]	95 677
Decrease in Contracted services [SCI]	(9 024 541)
	<hr/>
	-

#### Reclassification 4

##### Performance bonus provision

Performance bonuses amounting to R523 318 for section 56/57 Managers was incorrectly disclosed under Trade payables from exchange transactions for the year ended 30 June 2021. The error was identified during the audit for the year ended 30 June 2022, and subsequently corrected. The following re-classification was done in the Annual Financial Statements:

##### Financial Statements Area

Increase in Performance bonus provision [SFP]	(523 318)
Decrease in Trade payables from exchange transactions [SFP]	523 318
	<hr/>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 47. Prior-year adjustments (continued)

-

### 48. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Council has the overall responsibility for the determination of the municipality's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Accounting Officer.

The Accounting Officer receives regular reports from the Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The municipality's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee. The overall objective of Council is to set policies that seek to reduce risks as far as possible without unduly affecting the Municipality's competitiveness and flexibility.

#### 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 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Finance lease liability	(735 751)	(322 046)	-
Payables from exchange transactions	(223 637 334)	-	-
Performance bonus obligation	(125 789)	(125 789)	-
Consumer deposits	(15 957 818)	-	-
VAT payable	(17 673 075)	-	-
Rehabilitation provision	(10 000 000)	-	(29 195 605)
Deferred Income	(174 247)	-	-
At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Finance lease liability	(686 149)	(1 057 797)	-
Payables from exchange transactions	(166 386 373)	-	-
Performance bonus obligation	(523 318)	-	-
Consumer deposits	(16 028 591)	-	-
VAT payable	(14 835 555)	-	-
Rehabilitation provision	(3 000 000)	-	(40 141 866)
Deferred Income	(147 645)	-	-

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand 2022 2021

---

### 48. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. This risk arises due to changes in the financial circumstances of the counter party and other factors subsequent to the municipality obtaining the financial asset.

Sundry debtors, receivables from non-exchange transactions, consumer debtors and consumer deposits comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. 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 management. The utilisation of credit limits is regularly monitored.

There have been no material change in credit risk exposure by the municipality from the previous year. Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Sundry Debtors	21 274 384	49 466 381
Receivables from non-exchange transactions	1 828 415	1 276 675
Consumer debtors -exchange transactions	91 333 695	81 294 800
Consumer debtors -Non-exchange transactions	36 578 050	46 802 524
Cash and cash equivalents	201 323 734	205 781 208

#### 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.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality charge the interest rate of 15% on the outstanding customer accounts. For quantitative information on cash flow interest rate risk refer to liquidity risk above.

### 49. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 1 795 894 042 and that the municipality's total assets exceed its liabilities by 1 795 894 042.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the municipality..

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 50. Events after the reporting date

The following events occurred between the end of the reporting period 30 June 2022 and the date that the financial statements are authorised for issue:

#### Disposal of fixed assets

During the current financial year, the municipality initiated the process of de-recognizing items of property, plant & equipment where future economic benefits are no longer expected to be derived from their continued use. The fixed assets to be derecogned were identified for de-recognition during the verification process. Approval for disposal was obtained for the municipality council on 18 August 2022. The municipality is still in control of the below listed assets as at financial year- end despite the fact that these assets are no longer usable in the day to day operations to achieve service delivery objectives.

The following categories of property, plant & equipment with the carrying values shown are still in the possession of the municipality as at year - end:

Machinery and equipment	194	109 926
Transport assets	336 582	9 449
Computer equipment	122 012	264 642
Furniture and equipments	56 438	-
Buildings	229 388	99 018
Community assets	-	1 950
Infrastructure assets	28 059 577	952 193
	<u>28 804 191</u>	<u>1 437 178</u>

#### Appointment of the Accounting Officer

Mr K.M Nemaname was appointed as the Municipal Manager of Makhado Local Municipality with effect from 01 September 2022. His appointment was approved by the Makhado Local Municipal Council in its 170th Special Council Meeting held on the 30th of August 2022.

#### Appointment of the Municipal Directors

In its 170th Special Council Meeting held on the 30th of August 2022, the council recommended the appointment of the following directors with effect from 01 September 2022:

- Director Community Services - Mr H.J Lukheli.
- Director Development Planning - Mr A Mabunda.
- Director Technical Services - Ms D.G Siboiboi.
- Director Corporate Services - Mr S.G Maguga.

### 51. Unauthorised expenditure

Opening balance as previously reported	-	78 119 209
<b>Opening balance as restated</b>	<u>-</u>	<u>78 119 209</u>
Less: Approved/condoned/authorised by council	-	(78 119 209)
<b>Closing balance</b>	<u>-</u>	<u>-</u>

### 52. Fruitless and wasteful expenditure

Opening balance as previously reported	199 918	199 038
<b>Opening balance as restated</b>	<u>199 918</u>	<u>199 038</u>
Add: Expenditure identified - current	8 774	880
Less: Amounts recoverable - current	(880)	-
<b>Closing balance</b>	<u>207 812</u>	<u>199 918</u>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>53. Irregular expenditure</b>		
Opening balance as previously reported	79 528	705 198
<b>Opening balance as restated</b>	<b>79 528</b>	<b>705 198</b>
Less: Amount written off - current	(79 528)	-
Less: Amount written off - prior period	-	(625 670)
<b>Closing balance</b>	<b>-</b>	<b>79 528</b>
<b>54. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Subscription fees</b>		
Current year subscription / fee	3 309 702	3 071 770
Amount paid - current year	(3 309 702)	(3 071 770)
	-	-
<b>Distribution Losses</b>		
<b>Kilowats Hours</b>		
Units Purchased	209 981 467	225 129 763
Units Sold	(184 874 084)	(201 007 016)
<b>Distribution Loss (Units)</b>	<b>25 107 383</b>	<b>24 122 747</b>
<b>Rand Values</b>		
Electricity	36 624 559	29 531 721
	<b>36 624 559</b>	<b>29 531 721</b>
<p>Distribution losses for electricity relates to unaccounted for electricity. This mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. During the year 25 107 383 (2021: 24 122 747) kilowatts per hour were lost. This represented 11% (2021: 11%) of the electricity purchases for the year, which has been included in bulk purchases. An average price per kilowatt hour of R1.46 (2021: R1.23) was used.</p>		
<b>Audit fees</b>		
Current year subscription / fee	6 160 198	6 917 496
Amount paid - current year	(6 160 198)	(6 917 496)
	-	-
<b>PAYE and UIF</b>		
Current year amount - Employer	1 204 967	1 089 189
Current year amount - Employees	48 150 907	47 741 234
Amount paid - current year	(49 355 874)	(48 830 423)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year amount - Employer	49 326 109	49 709 086
Current year amount - Employees	26 059 803	26 110 295
Amount paid - current year	(75 385 912)	(75 819 381)
	-	-

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>54. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>VAT</b>		
VAT payable	<u>17 681 850</u>	<u>14 835 555</u>

VAT output payables and VAT input receivables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 54. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebola DJ	423	7 106	7 529
Phuluwa MI	8 956	153 733	162 689
Halgreen CD	-	3 975	3 975
Jones NB	57	37	94
Mudunungu NA	255	2 148	2 403
Baloyi RS	2 678	52 036	54 714
Tshidavhu IA	1 253	-	1 253
	<b>13 622</b>	<b>219 035</b>	<b>232 657</b>
30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Babadu T.M	387	7 142	7 529
Babadu T.M	1 214	804	2 018
Jones NB	88	1 929	2 017
Matumba A	451	9 651	10 102
Matumba A	613	1 321	1 934
	<b>2 753</b>	<b>20 847</b>	<b>23 600</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2022	Highest outstanding amount	Aging (in days)
Sebola DJ	7 106	90
Phuluwa MI	153 733	90
Halgreen CD	3 975	90
Jones NB	37	90
Mudunungu NA	2 148	90
Baloyi RS	52 036	90
	<b>219 035</b>	<b>540</b>
30 June 2021	Highest outstanding amount	Aging (in days)
Babadu T.M	7 142	90
Babadu T.M	804	90
Jones NB	1 929	90
Matumba A	9 651	90
Matumba A	1 321	90
	<b>20 847</b>	<b>450</b>

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 54. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Supply chain management regulations

Disclosure of awards made to employees and/or families of employees in terms of the Municipal Supply Chain Management Regulations.

Supplier	Directors as per CIPC	Shared business	Municipal Official	Municipal official position	2022	2021
Mont Consulting Engineers cc	T.E Muvhango	Phindulo Consulting	N.F Tshivhengwa	Municipal Manager	-	4 142 269
Mphuma Supply & Services	T.V Mabuli	MMR Trading Enterprise	S Ngobeni	Ward Committee Member	1 002 869	1 144 275
Gonyanie Trading & Technology (Pvt) Ltd	N.B Tseisi	Magic Automation	T Mamorobela	Councillor	978 000	978 000
Muponi Property Management	T Mpofu	Voxilor	T Mabogo	Service Worker	1 436 350	544 000
Mapondho Trading & Projects	M.J Baloyi	Mountains Bains	E Fungene	Administrative Officer	1 264 955	540 277
Linte	T.E Netshilindi	Vhembe District Women Helping Women Soya Beans & Ginger Grower	M Machethe	Councillor	22 530	43 471
PML Trading Enterprise	S Luthada	Faranani Women transport - Co-operative Ltd	M Machethe	Councillor	142 800	4 850
Randis Projects (Pty) Ltd			Rofhiwa Muraga	T16 - Team Leader/Driver	6 000	-
					<b>4 853 504</b>	<b>7 397 142</b>

### 55. Actual operating expenditure versus budgeted operating expenditure

Refer to **Appendix C** for the comparison of actual operating expenditure versus budgeted expenditure.



# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 56. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

The following is the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Quotation deviations for the 2021/22 financial year in terms of the Supply Chain Management Regulations amounted to R1 651 807 [2021: R3 225 347].

Period		
Quarter 1	459 482	1 539 098
Quarter 2	141 353	611 682
Quarter 3	550 175	541 485
Quarter 4	500 797	533 082
	<u>1 651 807</u>	<u>3 225 347</u>

### 57. Key Assumptions and Estimates Used

The key assumptions and estimates used are as follows: (1) Long Service Award: A number of valuation variables were used. Should these valuation assumptions be different from the actual variables, the provision for Long Service Award may be different from the one disclosed. (2) Post Retirement Medical Aid Benefit Obligation: By its nature, estimating the Post Retirement Medical Aid Benefit requires use of estimates and significant judgement. This was the case in the computation of the relevant obligation.

### 58. Segment information

#### General information

#### Identification of segments

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective. The components below have been identified as individually significant segments for the purposes of reporting according to these service objectives.

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.

# MAKHADO LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 58. Segment information (continued)

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Energy Sources	Electricity and distribution
Finance & administration (Including Executive & council)	Administration and accounting services
Waste management	Solid waste management (Refuse)
Road Transport	Road infrastructure and maintenance
Planning and development	Town planning and development
Waste water	Sanitation (Sewerage)
Other	Community & social services; public safety; health; housing and sport & recreation

For the segment surplus or deficit, refer to **Appendix D** to the Annual Financial Statements as at 30 June 2022.

### 59. Accounting by principals and agents

Makhado Local Municipality is a party to a principal-agent arrangement.

#### Details of the arrangement are as follows:

Makhado Local Municipality as agent and Limpopo Department of Transport as a principal.

The agreement requires the municipality to perform all the registering and testing function on behalf of the department which consist of licensing, driving licence test centre functions and vehicle test station functions . Makhado Local Municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department of transport.

The significant terms and conditions of the arrangement is that the municipality is entitled to 20% commission and Limpopo Department of Transport is entitled to 80% of the licence and permits fees. There are no significant risks associated with the transaction and no changes occurred during the reporting period.

#### Revenue recognised:

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R4 107 933 (2021: R4 084 953) as disclosed in note 24

There were no expenses paid or accrued on behalf of Limpopo Department of Transport.

#### Amounts paid to Limpopo Department of Transport:

In the financial period ended 30 June 2022, the municipality paid R18 823 404 (2021:R18 185 908) over to the Department of Transport.

# MAKHADO LOCAL MUNICIPALITY

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated depreciation

	Opening Balance		Correction of prior year error		Transfer to PPE		Additions		Transfers to Expenditure		Disposals		Closing Balance		Correction of prior year error		Additions		Disposals		Impairment		Closing Balance		Carrying value		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
<b>Land and buildings</b>																											
Developed land	210 562 951	-	-	-	-	-	45 000	-	-	-	-	-	-	210 627 951	-	-	-	-	-	-	-	-	-	-	-	210 627 951	
Undeveloped land	23 256 682	-	-	-	-	-	-	-	-	-	-	-	-	23 256 682	-	-	-	-	-	-	-	-	-	-	-	23 256 682	
Dwellings	3 487 346	-	-	-	-	-	-	-	-	-	-	-	3 487 346	(532 424)	-	-	(144 894)	-	-	-	-	-	-	-	(677 318)	2 810 028	
Landfill site	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non residential structures	41 682 534	-	-	-	-	-	8 294 315	-	-	-	-	-	49 976 849	(17 874 464)	-	-	(1 631 934)	-	-	-	-	-	-	-	(19 525 746)	30 451 103	
	<b>279 009 513</b>	-	-	-	-	-	<b>8 339 315</b>	-	-	-	-	-	<b>287 348 828</b>	<b>(18 406 888)</b>	-	-	<b>(1 776 828)</b>	-	-	-	-	-	-	-	<b>(19 348)</b>	<b>267 145 764</b>	
<b>Infrastructure</b>																											
Electricity	1 061 665 466	-	-	-	-	-	45 168 918	-	-	-	-	-	1 106 834 384	(644 999 098)	-	-	(45 467 486)	-	-	-	-	-	-	-	(1 166)	416 366 634	
Roads	1 221 022 592	-	-	-	-	-	54 215 297	-	-	-	-	-	1 275 237 889	(583 025 350)	-	-	(62 874 469)	-	-	-	-	-	-	-	(1 341 553)	627 996 517	
Solid waste disposal	27 910 882	-	-	-	-	-	626 900	-	-	-	-	-	28 537 782	(9 991 695)	-	-	(1 243 708)	-	-	-	-	-	-	-	-	17 302 379	
Transmission & Refeuction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>2 310 598 940</b>	-	-	-	-	-	<b>100 011 115</b>	-	-	-	-	-	<b>2 410 610 055</b>	<b>1 238 016 143</b>	-	-	<b>(109 585 663)</b>	-	-	-	-	-	-	-	<b>(1 342 719)</b>	<b>1 061 665 530</b>	
<b>Other</b>																											
Machinery and equipment	48 408 593	-	-	-	-	-	12 806 547	-	-	-	-	-	61 215 140	(25 059 128)	-	-	(5 868 363)	-	-	-	-	-	-	-	(30 927 491)	30 287 649	
Furniture and office equipment	15 154 754	-	-	-	-	-	82 046 451	-	-	-	-	-	97 201 205	(10 773 174)	-	-	(1 707 670)	-	-	-	-	-	-	-	(12 480 844)	84 720 361	
Computer equipment	11 560 863	-	-	-	-	-	3 161 686	-	-	-	-	-	14 722 549	(5 588 173)	-	-	(1 797 608)	-	-	-	-	-	-	-	(7 385 781)	7 336 778	
Transport assets	76 689 551	-	-	-	-	-	1 478 265	-	-	-	-	-	78 167 816	(25 223 688)	-	-	(10 251 218)	-	-	-	-	-	-	-	(35 474 906)	42 692 910	
Library books	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>151 813 761</b>	-	-	-	-	-	<b>99 492 959</b>	-	-	-	-	-	<b>251 306 720</b>	<b>(66 644 163)</b>	-	-	<b>(19 624 859)</b>	-	-	-	-	-	-	-	<b>(86 269 022)</b>	<b>165 037 698</b>	

**MAKHADO LOCAL MUNICIPALITY**

**Appendix B**

June 2022

**Analysis of property, plant and equipment as at 30 June 2022  
Cost/Revaluation Accumulated depreciation**

	Opening Balance		Correction of prior year error		Transfer to PPE		Additions		Transfers to Expenditure		Disposals		Closing Balance		Opening balance		Correction of prior year error		Additions		Disposals		Impairment		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
<b>Work In Progress</b>	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Land and Buildings	11 684 603		-		(4 134 314)		19 986 885		(739 126)		-		26 798 048		-		-		-		-		-		-		26 798 048	
Infrastructure	64 568 794		-		(100 011 115)		178 064 903		(1 642 025)		-		140 999 957		-		-		-		-		-		-		140 999 957	
Community	43 455 221		-		(50 447 619)		27 499 785		-		-		20 507 387		-		-		-		-		-		-		20 507 387	
	<b>119 728 018</b>		-		<b>(154 593 048)</b>		<b>225 551 573</b>		<b>(2 381 151)</b>		-		<b>188 305 392</b>		-		-		-		-		-		-		<b>188 305 392</b>	
<b>Community assets</b>																												
Cemeteries	9 111 583		-		-		141 000		-		-		9 252 583		(4 412 499)		-		(385 100)		-		-		(4 797 599)		4 454 984	
Cemeteries perimeter protection	6 481 833		-		-		-		-		-		6 481 833		(941 508)		-		(235 898)		-		-		(1 177 406)		5 304 427	
Community center	57 410 900		-		-		23 403 002		-		-		80 813 902		(17 142 199)		(3 950)		(2 195 370)		-		-		(19 341 519)		61 472 383	
Libraries	1 183 252		-		-		55 706		-		-		1 238 958		(749 170)		-		(41 468)		-		-		(790 638)		448 320	
Sport and recreational facilities	15 197 083		-		-		26 847 911		-		-		42 044 994		(4 884 006)		-		(863 820)		-		(7 466)		(5 755 292)		36 289 702	
Library books	2 470 476		-		-		-		-		-		2 470 476		(2 248 064)		-		(86 762)		-		-		(2 247 923)		222 553	
Office Equipment – Leased	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Abattoirs	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Markets	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Airports	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Security measures	-		-		-		-		-		-		-		-		-		-		-		-		-		-	
	<b>91 855 127</b>		-		<b>50 447 619</b>		<b>142 302 746</b>		<b>(30 377 446)</b>		-		<b>108 192 369</b>		<b>(11 416)</b>		<b>(3 808 418)</b>		<b>(34 110 377)</b>		<b>(11 416)</b>		<b>(34 110 377)</b>		<b>108 192 369</b>			



**MAKHADO LOCAL MUNICIPALITY**

**Appendix B**

June 2022

**Analysis of property, plant and equipment as at 30 June 2022**  
**Accumulated depreciation**

**Cost/Revaluation**

Opening Balance	Correction of prior year error	Transfer to PPE	Additions	Transfers to Expenditure	Disposals	Closing Balance	Opening balance	Correction of prior year error	Additions	Disposals	Impairment	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

# MAKHADO LOCAL MUNICIPALITY

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2021 Cost/Revaluation

### Accumulated depreciation

	Opening Balance Rand	Correction of errors Rand	Reclassificati on Rand	Additions Rand	Transfer Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Correction of errors Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Developed land	210 582 951	-	-	-	-	-	210 582 951	-	-	-	-	-	-	210 582 951
Undeveloped land	23 256 662	-	-	-	-	-	23 256 662	-	-	-	-	-	-	23 256 662
Dwellings	3 280 346	-	207 000	-	-	-	3 487 346	(392 612)	-	(139 812)	-	-	(532 424)	2 954 922
Landfill site	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non residential structures	37 745 884	-	3 936 650	-	-	-	41 682 534	(16 417 647)	-	(1 403 874)	-	(53 022)	(17 874 464)	23 808 070
	<b>274 865 863</b>	-	<b>4 143 650</b>	-	-	-	<b>279 009 513</b>	<b>(16 810 259)</b>	-	<b>(1 543 686)</b>	-	<b>(53 022)</b>	<b>(18 406 888)</b>	<b>260 602 625</b>
<b>Infrastructure</b>														
Electricity	1 028 211 121	-	33 454 345	-	-	-	1 061 665 466	(597 857 915)	-	(47 138 320)	-	(2 863)	(644 999 098)	416 666 368
Roads	1 186 519 152	-	35 503 440	-	-	-	1 221 022 592	(522 844 110)	-	(68 787 937)	-	(1 393 303)	(683 025 350)	637 997 242
Solid waste disposal	27 910 882	-	-	-	-	-	27 910 882	(9 247 997)	-	(743 698)	-	-	(9 991 695)	17 919 187
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>2 241 641 155</b>	-	<b>68 957 785</b>	-	-	-	<b>2 310 598 940</b>	<b>(1 129 950 022)</b>	-	<b>(106 669 955)</b>	-	<b>(1 396 166)</b>	<b>(1 238 016 143)</b>	<b>1 072 582 797</b>
<b>Other</b>														
Machinery and equipment	46 157 173	26 250	-	2 225 170	-	-	48 408 593	(20 170 413)	(374)	(4 865 241)	-	(23 100)	(25 059 128)	23 349 465
Furniture and office equipment	13 001 340	-	2 153 414	-	-	-	15 154 754	(9 228 782)	-	(1 518 806)	-	(25 586)	(10 773 174)	4 381 580
Computer equipment	8 034 724	-	3 526 139	-	-	-	11 560 863	(4 338 763)	-	(1 246 374)	-	(3 036)	(5 588 173)	5 972 690
Transport assets	49 915 369	-	26 774 182	-	-	-	76 689 551	(19 191 108)	-	(6 032 380)	-	(200)	(25 223 688)	51 465 863
Library books	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>117 108 606</b>	<b>26 250</b>	-	<b>34 678 905</b>	-	-	<b>151 813 761</b>	<b>(52 929 066)</b>	<b>(374)</b>	<b>(13 662 801)</b>	-	<b>(51 922)</b>	<b>(66 644 163)</b>	<b>85 169 598</b>

# MAKHADO LOCAL MUNICIPALITY

## Appendix B

June 2022

### Analysis of property, plant and equipment as at 30 June 2021 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Correction of errors Rand	Reclassificati on Rand	Additions Rand	Transfer Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Correction of errors Rand	Additions Rand	Disposals Rand	Impairment Rand	Closing Balance Rand	Carrying value Rand
<b>Work in Progress</b>														
Land & Buildings	2 058 179	-	(4 143 650)	14 549 074	(779 000)	-	11 684 603	-	-	-	-	-	-	11 684 603
Infrastructure	64 623 143	(597 175)	(69 957 784)	70 866 019	(1 346 009)	-	64 588 194	-	-	-	-	-	-	64 588 194
Community	24 046 491	-	(12 420 167)	35 112 469	(3 283 572)	-	43 455 221	-	-	-	-	-	-	43 455 221
	<b>90 727 813</b>	<b>(597 175)</b>	<b>(85 521 601)</b>	<b>120 527 562</b>	<b>(5 408 581)</b>	<b>-</b>	<b>119 728 018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119 728 018</b>
<b>Investment property</b>														
Undeveloped land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developed land	4 297 251	-	-	-	-	-	4 297 251	-	-	-	-	-	-	4 297 251
Dwellings	6 372 122	-	-	-	-	-	6 372 122	(1 790 433)	-	(177 451)	-	-	(1 967 884)	4 404 238
Non residential structures	8 107 646	-	-	-	-	-	8 107 646	(1 021 301)	-	(204 260)	-	-	(1 225 561)	6 882 085
	<b>18 777 019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 777 019</b>	<b>(2 811 734)</b>	<b>-</b>	<b>(381 711)</b>	<b>-</b>	<b>-</b>	<b>(3 193 445)</b>	<b>15 583 574</b>
<b>Community assets</b>														
Cemeteries	9 111 583	-	-	-	-	-	9 111 583	(4 031 710)	-	(380 789)	-	-	(4 412 499)	4 699 084
Cemeteries perimeter protection	4 197 489	-	-	2 284 344	-	-	6 481 833	(774 831)	-	(166 677)	-	-	(941 508)	5 540 325
Civic theaters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community center	47 275 077	-	-	10 135 823	-	-	57 410 900	(15 358 307)	-	(1 783 892)	-	-	(17 142 199)	40 268 701
Libraries	1 183 252	-	-	-	-	-	1 183 252	(709 757)	-	(39 413)	-	-	(749 170)	434 082
Sport and recreational facilities	15 197 083	-	-	-	-	-	15 197 083	(4 398 886)	-	(482 872)	-	(2 248)	(4 884 006)	10 313 077
Library books	2 470 476	-	-	-	-	-	2 470 476	(2 074 567)	-	(173 288)	-	-	(2 247 855)	222 553
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>79 434 960</b>	<b>-</b>	<b>-</b>	<b>12 420 167</b>	<b>-</b>	<b>-</b>	<b>91 855 127</b>	<b>(27 348 058)</b>	<b>-</b>	<b>(3 026 931)</b>	<b>-</b>	<b>(2 316)</b>	<b>(30 377 305)</b>	<b>61 477 822</b>





**MAKHADO LOCAL MUNICIPALITY**

**Appendix D**

June 2022

**Segmental Statement of Financial Performance for the year ended**  
**Prior Year** **Current Year**

<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>		<b>Actual Income Rand</b>	<b>Actual Expenditure Rand</b>	<b>Surplus /(Deficit) Rand</b>
<b>Municipality</b>						
469 106 000	90 836 716	378 269 284	Executive & Council/Mayor and Council	401 747 000	91 306 366	310 440 634
196 220 291	404 097 458	(207 877 167)	Finance & Admin/Finance	174 021 722	464 195 481	(290 173 759)
190 903	40 290 533	(40 099 630)	Planning and Development/Economic Development/Plan	5 841 144	31 268 618	(25 427 474)
-	2 052 672	(2 052 672)	Health/Clinics	-	2 152 706	(2 152 706)
169 601	3 126 506	(2 956 905)	Comm. & Social/Libraries and archives	182 238	3 335 062	(3 152 824)
7 275	-	7 275	Housing	-	-	-
81 932	4 646 262	(4 564 330)	Public Safety/Police	41 431	3 901 789	(3 860 358)
127 929	1 327 209	(1 199 280)	Sport and Recreation	117 767	1 079 152	(961 385)
15 150 684	26 447 221	(11 296 537)	Environmental Protection/Pollution Control	-	-	-
84 746	-	84 746	Waste Water Management/Sewerage	16 007 554	23 953 422	(7 945 868)
113 962 624	108 521 935	5 440 689	Road Transport/Roads	123 009 814	108 235 806	14 774 008
3 600	71 852	(68 252)	Water/Water Distribution	-	-	-
448 413 586	337 280 432	111 133 154	Electricity /Electricity Distribution	403 057 779	372 143 194	30 914 585
<b>243 519 171</b>	<b>018 698 796</b>	<b>224 820 375</b>		<b>124 026 449</b>	<b>101 571 596</b>	<b>22 454 853</b>
243 519 171	018 698 796	224 820 375	Municipality	124 026 449	101 571 596	22 454 853
<b>243 519 171</b>	<b>018 698 796</b>	<b>224 820 375</b>	<b>Total</b>	<b>124 026 449</b>	<b>101 571 596</b>	<b>22 454 853</b>

# MAKHADO LOCAL MUNICIPALITY

## Appendix C

June 2022

### Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2022

	Current year 2022		Variance	Explanation of Significant Variances greater than 10% versus Budget
	Adjusted budget Rand	Current year 2022 Act. Bal. Rand		
	Rand	Rand	Rand	Var
<b>Revenue</b>				
Property rates	96 190 000	96 260 597	(70 597)	(0,1) The budget variance is reasonable. Municipality achieved its target.
Service charges	471 098 000	402 489 322	68 608 678	17,0 The decrease is due to consumer estimates which was higher in the previous than in the current.
Rental of facilities and equipment	301 000	239 386	61 614	25,7 Collections from rental of facilities was less than budgeted by 25.7% due to less Hall rental bookings..
Interest income	29 141 000	31 236 879	(2 095 879)	(6,7) The variance is favourable. The municipality exceeded the budgeted revenue amount.
Licences and permits	3 836 000	4 053 393	(217 393)	(5,4) The variance is favourable. The municipality exceeded the budgeted revenue amount.
Other Income	127 354 000	37 288 369	90 065 631	241,5 Expected VBS settlements were not received as expected.
Agency services	3 800 000	4 107 933	(307 933)	(7,5) The variance is favourable. The municipality exceeded the budgeted revenue amount.
Interest received - financial institutions	6 423 000	6 913 853	(490 853)	(7,1) The variance is favourable. The municipality exceeded the budgeted revenue amount.
Government grants & subsidies	556 941 000	558 017 722	(1 076 722)	(0,2) The variance is favourable. The municipality exceeded the budgeted revenue amount.
Fines, Penalties and Forfeits	4 241 000	3 765 724	475 276	12,6 Few traffic fines tickets were issued during the year than budgeted.
	<u>299 325 000</u>	<u>144 373 178</u>	<u>154 951 822</u>	<u>13,5</u>
<b>Expenses</b>				
Employee costs	(287 896 000)	(282 574 860)	(5 321 140)	1,9 The expenditure is within the norm. The budget was not exceeded.
Remuneration of councillors	(28 311 000)	(28 070 806)	(240 194)	0,9 The expenditure is within the norm. The budget was not exceeded.
Depreciation; amortisation & impairment	(141 000 000)	(140 850 558)	(149 442)	0,1 The expenditure is within the norm. The budget was not exceeded.
Finance costs	(14 763 000)	(14 464 554)	(298 446)	2,1 The expenditure is within the norm. The budget was not exceeded.

**MAKHADO LOCAL MUNICIPALITY**

**Appendix C**

June 2022

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2022**

	Current year 2022 Adjusted budget	Current year 2022 Act. Bal.	Variance	Explanation of Significant Variances greater than 10% versus Budget
Debt Impairment	(81 434 000)	(79 464 580)	(1 969 420)	2,5 The expenditure is within the norm. The budget was not exceeded.
Bulk purchases	(306 850 000)	(306 303 648)	(546 352)	0,2 The expenditure is within the norm. The budget was not exceeded.
Contracted Services	(204 104 000)	(202 241 461)	(1 862 539)	0,9 The expenditure is within the norm. The budget was not exceeded.
General Expenses	(79 977 000)	(68 447 405)	(11 529 595)	16,8 The expenditure is within the norm. The budget was not exceeded.
Other revenue and costs	144 335 000	122 417 872)	(21 917 128)	2,0
Net surplus/ (deficit) for the year	154 990 000	21 955 306	133 034 694	605,9





# 2021/22 Audited Annual Performance Report



---

# MAKHADO LOCAL MUNICIPALITY

---

## ANNUAL PERFORMANCE REPORT

---

### (2021/2022)

**“A dynamic hub for socio-economic development by 2050”**

## 1. INTRODUCTION

Municipal organizational performance monitoring, evaluation and reporting forms part of governance, a good practice and also a statutory requirement in the South African government. The purpose of this Annual Performance Report is to record, disclose and account on the results of the assessment of actual service delivery achievements as measured against predetermined objectives for the 2021/2022 reporting period.

The Performance Management Framework at Makhado Local Municipality integrates organizational strategic management, service delivery, performance measurement and evaluation, and the associated reporting. The performance management function allows the municipality to track service delivery progress towards achieving the municipal objectives set in the Integrated Development Plan (the “IDP”) with its linked Medium-Term Revenue and Expenditure Framework (“MTREF”).

The municipality’s 2021/2022 Annual Performance Report focuses on service delivery performance information relating to the key deliverables recorded in the 2021/2022 Integrated Development and Planning implemented through the 2021/2022 Service Delivery and Budget Implementation Plan (the “SDBIP”).

## 2. LEGISLATIVE BACKGROUND

*Section 121* of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the “MFMA”) mandates the municipality to prepare an Annual Report indicative of records of activities of the municipality during the 2021/22 reporting period. The report must also give an account on performance against the budget of the municipality and promote accountability to the local community for the decisions made by the municipality.

According to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), *Section 46(1)* of as well as MFMA *Circular 11* on reporting annual performance of the municipality, the compilation of the annual performance report must include an assessment of external providers, a comparison of the performance with targets set for and performance in the previous financial year and measures taken to improve unacceptable performance.

## 3. PERFORMANCE MEASUREMENT AT MAKHADO LOCAL MUNICIPALITY

Performance measurement of the municipality deals with collection, analysing and/or reporting information regarding the performance of an individual, group, organization. During the reporting the municipality used the manual system to monitor its performance and manage its performance information. This manual system was guided by the Performance Management Framework, Policy and Procedure Manual.

The basic functioning of the performance monitoring system is to compare actual performance achievements with quarterly performance projections; to determine the deviations of the actuals against the projections; to express those deviations.



The system also provides management information in the form of graphical representations when the actual achievements are compared against the quarterly projections.

These graphical representations are used for performance and trend analyses to reflect on progress meeting predetermined objectives and targets; and for the purposes of early warning indicators of where corrective actions are required. The system also provides for accounts in the form of explanations for actual achievements, putting these achievements into context; and proposed actions for improvement where performance targets and projections were not achieved.

#### 4. 2020/2021 ANNUAL ORGANIZATIONAL PERFORMANCE RESULTS

The 2021/2022 Service Delivery and Budget Implementation Plan on which this Performance Report is based, comprises 60 key performance indicators with its concomitant performance targets. As an organisation, Makhado Local Municipality in the 2020/2021 reporting period achieved 39 of the performance indicators set and 21 were not achieved. This accounts for 65% target achievement, translating to a negative variance of 35%.

*The table below reflect the actual performance per key performance area*

CRITERIA	KPA 1	KPA 2	KPA 3	KPA 4	KPA 5	TOTAL
Number of Key Indicators	7	28	12	3	10	60
Number of Targets Achieved	7	12	11	2	7	39
Number of targets Not Achieved	0	16	1	1	3	21

#### 5. COMPARATIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE INDICATORS 2020/2021 AND 2021/2022

The following table compares the Organizational Performance of 2020/2021 with 2021/2022

Activity	Number of indicators planned	Number of indicators achieved
2020/2021	58	35
2021/2022	60	39

**ANNUAL PERFORMANCE REPORT 2021 - 2022**

<i>Priority Issue/Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline 2020/2021</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve/propose intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Adjusted Budget 21/22</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
<b>MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION</b>															
<i>Integrated Development Planning</i>	Good governance and administrative excellence	Reviewed Integrated Development Plan (Annual)	Approved 2017/18-2021/22 IDP	Reviewed Integrated Development Plan by 31 May 2022	Target Achieved	Reviewed Integrated Development Plan	None	None	IDP Review	Ward 8	<b>Income (Own Funding)</b>	Operational	Council resolutions, Final IDP, Invitations and attendance register for IDP consultation	<b>MM</b>	<b>1</b>
<i>Performance Management</i>	Good governance and administrative excellence	Approved 2022/23 SDBIP	Approved 2021/22 SDBIP	Approved 2022/23 SDBIP by 30 June 2022	Target Achieved	Approved 2022/23 SDBIP	None	None	SDBIP Development	Ward 8	<b>Income (Own Funding)</b>	Operational	Approved 2022/23 SDBIP	<b>MM</b>	<b>2</b>
<i>Performance Management</i>	Good governance and administrative excellence	Adjusted 2021/22 SDBIP	Adjusted 2020/21 SDBIP	Adjusted 2021/22 SDBIP by 31 March 2022	Target Achieved	Adjusted 2021/22 SDBIP	None	None	SDBIP Review	All Wards	<b>Income (Own Funding)</b>	Operational	Adjusted 2021/22 SDBIP	<b>MM</b>	<b>3</b>

<b>Performance Management</b>	Good governance and administrative excellence	Approved 2021/22 Mid-Year Report	Approved 2020/21 Mid-Year Report	Approved 2021/22 Mid-Year Report by 30 January 2022	Target Achieved	Approved 2021/22 Mid-Year Report	None	None	Mid-Year Report	Ward 8	Income (Own Funding)	Operational	Approved 2021/22 Mid-Year Report	MM	4
<b>Performance Management</b>	Good governance and administrative excellence	Approved 2020/21 Annual Report	Approved 2019/20 Annual Report	Approved 2020/21 Annual Report by 31 March 2022	Target Achieved	Approved 2020/21 Annual Report	None	None	Annual Report	Ward 8	Income (Own Funding)	Operational	Approved Final 2020/21 Annual Report	MM	5
<b>Human Resources and Organizational Development</b>	Invest in human capital	Number of employees trained through Workplace Skills Plan	83 employees trained	80 employees trained through Workplace Skills Plan by 30 June 2022	Target Achieved	115 employees trained through WPS in 2021/22	None	None	Employees Training	Ward 8	Income (Own Funding)	Operational	Attendance Registers	CORP	6
		Number of councilors trained through Workplace Skills Plan	Twenty (20) Councilors Trained	75 councilors trained through Workplace Skills Plan (WSP) by 30 June 2022	Target Achieved	75 Councilors trained through Workplace Skills Plan (WSP)	None	None	Councillors Training	Ward 8	Income (Own Funding)	Operational	Attendance Registers	CORP	7
<b>BASIC SERVICE DELIVERY</b>															
<b>Electricity Provision</b>	Accessible basic and infrastructure services	Number of households electrified	720 Households	350 Households electrified by 30 June 2022	Target Achieved	526	None	None	Electrification of households	Makhado Municipality	INEP INCOME	9 400 000 10 870 500	Completion Certificate	TECH	8

<b>Electricity Provision</b>	Accessible basic and infrastructure services	Number of Households serviced with electricity post connections	240 Households	250 Households serviced with electricity (post connections) by 30 June 2022	Target not Achieved	175 Households electrified	Delay due to service provider challenge in procuring coded meters from the manufacturer	Earlier allocation to provide for unexpected delays	Electricity Post-Connections	All Wards	Income (Own Funding)	3 080 000	Completion Certificates	TECH	9
<b>Electricity Provision</b>	Accessible basic and infrastructure services	Number of high mast lights installed	0	08 High mast Lights installed by 30 June 2022	Target not Achieved	None	Delay in procurement process	Improved monitoring of procurement plan	High mast Lights	All Wards	Income (Own Funding)	4 400 000	Completion Certificate	TECH	10
<b>Electricity Provision</b>	Accessible basic and infrastructure services	Incomer intake point for Eskom Substation	New	Commissioned Incomer intake point Eskom Substation by 30 June 2022	Target not Achieved	None	Misalignment of the bus bars between Eskom and Munnik Substations	Eskom to redesign its bus bars	Incomer Intake Point Eskom Substation	Ward 8	Income (Own Funding) INEP	5 104 000 4 896 400	Completion certificate	TECH	11
<b>Cemetery Fencing</b>	Accessible basic and infrastructure services	Fenced municipality cemeteries	New	Three municipal cemeteries fenced by 30 June 2022	Target not Achieved	01 Complete (Madombidzha)	Delay in the confirmation of site (Tshakuma) and Delay by the service Provider (Maelula)	Confirmation of site before project is funded and Extension of time granted	Fencing of Cemeteries		MIG	1 500 000	Completion Certificate	TECH	12

<b>Waste Management</b>	Promote community and environmental welfare	Number of households in urban areas with access to refuse removal	9140 Households	9140 Households accessing refuse removals by 30 June 2022	Target Achieved	9140	None	None	Waste Management	Ward 7,8,10,16,20A	Income (Own Funding)	Operational	Signed Collection Slips	CO MM	13
<b>Free Basic Services Access</b>	Accessible basic and infrastructure services	Number of Indigents with access to free electricity	4177	4250 Indigents by 30 June 2022	Target not Achieved	2443	Lower application turn-out	Intensify awareness campaigns	Free Basic Services	All Wards	Income (Own Funding)	Operational	Updated Indigent Register	B&T	14
<b>Waste Management</b>	Promote community and environmental welfare	Number of skip bins purchased	50	60 Skip bins purchased by 30 June 2022	Target not Achieved	40 Skip bins delivered	Delay due to Treasury advisory note on Preferential Procurement Regulations, 2017- Minister of Finance v AFRIBUSINESS NPC (2022) ZACC 4	Tender rolled over to the 2022/23 financial year	Waste Management	Ward 7, 8, 10, 16, 20	Income (Own Funding)	Operational	Invoices/Delivery notes	CO MM	15
<b>Waste Management</b>	Promote community and environmental welfare	Old landfill Site (Vondeling) Phase 2 designs	New	Completed designs by 30 June 2022	Target Achieved	Completed designs	None	None	Free Basic Services	All Wards	Income (Own Funding)	1 000 000	Designs	CO MM	16

<b><i>Parks &amp; Recreation</i></b>	Promote community and environmental welfare	Development of Dzanani Park Phase 2 (Installation of outdoor gym, playing equipment and swimming pool)	Dzanani Park (Phase 1)	Installed Outdoor gym, and playing equipment by 30 June 2022	Target not achieved	Project not completed	Delay in finalising the designs by the consultant	Improved monitoring to ensure compliance	Dzanani Park	Ward 36	Income (Own Funding)	1 500 000	Completion Certificate	COMM	17
<b><i>Protection Services and Licencing</i></b>	Promote community and environmental welfare	Construction of Security Fence at the Vehicle Testing station (Dzanani)	New	Constructed Security Fence at the Vehicle Testing Station by 30 June 2022	Target not achieved	Fence not Constructed	Delay due to Treasury advisory note on Preferential Procurement Regulations, 2017- Minister of Finance v Afribusiness NPC (2022) ZACC 4	Tender rolled over to the 2022/23 financial year	Vehicle Testing Station	Ward 10	Income (Own Funding)	2 500 000	Completion Certificate	COMM	18
<b><i>Roads, Bridges and Storm water</i></b>	Accessible basic and infrastructure services	Percentage completion of Constructed Alwayn and Kameel Streets	New	100% completion Constructed Alwayn and Kameel Streets by 30 June 2022	Target achieved	100%	None	None	Alwayn and Kameel Streets	Ward 09	Income (Own Funding)	16 834 444	Completion Certificate	TECH	19

<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Constructed Joe Slovo Street (Vleifontein )	New	30% Completed Joe Slovo Street (Vleifontein ) by 30 June 2022	Target Achieved	66%	None	None	Joe Slovo Street	22	Income (Own Funding)	12 000 000	Progress Report	TECH	20
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage Completion of Constructed ERF 210 Burger Street Market Stalls	New	25% Completion of ERF 210 Burger Street Market Stalls by 30 June 2022	Target Achieved	41%	None	None	Erf 210 Burger Street		Income (Own Funding)	7 543 314	Progress Report	TECH	21
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage Completion of Constructed Mudimeli Stormwater	New	100% completion of Constructed Mudimeli Stormwater by 30 June 2022	Target Achieved	100%	None	None	Mudimeli Stormwater		Income (Own Funding)	6 000 000	Completion Certificate	TECH	22
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage Completion of constructed Djunane Street (Waterval)	New	100% Constructed Djunane Street (Waterval) by 30 June 2022	Target not Achieved	5%	Delay in finalising the design by the consultant	Improved monitoring to ensure compliance	Djunane Street (Waterval)		Income (Own Funding)	2 000 000	Completion Certificate	TECH	23
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of constructed Waterval Cemetery Road	New	5% completion of Waterval Cemetery Road by 30 June 2022	Target Achieved	5%	None	None	Waterval Cemetery		Income (Own Funding)	5 000 000	Progress Report	TECH	24

<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Upgraded Tshakhuma Fruit Market (Phase 2)	Tshakhuma Fruit Market (Phase 1)	100% Completion of Upgraded Tshakhuma Fruit Market by 30 June 2022 (Phase 2)	Target Achieved	100%	None	None	Tshakhuma Fruit Market		Income (Own Funding)	10 663 677	Completion Certificate	TECH	25
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Surfaced Tshedza to Vuvha Access Road (Phase 3)	Tshedza to Vuvha surfaced Access Road (Phase 2)	100% completed Tshedza to Vuvha surfaced Access Road (Phase 3) by 30 June 2022	Target Achieved	100%	None	None	Tshedza to Vuvha Access Road		MIG	32 292 553	Completion Certificate	TECH	26
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of constructed Commissioner and Main Street Intersection	New	100% completion of Commissioner and Main Street Intersection by 30 June 2022	Target not Achieved	75%	Delay due to rain	Extension of time granted	Commissioner and Main Street	09	Income (Own Funding)	14 149 842	Completion Certificate	TECH	27
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Constructed Testing Ground Admin Block	New	100% Completed Testing Ground Admin Block by 30 June 2022	Target not Achieved	72%	Delay due to rain	Extension of time granted	Admin Block	08	Income (Own Funding)	17 367 065	Completion Certificate	TECH	28



<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Regravelling of Makhado Landfill Site	New	Regravelled Road by 30 June 2022	Target not Achieved	Not Completed	Delayed submission of tender documents by the consultant	Improved monitoring to ensure compliance	Regravelled Road		MIG	2 370 136	Completion Certificate	TECH	29
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Kruger Street (Resurfacing & Paving)	New	100% completed Kruger Street by 30 June 2022	Target Achieved	100%	None	None	Kruger Street	08	Income (Own Funding)	5 000 000	Completion Certificate	TECH	30
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Vlei Street (Paving)	Dilapidated Surfaced Road	100% completed Vlei Street	Target not Achieved	30%	Delay by the service provider due shortage of G3 material	Improved monitoring to ensure compliance	Vlei Street		Income (Own Funding)	5 000 000	Completion Certificate	TECH	31
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of constructed Lutanandwa Access Road with Bridge	New	40% Completed Lutanandwa Access Road with Bridge by 30 June 2022	Target Achieved	92%	None	None	Lutanandwa Access Road and Bridge		MIG	33 036 118	Progress Report	TECH	32
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of constructed Rivoni to Xkihobyeni Access Road	New	100% Completed Rivoni to Xkihobyeni Access Road 30 June 2022	Target not Achieved	92%	Shortage of Bitumen in South Africa	Extension of time granted	Rivoni to Xkihobyeni Access Road		MIG	26 803 744	Completion Certificate	TECH	33

<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Constructed Sane to Natalie Bridge	New	100% Completed Sane to Natalie Bridge by 30 June 2022	Target not Achieved	96%	Delay completion due to river overflow	Extension of time granted	Sane to Natalie Bridge	37	MIG	12 067 708	Completion Certificate	TECH	34
<b>Roads, Bridges and Storm water</b>	Accessible basic and infrastructure services	Percentage completion of Surfaced Valdezia ,Xitacini to Jiweni Access Road (Phase 3)	Valdezia ,Xitacini to Jiweni Access Road (Phase 2)	100% Surfaced Valdezia ,Xitacini to Jiweni Access Road (Phase 3) by 30 June 2022	Target Achieved	100%	None	None	Valdezia ,Xitacini to Jiweni Access Road	31	MIG	3 811 054	Completion Certificate	TECH	35
<b>MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>															
<b>Financial Statements</b>	Sound Financial Management and viability	Improved Audit opinion for the previous year	Unqualified audit opinion (2019/20)	Improved Audit Opinion on previous financial year (2020/21) by 30 November 2021	Target Achieved	Unqualified audit opinion with reduced findings	None	None	Audit Opinion	Ward 8	Income (Own Funding)	Operational	AG Report and Management Letter	B&T	36
<b>Financial Statements</b>	Sound Financial Management and viability	Prepared Interim Financial Statement (FS)	2020/21 Interim Financial Statements	Developed and Submitted 2021/22 Interim Financial Statement by 30 April 2022	Target Achieved	IFS Developed and submitted by 30 April 2022	None	None	Interim Financial Statements	Ward 8	Income (Own Funding)	Operational	2021/22 Interim Financial Statements	B&T	37

<b>Financial Statements</b>	Sound Financial Management and viability	Prepared and Submitted Annual FS for 2020/21 Financial Year	Annual Financial Statement 2019/20	Developed and submitted 2020/21 AFS by 31 August 2021	Target Achieved	Developed and submitted 2020/21 AFS by 31 August 2021	None	None	Annual Financial Statements	Ward 8	<b>Income (Own Funding)</b>	Operational	Annual Financial Statements	<b>B&amp;T</b>	<b>38</b>
<b>Expenditure management</b>	Sound Financial Management and viability	Percentage Expenditure on MIG	100% 2020/21 MIG spent	100% MIG Expenditure by 30 June 2022	Target Achieved	100%	None	None	MIG	Ward 8	<b>MIG</b>	110 768 000,00	Section 71 and Quarterly Financial Reports	<b>TECH</b>	<b>39</b>
<b>Expenditure management</b>	Sound Financial Management and viability	Percentage Expenditure on INEP Grant	100% 2020/21 INEP Spent	100% INEP Expenditure by 30 June 2022	Target Achieved	100%	None	None	INEP	Ward 8	<b>INEP</b>	14 269 000,00	Section 71 and Quarterly Financial Reports	<b>TECH</b>	<b>40</b>
<b>Budget and Reporting</b>	Sound financial management and viability	Approved 2022/23 budget	Approved 2021/22 Budget	Approved 2022/23 Budget by 31 May 2022	Target Achieved	The budget was approved by council on 31 May 2022	None	None	Approved Budget	Ward 8	<b>Income (Own Funding)</b>	Operational	Approved budget and Council Resolution	<b>B&amp;T</b>	<b>41</b>
<b>Budget and Reporting</b>	Sound financial management and viability	Number of section 71 reports submitted to Treasury within 10 days after the end of the month	12 Reports Submitted during 2020/21	12 Section 71 Reports submitted by 30 June 2022	Target Achieved	All 12 months section 71 report were submitted within 10 days after the end of the month	None	None	Section 71 Reports	Ward 8	<b>Income (Own Funding)</b>	Operational	Copy of acknowledgement of receipt by Treasury and COGHSTA	<b>B&amp;T</b>	<b>42</b>

<b>Expenditure management</b>	Sound Financial Management and viability	Percentage Expenditure of Financial Management Grant	100% of 2020/21 Financial Management Grant Spent	100% of 2021/22 Financial Management Grant spent by 30 June 2022	Target Achieved	100%	None	None	FMG	Ward 8	FMG Funding	1 850 000	Approved and Submitted Expenditure Report	B&T	43
<b>Expenditure management</b>	Sound Financial Management and viability	Percentage of Electricity distribution loss	13%	10% of Electricity Distribution loss(As per Treasury Regulations ) by 30 June 2022	Target Achieved	9%	None	None	Electricity Distribution Loss	Ward 8	Income (Own Funding)	Operational	Monthly Expenditure and Revenue Reports	B&T	44
<b>Supply Chain Management</b>	Sound financial management and viability	Percentage of Tenders processed within 90 days (From closing date in the advert)	New	95% of Tenders Processed within 90 days after bid closure by 30 June 2022	Target not Achieved	80%	Delay due to Treasury advisory note on Preferential Procurement Regulations, 2017- Minister of Finance v Afribusiness NPC (2022) ZACC 4	Tender rolled over to the 2022/23 financial year	Tender Processing	Ward 8	Income (Own Funding)	Operational	Advertisements, Minutes of Adjudication Committee	B&T	45
<b>Supply Chain Management</b>	Sound financial management and viability	Percentage of Invoices Paid within 30 days of receipt	New	100% of Invoices paid within 30 days of receipt by 30 June 2022	Target Achieved	100%	None	None	Invoices Payment	Ward 8	Income (Own Funding)	Operational	Monthly Expenditure Reports	B&T	46

<b>Revenue Management</b>	Sound financial management and viability	Revenue collection rate	80% of Revenue collected during 2020/21 Financial Year	90% of Revenue Collected during 2021/22 Financial Year	Target Achieved	93%	None	None	Revenue Collection	Ward 8	<b>Income (Own Funding)</b>	Operational	Collection Rate reports	<b>B&amp;T</b>	<b>47</b>
<b>LOCAL ECONOMIC DEVELOPMENT</b>															
<b>Local Economic Development</b>	Invest in local economy	Number of LED projects supported	Six (06) Projects Supported during 2020/21 Financial Year	Six (06) Projects Supported by 30 June 2022	Target not Achieved	0	Delay due to Treasury advisory note on Preferential Procurement Regulations, 2017- Minister of Finance v Afribusiness NPC (2022) ZACC 4	Tender rolled over to the 2022/23 financial year	LED Projects	All Wards	<b>Income (Own Funding)</b>	900 000	Service Level Agreements (SLA) Close-up report of supported projects	<b>DEVP</b>	<b>48</b>
<b>Local Economic Development</b>	Invest in local economy	Percentage completion Constructed Incubation Centre at Rathidili	New	100% Completed Incubation Centre at Rathidili by 30 June 2022	Target Achieved	100%	None	None	Incubation Centre	Ward 23	<b>Income (Own Funding)</b>	6 084 501	Completion Certificate	<b>TECH</b>	<b>49</b>

<b>Local Economic Development</b>	Invest in local economy	Number of job opportunities created	400 Job opportunities	400 job opportunities created by 30 June 2022	Target Achieved	401	None	None	Employment Opportunities	All Wards	<b>Income (Own Funding)</b>	Operational	EPWP, CWP, and Community Projects employment register	<b>DEVP</b>	<b>50</b>
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>															
<b>Risk Management</b>	Good governance and Administrative Excellence	Reviewed and Developed Strategic and Operational Risk Assessment Register	Reviewed and Developed 2021/22 Strategic and Operational Risk Assessment Register	Reviewed and Developed 2022/23 Strategic and Operational Risk Assessment Register by 30 June 2022	Target Achieved	Reviewed and Developed 2022/23 Strategic and Operational Risk Assessment Register	None	None	Strategic and Operational Risk Register	Ward 8	<b>Income (Own Funding)</b>	Operational	Approved Strategic and Operational risk register	<b>MM</b>	<b>51</b>
<b>Risk Management</b>	Good governance and Administrative Excellence	Coordinate risk management activities	100% of Fraud and Anti-Corruption cases attended	100% of Fraud and Anti-Corruption cases attended by 30 June 2022	Target Achieved	100%	None	None	Fraud and Anti-Corruption	Ward 8	<b>Income (Own Funding)</b>	Operational	Investigation Reports / Case Register	<b>MM</b>	<b>52</b>

<i>Internal Audit</i>	Good governance and Administrative Excellence	Percentage implementation of action plans to address External Audit findings.	80%	90% of External Audit Findings resolved by 30 June 2022	Target Achieved	90%	None	None	External Audit Findings	Ward 8	Income (Own Funding)	Operational	Management Action Plan to address AG(SA) findings.	MM	53
<i>Internal Audit</i>	Good governance and Administrative Excellence	Percentage Resolution of Internal Audit findings	80%	90% of Internal Audit Findings resolved by 30 June 2022	Target not Achieved	47%	Continuous implementation of institutional Audit Plan	To develop a new reporting system linked to the Audit Plan	Internal Audit Findings	Ward 8	Income (Own Funding)	Operational	Internal Audit Reports	MM	54
<i>Internal Audit</i>	Good governance and Administrative Excellence	Percentage implementation of approved Risk based Annual Internal Audit Plan.	100%	100% of Risk based Annual Internal Audit Plan Implemented by 30 June 2022	Target Achieved	100% of Risk based Annual Internal Audit Plan Implemented	None	None	Risk based Annual Internal Audit Plan.	Ward 8	Income (Own Funding)	Operational	Internal Audit progress report.	MM	55
<i>Internal Audit</i>	Good governance and Administrative Excellence	Developed and approved Risk based three (03) year internal Audit rolling plan.	New	Approved three (03) year internal Audit rolling plan by 30 June 2022	Target Achieved	Approved three (03) year internal Audit rolling plan	None	None	Risk based three (03) year internal Audit rolling plan.	Ward 8	Income (Own Funding)	Operational	Risk based three(03) year internal audit rolling plan	MM	56

<b>Information Technology</b>	Good governance and Administrative Excellence	Number of IT projects completed	05 IT Projects Implemented during in 2020/21 Financial Year	10 (Ten) Information Technology Projects completed by 30 June 2022	Target not achieved	Six (6) projects completed.	Insufficient budget	Adequate budgeting for all planned projects	IT Projects	Ward 8	Income (Own Funding)	2 850 000	Appointment letters and Close-out report	COR P	57
<b>Council Services</b>	Good governance and Administrative Excellence	Percentage Implementation of Council Resolutions	98% Council Resolutions Implemented	90% of Council Resolutions Implemented by 30 June 2022	Target Achieved	99% Council Resolutions implemented	None	None	Council Resolutions	Ward 8	Income (Own Funding)	Operational	Resolutions Register	COR P	58
<b>Council Services</b>	Good governance and Administrative Excellence	Number of Council Meetings held	Four (4) Council Meetings held during 2020/21 Financial Year	Four (4) Council Meetings held by 30 June 2022	Target Achieved	14	None	None	Council Meetings	Ward 8	Income (Own Funding)	Operational	Minutes, Attendance register, notice of invitations.	COR P	59
<b>Public Participation</b>	Good governance and Administrative Excellence	Number of Imbizos convened	Four(4) Imbizos held during 2020/21 Financial Year	Four (4) Imbizos held by 30 June 2022	Target not achieved	1	Covid 19 Regulations imposed restrictions on public gatherings	Have resumed with Imbizo since the ease of restrictions	Public Participation	All Wards	Income (Own Funding)	Operational	Invitations, Attendance Registers	COR P	60

## 1. SUMMARY: MUNICIPAL PERFORMANCE



A total number of 60 performance targets were due for review at the end of the financial year under review. Out of these 39 were achieved, while 21 were not achieved. This accounts for 65% target achievement, whilst the 21 that is not achieved, is translating to a negative variance of 35%.

Some of the major causes that gave rise to the under-performance included among others, but not limited to the emergence of COVID-19 pandemic. Out of the key performance indicators not achieved, there are those that are attributable to COVID-19 regulations and this would have made a difference on the overall organisational municipal performance.

## **2. CONCLUSION**

Tangible improvement in performance management and service delivery is being realized because there are clearly defined targets to be achieved by using a service delivery budget implementation plan aligned to the municipality's annual budget .

Effective and efficient in-year performance reporting, continues to assist the municipality in accurately tracking progress thereby identifying early warnings and activities that are lagging behind, thereby determine the intervention required and corrective actions are implemented as need arised.

## **3. SERVICE PROVIDERS PERFORMANCE REPORT**

As provided for in Section 76(b) of the Municipal System Act, 32 of 2000, municipal services can be rendered by entering into a Service Delivery Arrangement with an external service provider. The Municipality is responsible for monitoring and evaluating the execution of the agreement, including the performance of the service provider in compliance with Section 41 of the Municipal Systems Act, 32 of 2000.

The performance of service providers that have been selected to provide assistance in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on.

#### 4. CONCLUSION

Tangible improvement in performance management and service delivery is being realized because there are clearly defined targets to be achieved by using a service delivery budget implementation plan aligned to the municipality's annual budget.

Effective and efficient in-year performance reporting, continues to assist the municipality in accurately tracking progress thereby identifying early warnings and activities that are lagging, thereby determines the intervention required and corrective actions are implemented as need arises.

#### 5. SERVICE PROVIDERS PERFORMANCE REPORT

As provided for in Section 76(b) of the Municipal System Act, 32 of 2000, municipal services can be rendered by entering a Service Delivery Arrangement with an external service provider. The Municipality is responsible for monitoring and evaluating the execution of the agreement, including the performance of the service provider in compliance with Section 41 of the Municipal Systems Act, 32 of 2000.

The performance of service providers that have been selected to aid in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on.

*N.B Kindly note that in a case where a service provider hasn't rendered any services during the quarter of the financial year under review (2020-21), no rating is affected.*

The Municipal Systems Act, (Act 32 of 2000) as amended, stipulates the following:

Annual performance reports:

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

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

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

ANNUAL ASSESSMENT OF PERFORMANCE OF CONTRACTED SERVICE PROVIDERS REPORT 2021/2022

ANNEXURE A

Dep	Tender number	Project name	Name of Service Provider	Starting date	Completion date	Extension of completion date (only if applicable)	Challenges and Interventions	Assessment of service provider			
								(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent			
								Quarter 1	Quarter 2	Quarter 3	Quarter 4
DDP	51/2017	Compilation of General Valuation Roll for the period five years	Geospatial Valuation Technologies	01/07/2018	30/06/2023			5	5	5	5
DFS	27/2018	Supply and Delivery of Fuel Lubricants for Small Equipment	Class A Trading 514	19/11/2018	18/11/2021	19/04/2022		5	5	5	5

DTS	44/2018	Appointment of a Professional Engineer: Additional incomer intake points for Makhado local municipality Main Substation for the period of Two (02) years	NSK Electrical and Construction Managers (Pty)Ltd	30/01/2019	29/01/2022	29/04/2022		5	5	5	3
DTS	47/2018	Appointment of panel of Consultants for Professional Civil Engineering Related Services for the Period of Three (03) years which shall be as and when required	Infraburo Civil and Engineering	30/01/2019	29/01/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Voningela Consulting and Projects	30/01/2019	29/01/2022			-	-	2	3
			Diges Group CC	30/01/2019	29/01/2022			4	4	3	3
			Victory Development Projects	30/01/2019	29/01/2022			5	5	4	4
			Shumba Engineering Services	30/01/2019	29/01/2022			-	-	4	4
			Ntsako Tiyani and Associates	30/01/2019	29/01/2022			5	5	4	4
			MVE Consulting Engineers	30/01/2019	29/01/2022			5	5	3	3
			TM Africa Engineering Services	30/01/2019	29/01/2022			5	5	4	4
			Dane Projects ( Pty) Ltd	30/01/2019	29/01/2022			5	5	4	4
			Mamadi and Company	30/01/2019	29/01/2022			4	4	4	5
			Tshino Consulting Engineers	30/01/2019	29/01/2022			-	-	4	4
			Botshabelo Consulting and Projects	30/01/2019	29/01/2022			Engineer did not pitch at site meeting as arranged by municipality and did not handover specification to contractor in time	3	3	3
SA Quest	30/01/2019	29/01/2022				-	-	-	3		

			Tshashu Consulting and Projects Managers	30/01/2019	29/01/2022			3	3	3	3
			Sizeya Consulting engineers	30/01/2019	29/01/2022			5	5	4	5
			MJT Consulting Engineers 01 (Pty) Ltd	30/01/2019	29/01/2022			3	3	-	3
			Samtak Consulting Services	30/01/2019	29/01/2022			-	-	3	3
			AES Consulting	30/01/2019	29/01/2022			-	-	3	3
			Morula Consulting Engineers and project managers	30/01/2019	29/01/2022			-	-	3	3
			Mont Consulting Engineers	30/01/2019	29/01/2022			5	5	4	4
			Xilalelo Project Managers	30/01/2019	29/01/2022			-	-	3	3
			T2-Tech Engineering (Pty) Ltd	30/01/2019	29/01/2022			5	5	4	4
			Tshedza Consulting Engineers	30/01/2019	29/01/2022			-	-	3	4
			Ralema Consulting Engineers (Pty)Ltd	30/01/2019	29/01/2022			5	5	3	3
			Muteo Consulting	30/01/2019	29/01/2022			-	-	4	4
			TMS Consulting Engineers and Projects Management	30/01/2019	29/01/2022			-	-	3	3
			Dikgabo Consulting Engineers	30/01/2019	29/01/2022		Engineer abided the site while construction still in progress	4	4	2	2
			Phamela Engineering Services	30/01/2019	29/01/2022			-	-	-	4
			EKS Consulting Engineers	30/01/2019	29/01/2022			5	5	3	4
DTS	56/2018	Appointment of turnkey services for the design and upgrading of Tshakhuma Market	Tshashu Consulting and Projects Managers	31/12/2018	29/10/2021	29/06/2022	Completed Project	5	5	3	5
DCORP	11/2019	Appointment of panel of service provider for skills development provider for the period of three years	Abakholwe community developers cc	24/06/2019	23/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-

			Arehone consulting	24/06/2019	23/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Regenesys management (pty)ltd	24/06/2019	23/06/2022			5	5	5	5
			South african institute of learning	24/06/2019	23/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Masana Social consulting	24/06/2019	23/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Excellent minds institute (pty)ltd	24/06/2019	23/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DFS	16/2019	Cell phone and Tablet contract package for the period of three years	Tawau Trading cc	03/06/2019	02/06/2022			5	5	5	5
DFS	75/2018	Provision of Banking Services for a period of five years	First Rand bank limited	24/06/2019	23/06/2024			5	5	5	5
DDP	21/2019	Panel of demarcation of sites and township establishment for a period of three years	Ngoto Development Consultants	19/06/2019	18/06/2022			5	5	5	5
			Mahlori Development Consultants	19/06/2019	18/06/2022			5	5	5	5
			Acute Innovation	19/06/2019	18/06/2022			5	5	5	5
			Matete and Associates consultants	19/06/2019	18/06/2022			5	5	5	5
DDP	23/2019	Panel of professional surveyors for a period of three years	Rolous Geomatics Solutions	19/06/2019	18/06/2022		No service rendered during this 4th Quarter (Not rated)	5	-	-	-
			N Khoza Land Surveyors	19/06/2019	18/06/2022			5	5	5	5
			MM Geomatics (pty)ltd	19/06/2019	18/06/2022			5	5	5	5

DTS	35/2019	Supply and delivery of Electrical Materials for a period of three years	Luraps Trading (Pty)Ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Mafunzwani Construction and General supply	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Bics engineering and supply (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Tsuamo Civils	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Madeph Technical Services	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			HTE Construction	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	2	1	-	-
			Magekha Electrical	26/06/2019	25/06/2022			-	5	3	4
			Free Horrizon (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	2	3	5	-
			Labstyre (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			angoni capital	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-



			Murangu Muvuledzi Trading and Projects	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	4	5	-	-
			Gerson Matamela Holdings	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Firm Supply Trading (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Team Lutosh Trading Enterprise	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	1	3	3	-
			Ludricks constructions	26/06/2019	25/06/2022			5	5	5	5
			Goldiflo (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	2	2	3	-
			1 Daisy General	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Wauluga (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Mudumela trading and general projects	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Binofusion (Pty) ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-

			Naps fire service and supply (pty)ltd	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Dreamfinders and projects 133	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	5	5	5	-
			MLTS Consultant	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	3	-	-
			Phenium Trading and projects	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Nergy construction	26/06/2019	25/06/2022			5	-	3	3
			Vhangwena Business Enterprise	26/06/2019	25/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DCOMS	10 /2019	panel of service providers for supply and delivery of library books for a period of three (03) years	Quarts Trading	10/06/2019	09/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			BKS Educational Supplies T/A Best book	10/06/2019	09/06/2022		No service rendered during this 4th Quarter (Not rated)	-	5	-	-
			Shutter and Shooter Publishers	10/06/2019	09/06/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DFS	24/2019	Auctioneering services on municipal assets for the period of three years	Root -X Auctioneers	19/08/2019	18/08/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-

			Tirhani Auctioneers	19/08/2019	18/08/2022		No service rendered during this 4th Quarter (Not rated)	5	5	-	-
DCOMS	35/2019	Provision of Healthcare risk, Waste collection and treatment services for the period of three years	Gonyanie Trading and Technology	19/08/2019	18/08/2022			5	5	5	5
DCOMS	36 /2019	Appointment of service provider for Operation and maintenance of Makhado new landfill site for the period of three (03) years	Mascon Trading Cc	30/11/2019	29/11/2022			5	5	5	5
DTS	38/2019	Refill, service, Supply and Delivery of Council fire extinguishers for the period of three (03) years	Quick Fire Services and General Trading	20/11/2019	19/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DTS	33 /2019	Construction of Tshedza to Vuvha access road	Tainama Civils (Pty)Ltd	27/09/2019	28/02/2022	05/05/2022	Completed project	4	4	4	4
DFS	28 / 2019	Panel of service provider for sourcing of grants and implementation of programmes on a risk based for a period of three (03) years	Pholisani Capital Advisory and Investment	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Mafumu Consulting (Pty)Ltd	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Masala Ramabulana Holdings	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Pfani IT Services	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-

			Melokuhle Management	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Afrikon Investment	25/11/2019	24/11/2022		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DFS	55/2019	Provision of meter reading for electrical consumption for the period of three years	KMA Consulting CC	19/12/2019	18/12/2022			5	5	5	5
DFS	56 /2019	Provision of Value added tax (VAT) recovery for the period of three years	PF Financial Consulting CC	25/11/2019	24/11/2022			5	5	5	5
DTS	65 /2019	Construction of Xitacini to Jiweni Access road	PGN pty ltd	08/01/2020	30/08/2021	15/12/2022	Contractor did not pitch at site meeting as arranged by Municipality	4	3	3	2
DTS	66/ 2019	Waterval sport facility (Phase 3)	Valcross	07/02/2020	30/08/2021	15/12/2022		4	3	3	3
DTS	71/2019	Panel of service providers to supply and delivery of electrical materials (Group C) for the period of three years	Ramsmushavhi General Trading	02/09/2020	01/09/2023			-	-	3	3
			TMMR Trading Enterprise	02/09/2020	01/09/2023		No service rendered during this 4th Quarter (Not rated)	-	5	5	'
			Conan Consulting and Projects	02/09/2020	01/09/2023		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			Nrath Trading (Pty)ltd	02/09/2020	01/09/2023			-	3	3	5
			Masgac Trading Enterprise	02/09/2020	01/09/2023			-	5	5	5
			Best Enough Trading Projects	02/09/2020	01/09/2023		No service rendered during this 4th Quarter	-	5	-	-

							(Not rated)				
			Mphuma Supply and Services	02/09/2020	01/09/2023			-	5	3	4
			Mapondo Trading and projects	02/09/2020	01/09/2023			-	5	5	5
			Angoni Capital	02/09/2020	01/09/2023			-	5	3	5
			Cloud One Trading	02/09/2020	01/09/2023		No service rendered during this 4th Quarter (Not rated)	-	5	-	-
			Aarotec (Pty)ltd	02/09/2020	01/09/2023		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DTS	63/2019	Supply and delivery of Air Conditioners for the period of three (03) years	Mpho's Aircondition	08/09/2020	07/09/2023			-	-	-	3
			Ramsmushavhi General Trading	08/09/2020	07/09/2023			-	-	5	3
			Nrath Trading (Pty)ltd	08/09/2020	07/09/2023			-	-	-	3
			Tsuamo Civils (Pty)ltd	08/09/2020	07/09/2023			-	-	-	3
DFS	24/2020	Provision of Short-term insurance for the period of 3 years	Kunene Makopo Risk Solutions	30/09/2020	29/09/2023			5	5	5	5
DCOMS	14/2020	Provision of security services to Municipal properties for a period of three years	Collins Sebola Financial Services	11/09/2020	10/09/2023			5	5	5	5
			Tshakhwilo Trading Enterprise	11/09/2020	10/09/2023			5	5	5	5
			Ditiro Tsaka Security Services	11/09/2020	10/09/2023			5	5	5	5
			Vhugi Protection Services	11/09/2020	10/09/2023			5	5	5	5

			Backline Security Services	11/09/2020	10/09/2023			5	5	5	5
DCORP	16 / 2020	Supply, Delivery, installation and commissioning of 19 rental photocopiers and two coin controllers from a period of 03 years	Todani Development and Consultancy	01/10/2020	30/09/2023			5	4	4	5
DTS	28 of 2020	Upgrading of Tshakhuma Community Market Phase 2	TTR Infrastructure Developers	26/11/2020	29/07/2021	29/06/2022		4	3	3	3
DTS	29 of 2020	Rehabilitation of Streets Ramaano, Tshitotolwe and Dendze	LTE Civils and plant	18/12/2020	29/10/2021	30/05/2022	Completed project	5	4	4	4
MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	TT NGOGENI ATTORNEYS INC	11/01/2021	10/01/2024			5	5	5	5
			KGOROEDIRA MUDAU INC	11/01/2021	10/01/2024			5	5	5	5
		GROUP A- LITIGATION	MAKHUVHA E.M ATTORNEY	11/01/2021	10/01/2024			5	5	5	5
			RERANI MAWILA JV	11/01/2021	10/01/2024			5	5	5	5
			MUDAU AND NETSHIPISE ATTORNEYS	11/01/2021	10/01/2024			5	5	5	5
			MUEDI ATTORNEYS INC	11/01/2021	10/01/2024			5	5	5	5
			GOGOME NDOU ATTORNEYS J/V	11/01/2021	10/01/2024			5	5	5	5
			DUBISHI NTHAMBELENI ATTORNEYS	11/01/2021	10/01/2024			5	5	5	5
MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	LEBEA & ASSOCIATES	11/01/2021	10/01/2024		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
			LRM AND ASSOCIATES INCORPORATED	11/01/2021	10/01/2024		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
		GROUP B -LABOUR MATTERS	MUEDI ATTORNEYS INC	11/01/2021	10/01/2024			5	5	5	5

MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	DABISHI NTHAMBENI INC	11/01/2021	10/01/2024			5	5	5	5
			MUNONDE ATTORNEYS	11/01/2021	10/01/2024			5	5	5	5
		GROUP C - CONVEYANCERS	POPELA MAAKE ANCORATED	11/01/2021	10/01/2024			5	5	5	5
			MAKAMU AND MUNYAI INC	11/01/2021	10/01/2024			5	5	5	5
DTS	63 of 2020	Construction of Rivoni - Xihlobeni access road	NT MOLEFE CONSTRUCTION JV NRATH	25/04/2021	31/03/2022	27/07/2022		5	5	4	4
DTS	55 of 2020	Appointment for contractor for construction of Sane to Natalie Bridge	Diges Group cc	30/12/2020	31/01/2022	29/04/2022		5	5	4	3
DFS	47 of 2020	Travel	Exila Travels	15/12/2020	14/12/2023			5	5	5	5
			Nyeleti Travels	15/12/2020	14/12/2023			5	5	5	5
			Pheto Travels	15/12/2020	14/12/2023			5	5	5	5
			Ariye Travels	15/12/2020	14/12/2023			5	5	5	5
DFS	38/2020	Panel of service providers to supply and delivery of refuse plastic bags for the period of three years	Umanza Business Enterprise	15/06/2021	14/06/2024			5	-	-	5
			Savelot	15/06/2021	14/06/2024			5	-	-	5
			Wauluga (pty)ltd	15/06/2021	14/06/2024			5	-	-	5
			Angoni Capital	15/06/2021	14/06/2024			5	-	-	5
			MMC Consultants (PTY) LTD	15/06/2021	14/06/2024			5	-	-	5
			Moleke Projects	15/06/2021	14/06/2024			5	-	-	5
			Enge Security Services and Projects (PTY) LTD	15/06/2021	14/06/2024			5	-	-	5
			Muponi Property Management	15/06/2021	14/06/2024			5	-	-	5
			SEOMC Trading Enterprise	15/06/2021	14/06/2024			5	-	-	5

			Nendila General Supply	15/06/2021	14/06/2024			5	-	-	5
			Mbofholowo General Trading and Gardening	15/06/2021	14/06/2024			5	-	-	5
			Linubrite	15/06/2021	14/06/2024		No service rendered during this 4th Quarter (Not rated)	5	-	-	-
			Kondelelani Zwidoitea Construction and General Supply	15/06/2021	14/06/2024			5	-	-	5
			Culis Tent Chairs and Tables Hire	15/06/2021	14/06/2024			5	-	-	5
			Annah and Son Trading and Projects	15/06/2021	14/06/2024			5	-	-	5
DCORP	16/2021	Appointment of service provider for mime cast cyber resilience foundation plan, upgrade from g1 to m2r for 350 users and licensing for the period of three (03) years	Ndila Information Systems (pty) ltd	30/04/2021	29/04/2024			5	5	5	5
DCORP	15/2021	Appointment of service provider for Microsoft 365 business licenses (45 users) and Munsoft 365 e3 licenses (50 users) for a period of twelve (12) months	Munsoft (pty) ltd	30/04/2021	29/04/2022		Contract expired in Fourth quarter	5	5	5	5
DCORP	21/2021	Renew Microsoft office 365 apps for business license for the period three (03) years.	QSmart Services	30/04/2021	29/04/2024			5	5	5	5



DTS	10/2021	Re-advertisement: repairs of small equipment for the period of the two (03) years	Justfix Auto Electrix	19/05/2021	18/05/2024			4	4	5	5
DTS	06/2021	Supply and delivery of spares for repairs and maintenance for Makhado Local Municipality fleet for the period of two (03) years	Justfix Auto Electrix	19/05/2021	18/05/2024			4	4	5	5
DTS	64/2020	Appointment of panel of electrical contractors for emergency and preventative maintenance for the period of three (03) years	Avax SA 222 CC	29/04/2021	28/04/2024			5	5	5	5
			FFM Engineering (pty) ltd	29/04/2021	28/04/2024			5	5	5	5
			Shudu Trading and Projects	29/04/2021	28/04/2024			5	5	5	5
			Hwali Business Enterprise	29/04/2021	28/04/2024			5	5	5	5
			KMA Consulting CC	29/04/2021	28/04/2024			5	5	5	5
			Tsire Consulting JV Masgac Trading Enterprise	29/04/2021	28/04/2024			5	5	5	5
			Capotex Trading Enterprise CC	29/04/2021	28/04/2024			-	1	-	5
			Denzhe Electrical CC	29/04/2021	28/04/2024			5	5	5	5
			Miluwani Electrical and House Wiring	29/04/2021	28/04/2024			5	5	5	5
			TM Consortium (pty) ltd	29/04/2021	28/04/2024			-	5	-	5
			Rivisi Electrical Contractors	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	5	-	-
			NSK Electrical and Construction Managers (Pty)Ltd	29/04/2021	28/04/2024			5	3	5	5
IPSUM Engineering Solutions	29/04/2021	28/04/2024			5	-	-	4			

DCOMS	22/2021	Panel of service providers to provide a service of grass cutting, litter picking in Makhado Municipality parks, empty stand and open spaces as and when required basis for period of three years	MVR Consulting and Projects Managers	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			Velaphe Transport and Projects JV seithuto Trading	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			MNN Landscaping	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			Kaybee Consulting and Projects	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	1	-	-	-
			UB16 Investment and Projects (pty) Ltd	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	1	-	-	-
			N and C Civils	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	1	-	-	-
			KMA Consulting CC	29/04/2021	28/04/2024			5	5	-	5
			Muponi Property Management	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	-	-	-

			Mvelaphandle Trading and Projects	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			Vhashumza Trading (pty) ltd	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			Zabest Construction (pty) ltd	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
			PRR Solutions	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	1	-	-	-
			Ramashu Supply and services	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	2	-	-	-
DTS	18/2021	rehabilitation and resealing of roads, emergency potholes patching within makhado local municipality for the period three years as and when required basis.	Swadawada (pty) ltd	29/04/2021	28/04/2024			5	-	5	5
			Mvuno geo-environmental civil and construction	29/04/2021	28/04/2024			5	5	5	5
			Dzina 10 Trading (pty) ltd	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	5	-	-
			MH Construction	29/04/2021	28/04/2024			5	-	5	5
			Rixongile Consulting Engineers	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	5	-	-

			Edgar Mul Holdings	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	5	-	-
			Nrath Trading (pty) Ltd JV Makawana Solutions	29/04/2021	28/04/2024		No service rendered during this 4th Quarter (Not rated)	5	5	5	-
			Gerson Matamela Holdings	29/04/2021	28/04/2024			5	-	5	5
			IFWS Projects (Pty) Ltd	29/04/2021	28/04/2024			5	5	-	5
			Muponi Property Management	29/04/2021	28/04/2024			5	5	-	5
			Courtesy Management (pty) Ltd	29/04/2021	28/04/2024			5	5	-	5
			Pakani Trading Enterprise	29/04/2021	28/04/2024			5	-	-	5
DTS	65/2020	Appointment of panel of Engineering Consultants for Electrical projects for the three (03) years	Shumba Engineering Services	21/04/2021	20/04/2024			5	5	5	5
			NSK Electrical and Construction Managers (Pty)Ltd	21/04/2021	20/04/2024			5	5	5	5
			Risima Projects Management	21/04/2021	20/04/2024			5	5	5	5
			Winding Technologies (pty) Ltd	21/04/2021	20/04/2024			5	5	5	5
			AES Consulting	21/04/2021	20/04/2024			5	5	5	5
DFS	31/2021	Re-Advertisement : Provision of Fleet Tracking System for the period of three (03) years	Just Fix Auto Electrix	19/05/2021	18/05/2024			5	5	5	5
DFS	47/2021	Re-advertisement of Provision of assets management in compliance with MFMA and GRAP standard for the period of	PMT Management Consultant	15/06/2021	14/06/2024			5	5	5	5

		three (03) years									
DTS	62/2020	Construction of Lutanandwa Access road and bridge phase	Neckmay Trading Enterprises (Pty)ltd	25/04/2021	31/03/2022	19/07/2022		5	4	4	4
DTS	54/2020	Appointment of contractor for construction of rathidili - tshikwane incubator centre	payless projects and security JV Phumelela Dlomo	28/01/2021	31/07/2021	31/05/2022	Completed Project	4	3	3	5
DTS	45/2020	Appointment of contractor for admin block ( testing ground)	MTTP Construction	28/01/2021	30/05/2022			5	5	4	4
DTS	54/2021	ERF 210 Burger street market revitalization project	T and C Civils	08-08-2021	19/08/2022			-	-	3	4
DTS	50/2021	Mudimeli Stormwater and Surfacing	Mvuno geo-environmental civil and construction	08-08-2021	30/06/2022		Completed Project	-	3	3	5
DTS	58/2021	Commissioner and Main Street intersection rehabilitation and storm water at Elltivillas.	Chauke business Enterprise	22-09-2021	22/04/2022	31/09/2022		-	4	3	3
DDP	36 / 2021	Lease of Grazing Padlock R1/GED2, farm Bergvliet 288 L.S and Rietvly 276 L.S. for the period of 07 years	Zevhe Trading	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	37/ 2021	Lease of Grazing Padlock R3, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	Mrolis Projects,	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	38/2021	Lease of Grazing Padlock R4, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	1 Daisy General Dealer 001 Pty Ltd,	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-

DDP	39/2021	Lease of Grazing Padlock R7, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	Mukwita Holdings	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	40/2021	Lease of Grazing Padlock R8, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	Sunfrica Pty Ltd	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	41/2021	Lease of Grazing Padlock R9, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	Nemorango Consulting Engineers	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	42/2021	Lease of Grazing Padlock R10, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	T3 Storm Logistics Manufacture	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	43/2021	Lease of Grazing Padlock R22, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	MVR Consulting And Project Managers	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	44/2021	Lease of Grazing Padlock R25, farm Bergvliet 288 L.S and Rietvly 276 L.S.for the period of 07 years	Utopia Solutions	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DDP	45/2021	Lease of Grazing Padlock R26, farm Bergvliet 288 L.S and Rietvly 276 L.S. for the period of 07 years	MVR Consulting And Project Managers	22-09-2021	21/09/2028		No service rendered during this 4th Quarter (Not rated)	-	-	-	-
DTS	48 of 2021	Re-advertisement of Appointment of panel of electrical Contractors for electrification of villages for the period of three (03)	HLTC/ Splish Splash Construction JV	22-09-2021	21/09/2024			-	-	4	5
			Rems Electrical Construction	22-09-2021	21/09/2024			-	-	4	5
			Brightside Electrical Contractors	22-09-2021	21/09/2024			-	-	4	5

		years	Seshego Electrical Constructors Cc	22-09-2021	21/09/2024			-	-	4	5
			Shonisani Rambau Construction	22-09-2021	21/09/2024			-	-	4	5
			Kotlolo Engineering	22-09-2021	21/09/2024			-	-	4	5
			Blessed Engineering Solutions	22-09-2021	21/09/2024			-	-	4	5
			Kgashane Electrical	22-09-2021	21/09/2024			-	-	4	5
			Conan-Consulting And Projects JV Nu Era	22-09-2021	21/09/2024			-	-	4	5
			Gerson Matamela Holdings	22-09-2021	21/09/2024			-	-	4	5
			Ravha Trading Enterprises	22-09-2021	21/09/2024			-	-	4	5
			Muthanyi Engineering	22-09-2021	21/09/2024			-	-	4	5
			777 MPS Logistics	22-09-2021	21/09/2024			-	-	4	5
			Machavi BUKUTA BUSINESS ENTERPRISE	22-09-2021	21/09/2024			-	-	4	5
			Marungane Projects (Pty) Ltd	22-09-2021	21/09/2024			-	-	4	5
DTS	55 /2021	Panel of contractors for regrading and regravelling of villages for the period of three (03) years	Maltec Business Connection	22-09-2021	21/09/2024			-	-	3	4
			Makawana Solution	22-09-2021	21/09/2024			-	-	3	4
			T And C Civils	22-09-2021	21/09/2024			-	-	3	4
			Ndzalama Projects Engineering (Pty) Ltd	22-09-2021	21/09/2024			-	-	3	4
			Mudzusi Wavhutali Civils	22-09-2021	21/09/2024			-	-	3	4
			Tsuamo Civils	22-09-2021	21/09/2024			-	-	3	4
			Tshiten Property Investment (Pty) Ltd	22-09-2021	21/09/2024			-	-	3	4

			Mulisa Projects (Pty) Ltd	22-09-2021	21/09/2024			-	-	3	4
			Kgompho Civils	22-09-2021	21/09/2024			-	-	3	4
			N And C Civils	22-09-2021	21/09/2024			-	-	3	4
			Tshira Tshashu Trading And Enterprise	22-09-2021	21/09/2024			-	-	3	4
			Swadawada	22-09-2021	21/09/2024			-	-	3	4
			Khatha Khatha Trading	22-09-2021	21/09/2024			-	-	3	4
			Znms Jv Cloud One	22-09-2021	21/09/2024			-	-	3	4
			Tsire Construction Jv Masgec	22-09-2021	21/09/2024			-	-	3	4
			Gumbu Holdings (Pty) Ltd	22-09-2021	21/09/2024			-	-	3	4
			Mudugwe Projects	22-09-2021	21/09/2024			-	-	3	4
DCOMS	62/ 2021	Provision of additional security services for remaining period ending September 2023	Tshira Tshashu Trading And Enterprise	29/10/2021	28/10/2024				5	5	5
			Divhazwau Security	29/10/2021	28/10/2024				5	5	5
			Tshitangu security services	29/10/2021	28/10/2024				5	5	5
			KBMP JV Tasmanian	29/10/2021	28/10/2024				5	5	5
DTS	72 Of 2021	Electrical contractor for provision of underground electrical reticulation networks for new residential stands at South Pretorius		28/10/2022	30/06/2023		No service rendered during this 4th Quarter (Not rated)		-	-	-
			MADZ Electrical								
			Courtesy Management (pty) ltd	10/11/2021	09/11/2024				5	5	5
			Edgar Mul Holdings	10/11/2021	09/11/2024				5	5	5
			Rixongile Consulting Engineers	10/11/2021	09/11/2024				5	5	5
			SMA Business Enterprise	10/11/2021	09/11/2024				5	5	5
			Pthem Consulting and projects managers	10/11/2021	09/11/2024				5	5	5



DFS	61 of 2021	Supply and delivery of protective clothing for a period of three years	N And C Civils	30/12/2021	29/12/2024				-	-	5
			SMA Business Enterprise	30/12/2021	29/12/2024				-	-	5
			Nrath Trading ( Pty)Ltd	30/12/2021	29/12/2024				-	-	5
DFS	65 of 2021	Supply and delivery of Cold mix asphalt for a period of three years	Nrath Trading ( Pty)Ltd	30/12/2021	29/12/2024				-	5	5
			SMA Business Enterprise	30/12/2021	29/12/2024				-	3	5
			MajestyM (Pty)Ltd	30/12/2021	29/12/2024				-	5	5
			Moloufu (Pty)Ltd	30/12/2021	29/12/2024				-	4	5
			New Honey Administrators	30/12/2021	29/12/2024				-	5	5
DFS	63 of 2021	Supply and delivery of SS60 and CAT65 bituminous emulsions for a period of three years	Majesty M (Pty)Ltd	30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-
			Silverstar Property Investment (Pty)Ltd	30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-
			Ganzhe Construction	30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-
			Mushavo Trading Enterprise	30/12/2021	29/12/2024				-	-	3
			Moloufu (Pty)Ltd	30/12/2021	29/12/2024				-	-	5
			Ndokoman Trading and Projects	30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-
			Cloud One Trading	30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-

				30/12/2021	29/12/2024		No service rendered during this 4th Quarter (Not rated)		-	-	-
			Makgopo Holdings								
			Mahish Trading Enterprise	30/12/2021	29/12/2024				-	5	5
DTS	78 Of 2021	Rehabilitation of Vlei Street	Mulisa Projects (Pty) Ltd	30/12/2021	30/06/2022				-	5	3
DTS	77 Of 2021	Rehabilitation of Kruger street	Mbidzo SMA JV	30/12/2021	30/06/2022				-	5	4
DTS	67 of 2021	Rehabilitation of Joe Slovo street at Vleifontein	Mbidzo SMA JV	12/10/2021	15/06/2022				4	4	4
DCORP	53 of 2021	Call Centre and ticketing system for municipality call centre for a period of three years	Umbono Cloud Services	30/12/2021	29/12/2024					5	5
DCORP	84 of 2021	Supply, Delivery, Install, Configure and commissioning Conversion from analogue to Voip telephone system for the period of three years	Yello Solution Technology CC	04/03/2022	03/03/2025					5	5
DTS	89 of 2021	Supply, delivery of material, labour and construction of concrete palisade fence at Eltivillas Swimming Pool	Courtesy Management (pty) ltd	04/03/2022	03/05/2022					3	5
DTS	92 of 2021	Supply and delivery of trailers for Makhado Local Municipality	FJ Financial Services and projects	07/02/2022	Once off		Waiting for delivery			3	2
DTS	98 of 2021	Appointment of electrical contractor to supply, deliver, install and commissioning of 10MVA Transformer (22000/11000) at Stubb Substation	NSK Electrical and Construction Managers (Pty)Ltd	04/03/2022	30/06/2023					3	4

DFS	08 of 2022	Cell phone and Tablet contract package for the period of two years	Vodacom PTY LTD	23/03/2022	22/03/2024					-	3		
DCOMS	71 of 2021	Appointment of services provider for rendering waste material recovery (recycling) at Makhado waste disposal facilities for the period of three years	Trash Converters	04/03/2022	03/03/2025		No service rendered during this 4th Quarter (Not rated)			5	-		
			Waste Aside	04/03/2022	03/03/2025		No service rendered during this 4th Quarter (Not rated)			-	-		
DFS	56 of 2021	Debt collectors for the provision of services regarding the debt collection for outstanding debts for the period of three years	Kamohelo entle trading JV KRM Inc	02/02/2022	01/02/2025		No service rendered during this 4th Quarter (Not rated)			-	-		
			Ramatshila -muregi Attorney Inc	02/02/2022	01/02/2025		No service rendered during this 4th Quarter (Not rated)			-	-		
DTS	96 of 2021	Appointment of electrical contractor to upgrade wooden poles to concrete poles for 22KV line to industrial line	Kingki Electrical Contractor	04/03/2021	30/06/2022					3	5		
DFS	100 of 2021	Panel of service provider for publishing notice and adverts on different newspaper for the period of three years	Aredzi trading and projects	05/04/2022	04/04/2025						5		
			N and C Civils	05/04/2022	04/04/2025							5	
			Makgopo Holdings	05/04/2022	04/04/2025								5
			LLM Auto Trading (Pty)Ltd	05/04/2022	04/04/2025								5

DTS	01 of 2022	Development of Dzanani Park Phase 2 ( institution of outdoor gym, Playing equipment and Swimming pools)	Mvuno geo-environmental civil and construction	25/04/2022	09/12/2022						5
DTS	2 of 2022	Rerfubishment of Waterval regional office	MTEC DEMBE JV	25/04/2022	24/11/2022						5
DTS	3 of 2022	Construction of fence of Madombidza graveyard	Rhules Yimisa JV	25/04/2022	30/06/2022		Completed Project				5
DTS	4 of 2022	Construction of fence of Maelula graveyard	Courtesy Management (pty) ltd	25/04/2022	30/07/2022						5
DTS	05 of 2022	Construction of Waterval Cemetery Road	Ndzalama Projects Engineering (Pty) Ltd	09/05/2022	30/09/2022						5
DTS	06 of 2022	Rehabilitation of Streets in waterval Djunani Street	Thivharumi Holding JV Nrath Trading	09/05/2022	31/12/2022						5
DFS	11 of 2022	providing of fuel and lubricants for yellow and small equipment for Makhado local municipality for the period of three (03) Years	Class A Trading 514 t/a Total Makhado	09/05/2022	08/05/2025						5
DCS	10 of 2022	Occupational Medical Services for Makhado local municipality employees for the period of three (03) years	Afrimed Business solutions cc	09/05/2022	08/05/2025						5
MM	07 of 2022	Appointment of a services provider/consultants to render assignment for internal audit unit Makhado Municipality for the period of three years	Morar Incorporated	23/05/2022	22/05/2025						5
			Tumisong (Pty)Ltd	23/05/2022	22/05/2025						5
			Jofani Accounting Consulting	23/05/2022	22/05/2025						5
			Thuso financial consultants (pty)ltd	23/05/2022	22/05/2025						5
			Shumba Inc	23/05/2022	22/05/2025						5

			AVC Corporated Advisory Services	23/05/2022	22/05/2025		No service rendered during this 4th Quarter (Not rated)				-
DTS	94 of 2021	Appointment of electrical contractor to supply and erection of high masts lightening structures in town parks	KOTLOLO ENGINEERING	15/06/2022	15/11/2022						5
DTS	97 of 2021	Supply, delivery and commissioning of 3x Voltage Regulators at Tshipise	TM Consortium (pty) ltd	15/06/2022	15/11/2022						5
DTS	95 of 2021	Appointment of electrical contractor to upgrade wooden poles to concrete poles for 22KV line to Emma Substation	MADZ Electrical	15/06/2022	15/11/2022						5
DCOMS	12 of 2022	Supply and delivery of 20 Skip bins	Mapetas General Trading 121	15/06/2022	Once off		No service rendered during this 4th Quarter (Not rated)				-
DCS	15 of 2022	Refresh backup hardware and software ( secondary server environment) and inclusive of three years warranty and service plan	Luucole Holding ( Pty)	15/06/2022			No service rendered during this 4th Quarter (Not rated)				-

\_\_\_\_\_  
**Mr K.M Nemaname**  
**Acting Municipal Manager**

\_\_\_\_\_  
**Date**

