MAKHADO LOCAL MUNICIPALITY

DRAFT ANNUAL REPORT

2024/2025

"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”

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GLOSSARY

ACDP	-	African Christian Democratic Party
ADMD	-	After Diversity Maximum Demand
AFS	-	Annual Financial Statements
AG	-	Auditor General
AGSA	-	Auditor General South Africa
ANC	-	African National Congress
APAC	-	Audit and Performance Assessment Committee
B&T	-	Budget and Treasury
CFO	-	Chief Financial Officer
CIPRO	-	Companies and Intellectual Property Registration Office
COGTA	-	Cooperative Governance and Traditional Affairs
COGHSTA	-	Department of Cooperative Governance, Human Settlement and Traditional Affairs
COPE	-	Congress of the People
CPMD	-	Consolidated Program for Management Development
DA	-	Democratic Alliance
DCOMS	-	Department Community Services
DCSS	-	Department Corporate Services
DDP	-	Department Development Planning
DTS	-	Department Technical Services
EAP	-	Employee Assistance Program
EEP	-	Employment Equity Plan
ERM	-	Enterprise Risk Management
EXCO	-	Executive Committee
FBE	-	Free Basic Electricity
FBS	-	Free Basic Services
FBW	-	Free Basic Water
GRAP	-	General Recognized Accounting Practice
HH	-	Households
ICT	-	Information and Communication Technology
IDP	-	Integrated Development Plan
IIA (SA)	-	Institute of Internal Auditors (SA)
INEP	-	Integrated National Electrification Program
IT	-	Information Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Agency
MFMA	-	Municipal Finance Management Act
MLM	-	Makhado Local Municipality
MM	-	Municipal Manager
MPAC	-	Municipal Public Accounts Committee

MSA	-	Municipal Structures Act No.17 of 1998
MSA	-	Municipal Systems Act No.32 of 2000
NERSA	-	National Electricity Regulator South Africa
OHS	-	Occupational Health and Safety
OPCA	-	Operation Clean Audit
PAC	-	Pan Africanist Congress of Azania
PMS	-	Performance Management System
RD	-	Refer to Drawer
RDP	-	Reconstruction and Development Program
SCM	-	Supply Chain Management
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Skills Development Plan
SITA	-	State Information Technology Agency
SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro Enterprise
VDM	-	Vhembe District Municipality
WSA	-	Water Services Authority
WSP	-	Water Services Provider
WPSP	-	Work Place Skills Plan

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CHAPTER 1

INTRODUCTION AND OVERVIEW

INTRODUCTION AND OVERVIEW

COMPONENT A: MAYOR'S FOREWORD

Her Worship Mayor Cllr Mboyi M D

It is my duty and honour to present the Annual Report for the 2024/2025 financial year. This report marks another stage in our effort to strengthen local governance, improve service delivery, and uphold the responsibilities set out in the Municipal Finance Management Act. It also records how the municipality has responded to community needs and guided development within the framework of our Integrated Development Plan.

Our work remains aligned with the Provincial Growth and Development Strategy and the broader developmental goals of the Republic. The vision of establishing Makhado as a dynamic hub of socio-economic growth by 2050 continues to guide our decisions. This vision is rooted in a practical understanding of our local economy and is carried through programmes that support mining, tourism, agriculture, small-scale enterprise development, and youth participation.

During the year under review, the municipality intensified efforts to address structural challenges that affect communities, especially those in rural wards. Corrective actions were taken to strengthen planning, accelerate implementation of projects, and improve coordination among departments. These actions included improving the alignment between the IDP and the Service Delivery and Budget Implementation Plan, monitoring performance more closely, and instituting regular reviews to identify and resolve delays.

Public participation remains an essential part of our work. Ward-based meetings, the IDP Representative Forum, and municipal Imbizos provided opportunities for communities to raise issues and hold leadership accountable. These engagements shaped our priorities and helped ensure that decisions reflect the lived realities of residents across all 38 wards. We also expanded the use of communication platforms to keep the public informed and to encourage transparency in our daily operations.

The year brought notable progress in infrastructure development. Roads and stormwater improvements continued across the municipality; electrification projects reached communities in both Eskom-licensed and municipal supply areas; and upgrades to social facilities were completed to support community life. The municipality also continued its programme of landfill rehabilitation, fencing of cemeteries, refurbishment of public facilities, and improvements in traffic and licensing infrastructure.

Our financial management improved steadily. The municipality achieved an unqualified audit opinion, reflecting progress in internal controls and accountability. Grant utilisation remained strong, especially with full expenditure of the initial Integrated National Electrification Programme allocation and the Municipal Infrastructure Grant. These outcomes point to a maturing administrative environment and clearer systems of responsibility.

We acknowledge the continuing challenges in revenue collection, the ageing of essential infrastructure, and the pressures created by population growth in both formal and informal areas. Corrective measures are already being implemented. These include a stronger focus on revenue enhancement, cleaning of customer data, electricity meter audits, and improving the monitoring of indigent households. These interventions are aimed at protecting the financial sustainability of the municipality while ensuring that support reaches those who need it most.

The progress made during this financial year is the result of collective effort. I extend my sincere appreciation to Councilors, traditional leaders, the Municipal Manager and administration, organized labour, community representatives, service providers, and the people of Makhado for their cooperation and commitment. Our work is strengthened by your contributions.

As we look ahead, we remain guided by the belief that development must reach every village, every household, and every young person seeking opportunity. The municipality will continue improving its systems, addressing service backlogs, and upholding the principles of accountability and good governance. With steady leadership and community partnership, we will move confidently towards the future envisioned in our long-term development agenda.

Conclusion

The 2024/2025 financial year reflects a municipality that is improving steadily, strengthening governance, and working to address long-standing challenges. The achievements recorded result from the commitment of municipal leadership, staff, community structures, and partners. The work ahead remains considerable, but the foundation for continued progress is firm.

Cllr Dorcus Mboyi
Mayor: Makhado Local Municipality

COMPONENT B: EXECUTIVE SUMMARY

Municipal Manager Mr Nemaname K.M

In terms of sections 121 and 127(2) of the Municipal Finance Management Act (Act 56 of 2003), read together with section 46 of the Municipal Systems Act (Act 32 of 2000), I am pleased to present the Annual Report of Makhado Local Municipality for the 2024/25 financial year.

This report provides a comprehensive account of our performance against the objectives outlined in our Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP), while reflecting on our stewardship of public resources during a year defined by resilience amid persistent socio-economic pressures. Makhado Local Municipality, situated in the heart of the Vhembe District in Limpopo Province, serves a diverse population of approximately 600,000 residents across a vast 8,300 square kilometre area.

Municipal powers and functions include amongst other but not limited to:

Table 1: POWERS AND FUNCTIONS

- Air pollution
- Building regulations
- Electricity reticulation
- Local tourism
- Municipal airports
- Municipal planning
- Municipal Public Transport
- Municipal Public Works
- Storm water management systems in built-up areas
- Trading regulations
- Billboards and the display of advertisements in public places
- Cemeteries, funeral parlors and crematoria
- Cleaning
- Control of public nuisances
- Facilities for the accommodation, care and burial of animals
- Local amenities
- Local Sport Facilities
- Markets
- Municipal parks and recreation
- Municipal roads
- Noise pollution
- Ponds
- Public places
- Refuse removal, refuse dumps and solid waste disposal.
- Street Trading
- Street lighting
- Traffic and Parking

Our jurisdiction encompasses vibrant urban centres like Louis Trichardt (Makhado), alongside rural villages and traditional authority lands, supporting a mixed economy driven by agriculture, mining, tourism, and small-scale enterprises.

A district development model is an approach where government, communities, and key Stakeholders work together within a specific district to plan and deliver services in a coordinated, integrated way, aiming to improve local development and address issues more efficiently. In line with the District Development Model, the Municipality continues to work with the Vhembe District Municipality and other sector departments to improve service delivery.

Guided by our vision "A dynamic hub for socio-economic development in 2025" and mission to ensure effective utilization of economic resources to address socio–economic imperatives through mining, agriculture and tourism., our seven strategic objectives remain the cornerstone of our operations: Promote community participation and environmental welfare, Invest in local economy, Advance spatial planning, Invest in human capital, good governance and administrative excellence, Sound financial management and viability and accessible basic and infrastructure services.

The municipality continues to improve its management of its risk, and this is evidenced in the progress made in risk management processes which improved the risk management maturity level of the municipality.

The 2024/25 financial year was marked by notable strides in service delivery, despite navigating a complex landscape of national and local challenges. We achieved an overall performance of 67% against our predetermined targets. Key highlights include the full utilisation of the Municipal Infrastructure Grant (MIG) and initial Integrated National Electrification Programme (INEP) allocation, enabling the electrification of 615 additional households.

We remain steadfast in our commitment to transitioning our roads from gravel to tar surfacing and paving in our quest to enhancing connectivity for over more residents, of our municipality. Furthermore, we maintained free basic services for 4930 indigent households, including 50kWh of electricity in aligning with our pro-poor mandate.

Financially, the municipality closed the year with a surplus of R19.2 million as compared to R14.7 million in the 2023/24 financial year. Revenue collection efficiency reached 97%, up from 92% in 2023/24, driven by intensified billing campaigns and debt recovery initiatives that assist with recovery from government departments via the Inter-Governmental Relations Forum. Electricity remains the largest source of income and contributes 68% to municipal revenue excluding capital & operational grants. Furthermore, electricity revenue increased by 18% from R438.5 million in the previous financial year to R515.7 million in the current year.

The debt book grew to R595 million, largely due to delayed payments from state-owned entities. We received an unqualified audit opinion from the Auditor-General, with an emphasis of matter on non-technical electricity losses – a testament to our robust internal controls and the functionality of our Audit Committee.

No material instances of irregular expenditure were recorded, reflecting strengthened supply chain management protocols. Nonetheless, we candidly acknowledge the hurdles that tested our resolve.
Persistent load-shedding exacerbated electricity distribution losses to 12%, compounded by theft, illegal connections and vandalism. We continue to implement targeted corrective measures in stalled projects to build resilience and restore trust. The cancellation of underperforming contracts, such as the

Tshivhuyuni Sports Facility, allowed re-tendering with stricter performance clauses, accelerating progress to 52% by year-end.

Progress on resolving prior audit findings stands at 100%. These interventions underscore our turn-around strategy, rooted in the District Development Model, to foster multi-stakeholder collaboration.

Governance remains a pillar of our mandate, with the Executive Committee, chaired by Mayor Cllr Dorcus Mboyi, continuing their oversight to ensure alignment between policy and execution. The Audit and Performance Audit Committee provided independent assurance, while the Municipal Public Accounts Committee (MPAC) rigorously scrutinised quarterly reports.

I extend sincere gratitude to Speaker Cllr Gumani Mukwevho Mitileni, Council, our dedicated management team, respective Directors and the broader staff complement for their unwavering commitment. Special appreciation goes to labour unions for constructive partnerships, traditional leaders for bridging rural divides, and provincial departments like Treasury and CoGHSTA for their unwavering support.

As we turn to 2025/26, our priorities – as enshrined in the reviewed IDP – emphasise accelerating infrastructure rollout, renewable energy transitions, enhancing revenue streams through digital billing. We are resolute in our pursuit of a clean audit, sustainable financial health, and equitable development, ensuring Makhado emerges stronger and more inclusive.

Together, we will continue to build the Makhado we deserve.

Mr M K Nemaname
Municipal Manager
Makhado Local Municipality

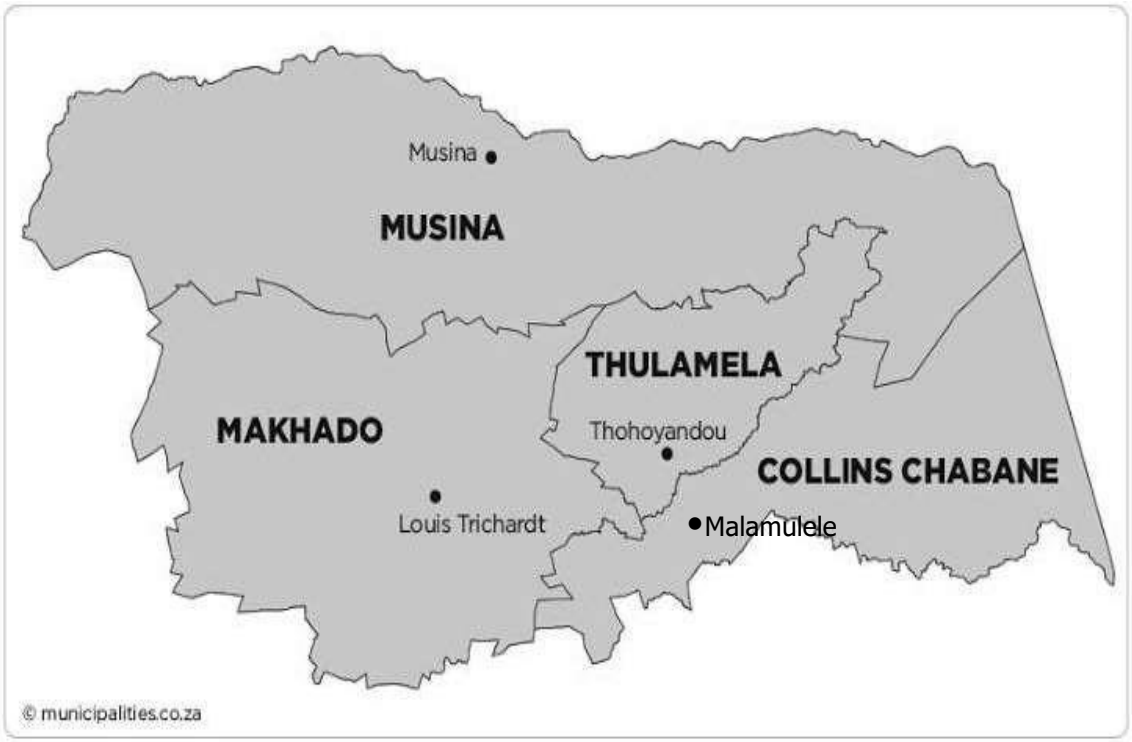
COMPONENT C: MUNICIPAL OVERVIEW

The Makhado Local Municipality (previously known as Louis Trichardt) is Category B municipality located in the northern part of Limpopo Province, South Africa. It forms part of the Vhembe District Municipality and serves as a key gateway to the rest of Africa via the N1 highway. Named after the 19th-century Venda king Makhado (1839–1895), who resisted colonial expansion, the municipality embodies a blend of rural Venda and Tsonga cultural heritage. It is predominantly rural, with a focus on agriculture, mining, and tourism.

The administrative seat is in Louis Trichardt (now often referred to as Makhado town). In 2016, parts of the municipality were merged into the newly formed Collins Chabane Local Municipality, which adjusted its boundaries and population figures.

Makhado Local Municipality exemplifies rural South Africa's potential and challenges, with Census 2022 underscoring population growth amid service gaps. Future growth hinges on agro-processing, eco-tourism, and N1-linked logistics. For detailed Stats SA tables, refer to the official Census 2022 dissemination

LOCATION OF MAKHADO LOCAL MUNICIPALITY



Makhado Local Municipality Draft Annual Report 2024/2025

The total population of Makhado has increased from 416 728 to 502 397 according to Census 2022. The number of households has increased from 116 371 to 140 338.

The Municipality is made up of five (05) formal towns namely, Louis Trichardt, Ha-Tshikota (Vleifontein), Tshikota, Waterval, Makhado A (Dzanani) and 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	**16 453** RDP Houses

Makhado Local Municipality Final IDP Review 2025/2026

According to the approved 2024/25 IDP, the service backlogs of the municipality stand as follows:

As per Statistics SA, 2022, 20,7% of households in MLM receive a weekly refuse removal service, 9140 (15,4%) of the 140 338 households receive a weekly refuse removal service. The backlog for weekly refuse removal thus equates to 131 198 households, or 84.6% of households, whilst 4413 households don't have access to electricity and 16 207 households needed RDP housing.

Table 3: FREE BASIC SERVICES

Indigent households	Received free basic electricity	Debts owed to Municipality
4930	4930	R 595 million

Source: Annual Performance Report 2024/2025

According to the approved Annual Performance Report 2024/25, a total of 4930 indigent households within the municipality received free basic services including free basic electricity.

The total debt owed to the municipality stood at R 595 million.

CHAPTER 2

GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

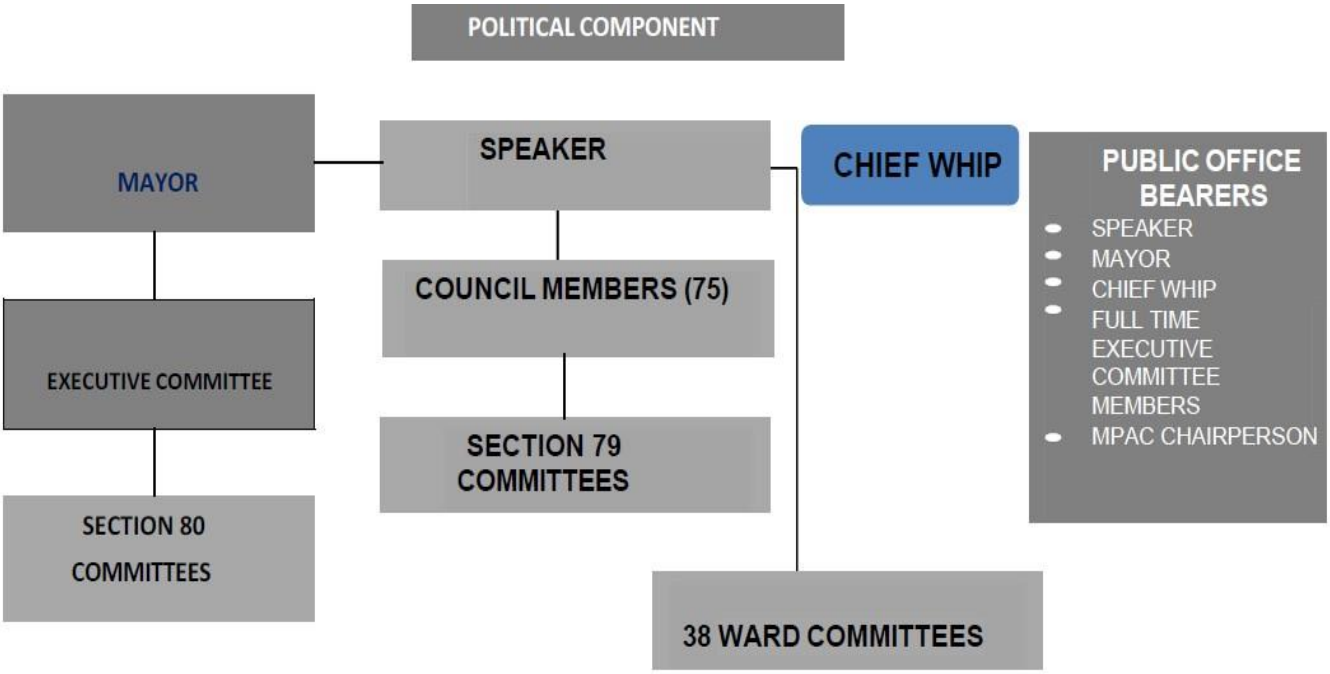
2. POLITICAL GOVERNANCE STRUCTURE

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 on the status of the municipality.

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 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 2: POLITICAL STRUCTURES



2.1. GOVERNANCE ACTIVITIES

Makhado local municipality has an effective governance structure led by the Speaker of Council and Council committees. The structures include Council, Section 79 Oversight and Standing Committees, Ward Committees, Municipal Planning Tribunal, Appeal Tribunal for Planning, Local Labour Forum, Audit Committee and Financial Disciplinary Board for Misconduct while Executive

committee and Section 80 committee are led by the Mayor. The municipality makes use of these structures to improve service delivery to its communities, and to promote public accountability, institutional performance and good governance.

2.2 COUNCIL AND COMMITTEES

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 02 November 2021 the names of the elected parties and the number of the respective councilors elected are as follows:

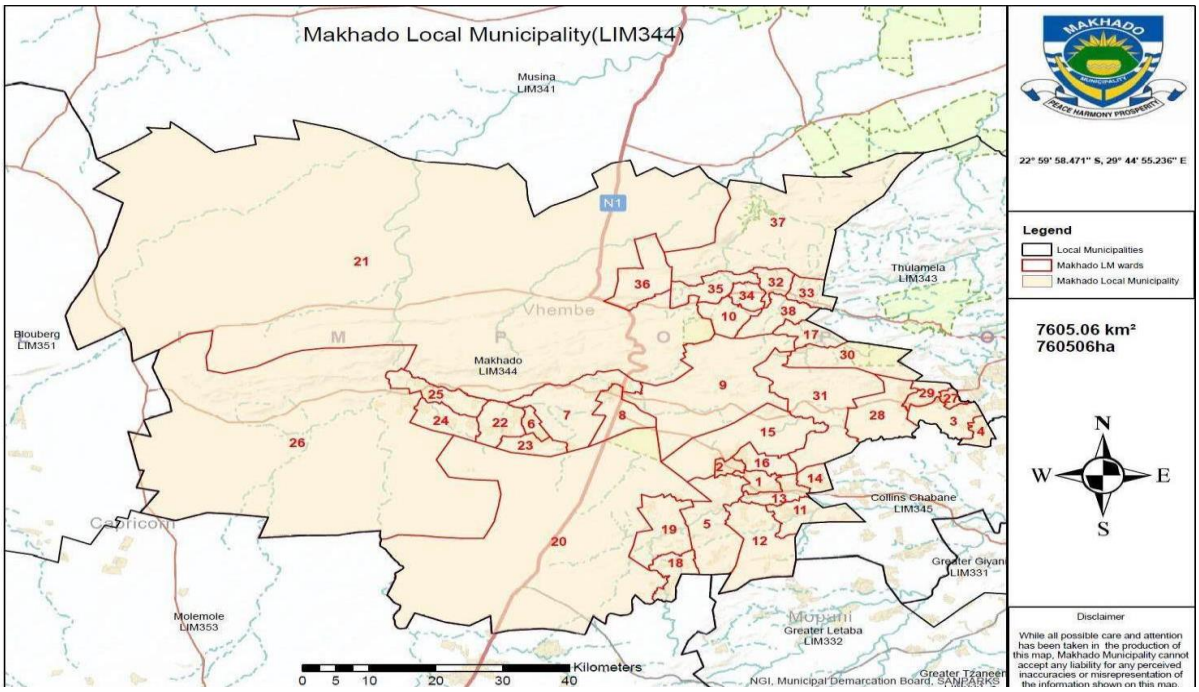
Table 4: REPRESENTATION IN COUNCIL – POLITICAL PARTIES

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	4
Vryheidsfront Plus	0	1	1
African People Convention (APC)	0	1	1
African Christian Democratic Party (ACDP)	0	1	1
International Revelation Convention (IRC)	0	1	1
Total	38	37	75

SENIOR TRADITIONAL LEADERS IN COUNCIL

MEC for CoGHSTA has not designated- traditional leaders during 2024/25 financial year.
The map below displays the boundaries of Makhado municipality and its 38 wards.

FIGURE 3: MAKHADO MUNICIPALITY WARDS



The table below depicts Councilors of Makhado Municipality and the number of meetings attended during the year under review from **July 2024 to June 2025**

Table 5: NAMES OF COUNCILLORS AND THE NUMBER OF MEETINGS ATTENDED

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
1.	BALOYI, R	10
2.	BALOYI, R S	10
3.	BALOYI, S E	11
4.	CHILILO, N F *(resigned on 25 October 2024)*	2
5.	DAVHANA, N D	11
6.	DZHIVHUHO, A S	6
7.	ESTERHUIZEN, W L	8
8.	FURUMELE, M G	10
9.	GABARA, M J	10
10.	HLANGWANI, B	9
11.	HLONGWANE, B F	8
12.	JONES, N B	5

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
13.	KUTAMA, N	8
14.	KUTAMA, T	11
15.	MABASA, W	8
16.	MABUDU, H G	9
17.	MABUNDA M *(elected 6 August 2024)*	9
18.	MADAVHA, A	9
19.	MADZHIGA, F N *(sick leave)*	0
20.	MADZHINI, K *(elected 2 April 2025)*	2
21.	MAGADA, M R	9
22.	MAHOSI, N S	10
23.	MAINGO, R T	9
24.	MAKAMU, T T	9
25.	MAKHUBELE, F P	11
26.	MAKWALA, M R	3
27.	MALANGE, M C	11
28.	MALANGE, T M	10
29.	MALIVHA, N V	8
30.	MALULEKE, H G	9
31.	MAMAFHA, T C	7
32.	MAMAFHA, T J	9
33.	MANGANYE, K N	4
34.	MAPHAHLA, A Z *(recalled on 1 August 2024)*	2
35.	MAPHAKELA, K P	7
36.	MAPHUBU, K *(passed away on 9 January 2025)*	1
37.	MARAGA, M	10
38.	MASHAMBA, L	8
39.	MASHAU, P	8
40.	MASHAU, T C	8
41.	MASIPA, P N	11
42.	MASUKA, S	11
43.	MATHALISE, L M	7
44.	MATIDZA, T R	5
45.	MATUMBA, N J	7
46.	MBOYI, M D	9
47.	MPASHE, M J	9
48.	MUDUNUNGU, N A	6
49.	MUDZWIRI, T L *(elected on 14 August 2024)*	9
50.	MUKHELI, K	10
51.	MUKHUBA, R	10
52.	MUKHUDWANA, R	9
53.	MUKOSI, M	9
54.	MUKOSI, M R	11
55.	MUKWEVHO-MTILENI, G T	10
56.	MULAUDZI, M E	6
57.	MULEFU, M E	10
58.	MUNYAI, N	10
59.	MUNYAI, N S	3
60.	MUSHANDANA, T T	11

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
61.	NDOU, M D	10
62.	NEMUDZIVHADI, N S	10
63.	PHANGAMI, L	9
64.	PHULUWA, M I	9
65.	RALIPHADA, R	7
66.	RAMALIVHANA, M	7
67.	RAMALATA, T T	11
68.	RAMALWA, M W	5
69.	RAVELE, T R	9
70.	SEBOLA, D J	11
71.	SELEPE, M R *(elected 20 February 2025)*	4
72.	SIMANGWE, N J	9
73.	SINGO, M D	8
74.	SITHI, E T	6
75.	SMALLE, P	7
76.	SWALIVHA, M	10
77.	TSHIDAVHU, I A	10
78.	TSHILAMBYANA, M S	9

REMARK: That it be noted that Cllr A Z Maphahla was recalled by his party on 1 August 2024 and replaced by Cllr M Mabunda on 6 August 2024. Cllr N F Chililo resigned on 25 October 2024 and was replaced by Cllr M R Selepe on 20 February 2025. Cllr K Maphubu passed away on 9 January 2025 and was replaced by Cllr K Madzhini on 2 April 2025.

2.3 COUNCIL MEETINGS

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

Table 6: COUNCIL MEETINGS HELD

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of meetings 2024/2025	4	7	11

A total number of eleven (11) Council meetings were held comprising of four (4) ordinary meetings and seven (7) special council meetings during the year under review.

2.4 EXECUTIVE COMMITTEE

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 (10) members; five (5) full-time members and five (5) 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

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 for CoGHSTA and Council Resolution of 23 November 2021 stipulated the composition of Exco as follows:

EXECUTIVE COMMITTEE MEMBERS

FIGURE 4: EXECUTICE COMMITTEE MEMBERS

Her Worship Mayor Cllr Mboyi M D

FULL- TIME EXECUTIVE COMMITTEE MEMBERS

Portfolio Head: Corporate Services Cllr Matumba N.J

Portfolio Head: Technical Services Cllr Raliphada R

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 ***(Passed away on 9 January 2025)***

Portfolio Head: Special Programmes Cllr Sithi E.T

Exco Member Cllr Jones N.B

Exco Member Cllr Ramalwa M W (From 28 February 2023)

Portfolio Head: Community Services Cllr Maingo R.T

On 15 November 2023 under Council Resolution A.110.15.11.23 the Executive Committee was re-composed as follows:

Ten (10) Members of Executive Committee

Table 7: MEMBERS OF EXECUTIVE COMMITTEE

	Name	Party	Portfolio	Capacity
1	Cllr M D Mboyi	ANC	Mayor	Full time
2	Cllr M R Magada	ANC	Finance and Budget	Full time
3	Cllr R Maingo	ANC	Community Services	Part-Time
4	Cllr N Munyai	ANC	Development Planning	Full time
5	Cllr N J Matumba	ANC	Corporate Services	Full time
6	Cllr R Raliphada	ANC	Technical Services	Full time
7	Cllr E T Sithi	ANC	Youth & Special Programmes	Part-Time
8	Cllr K Maphubu	ANC	Disaster and Moral Regeneration *(passed away on 9 January 2025)*	Part-Time
9	Cllr N B Jones	DA	Member without portfolio	Part-Time
10	Cllr M W Ramalwa	EFF	Member without portfolio	Part-Time

Table 8: MEMBERS OF EXECUTIVE COMMITTEE AND MEETINGS ATTENDED

COMMITTEE	NAMES OF COUNCILLORS 2024/25	NUMBER OF MEETINGS ATTENDED
EXECUTIVE COMMITTEE	1. MBOYI M D	15
	2. MUNYAI, N	18
	3. MATUMBA, N J	14
	4. MAGADA, M R	14
	5. MAPHUBU, K *(passed away on 9 January 2025)*	2
	6. RALIPHADA, R	12
	7. MAINGO, R T	16
	8. RAMALWA, M W	10
	9. JONES, N B	9
	10. SITHI E T	12

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

Table 9: EXECUTIVE COMMITTEE MEETINGS HELD

2024/2025 FINANCIAL YEAR	NUMBER OF MEETINGS HELD
EXECUTIVE COMMITTEE	18

2.5 SECTION 79 OVERSIGHT/STANDING COMMITTEES

Table 10: SECTION 79 OVERSIGHT COMMITTEE

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	TECHNICAL SERVICES	1. **N S Nemudzivhadi (Chairperson)**	4
		2. M J Mpashe	2
		3. K M Manganye	2
		4. M D Singo	2
		5. W L Esterhuizen	3
		6. T C Mamafha	4
		7. T C Mashau	3
		8. M E Mulefu	4
		9. P Mashau	3
		10. N S Munyai	1
2	CORPORATE SERVICES	1. **I A Tshidavhu (Chairperson)**	8
		2. P Smalle	4
		3. R Mukhuba	4
		4. T C Mashau	6
		5. A S Dzhivhuwo	7
		6. M Swalivha	6
		7. T R Ravele	5
		8. M S Tshilambyana	5
3	FINANCE	1. T T Makamu (Chairperson)	8
		2. A Madavha	7
		3. F P Makhubele	7
		4. L Mashamba	8
		5. L Phangami	4
		6. F N Madzhiga	0
		7. B Hlangwani	4
		8. W Mabasa	5
		9. K M Manganye	6
		10. M C Malange	3
4	COMMUNITY SERVICES	1. **N S Mahosi (Chairperson)**	3
		2. M J Mpashe	0
		3. K M Manganye	1
		4. M D Singo	2
		5. L Phangami	1
		7. T Kutama	2
		8. L Mashamba	3
		9. M J Gabara	3
		10. M I Phuluwa	2

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
5	DEVELOPMENT PLANNING	1. **M D Ndou (Chairperson)** 2. P Smalle 3. T T Ramalata 4. M E Mulefu 5. P N Masipa 6. B Hlangwani 7. R Baloyi 8. F P Makhubele	6 4 3 5 6 3 5 6
6	DISASTER, MORAL REGENERATION, SPORTS, ARTS AND CULTURE	1. **M Makwala (Chairperson)** 2. A Madavha 3. A Z Maphahla *(recalled on 1 August 2024)* 4. T R Ravele 5. N Kutama 6. M Swalivha 7. R Mukhudwana 8. S Masuka	0 1 0 1 0 1 1 0
7	SPECIAL PROGRAMMES	1. L M Mathalise (Chairperson) 2. M J Mpashe 3. M J Gabara 4. T T Mushandana 5. M Ramalivhana 6. H G Maluleke 7. M I Phuluwa 8. N A Mudunungu	1 0 1 1 1 1 1 0

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

Table 11: OVERSIGHT COMMITTEE MEETINGS HELD

2024/2025 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. TECHNICAL SERVICES	4
2. CORPORATE SERVICES	8
3. FINANCE	8
4. COMMUNITY SERVICES	3
5. DEVELOPMENT PLANNING	6
6. DISASTER MANAGEMENT, MORAL REGENERATION AND SPORTS, ARTS AND CULTURE	1
7. SPECIAL PROGRAMS	1

Table 12: SECTION 79 STANDING COMMITTEES

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1.	MPAC	**N V Malivha (Chairperson)**	8
		M G Furumele	8
		F B Hlongwane	8
		K P Maphakela	7
		H G Mabudu	8
		S E Baloyi	8
		D J Sebola	7
		K Mukheli	9
		M E Mulaudzi	6
		M Mukosi	6
2.	ETHICS	**M Maraga (Chairperson)**	0
		A Madavha	0
		T J Mamafha	0
		T T Mushandana	0
		F P Makhubele	0
		N D Davhana	0
		M R Mukosi	0
		T C Mashau	0
		N A Mudunungu	0
3.	RULES	**N J Simangwe (Chairperson)**	0
		W Mabasa	0
		R Baloyi	0
		R Mukhuba	0
		B Hlangwani	0
		T T Ramalata	0
		N F Chililo *(resigned on 25 October 2025)*	0
		L Mashamba	0

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
4.	WOMEN CAUCUS	**T M Malange (Chairperson)**	0
		H G Maluleke	0
		L Mashamba	0
		N J Simangwe	0
		T T Mushandana	0
		T L Mudzwiri	0
		N S Mahosi	0
		M Swalivha	0
		N B Jones	0
		K N Manganye	0
		K P Maphakela	0
		M G Furumele	0
		T C Mashau	0
		M D Mboyi	0
		R T Maingo	0
		L M Mathalise	0
		N J Matumba	0
		T T Ramalata	0
		G T Mukwevho-Mtileni	0
		R Raliphada	0
		M J Gabara	0
		I A Tshidavhu	0
		B Hlangwani	0
		H G Mabudu	0
		M S Tshilambyana	0
		M Mabunda	0

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

Table 13: SECTION 79 STANDING COMMITTEE MEETINGS HELD

2024/25 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. MPAC	9
2. ETHICS	0
3. RULES	0
4. WOMEN CAUCUS	0

Ethics, Rules 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.

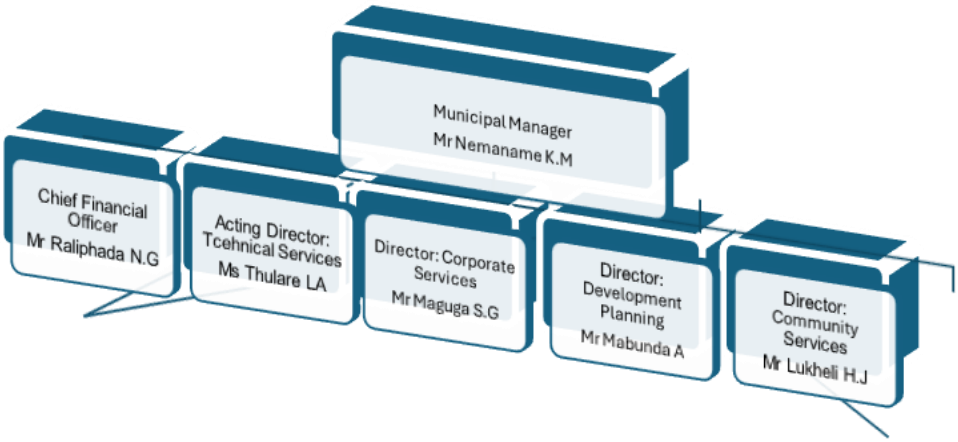
2.6 SECTION 80 COMMITTEES

Table 14: SECTION 80 COMMITTEES:

NO.	COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	GOVERNANCE AND FINANCIAL VIABILITY	**1. M R Magada (Chairperson)** 2. M W Ramalwa 3. N J Matumba	0 0 0
2	PUBLIC SAFETY AND SOCIAL DEVELOPMENT	**1. R Maingo (Chairperson)** **2.** E T Sithi 3. K Maphubu *(passed away on 9 January 2025)*	0 0 0
3	DEVELOPMENT PLANNING AND MUNICIPAL INFRASTRUCTURE	**1. N Munyai (Chairperson)** **2.** R Raliphada 3. N B Jones	0 0 0

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

2.7 ADMINISTRATIVE GOVERNANCE STRUCTURE
SENIOR MANAGEMENT STRUCTURE 2024/25
FIGURE 6: SENIOR MANAGEMENT STRUCTURE



COMPONENT B

2.8 INTERGOVERNMENTAL RELATIONS:

Section 3 of the Municipal Systems Act requires that municipalities exercise their executive and legislative authority within the constitutional system of cooperative governance as envisaged in 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

2.9 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 asked and answered, concerns are raised, inputs and advise given by the public about the municipality's programs and services. The Municipality continues to hold the Imbizo's as scheduled,

2.10 COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS

Municipality introduced different platforms for public participation programs listed herein below: -

- Imbizo's
- Ward Based Public Participation Meetings
- IDP Representative Forum meetings
- MPAC Public Participation meetings
- Facebook (Makhado Local Municipality) messages
- TikTok (Makhado Local Municipality) messages
- X (Makhado Municipal) messages
- Instagram (Makhado Municipality) messages
  Website (www.makhado.gov.za) uploads
- Press/Media Statements, broadcast – sound bites
- Bulk SMS and WhatsApp messages
  Media Interviews, reports and broadcasts (live and recorded).

Imbizos, ward based public participation meeting, IDP representative forum- provide a platform for effective communication between the municipality and communities on service delivery issues, while MPAC public participation meetings and public hearing provides platform for financial accountability. Social media is another platform that the municipality uses to inform and update communities about

municipal activities.

2.11 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 nine (9) meetings and submitted thirty-seven (37) reports to Council for consideration. The MPAC conducted one (1) public hearing, one (1) public participation, four (4) inspections in loco and compiled MPAC oversight reports and submitted its recommendation to Council for approval within regulated timeframes.

COMPONENT D

CORPORATE GOVERNANCE

2.12 GENERAL COMMUNICATION

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

A total of 131 media statements and 53 sound bites were released. Radio interviews were conducted with Makhado FM, UNIVEN FM, Sekgosese FM, Vhembe FM, Vuwani FM, Capricon FM, Energy FM, Elim FM, Turf FM, Munghana Lonene FM, and Phalaphala FM.

The municipality mainly uses Bulldog outdoor advertising screen, Zoutpansberg and Limpopo Mirror (newspaper) to advertise.

The municipality uses social media to communicate and receive feedback on services rendered. To this effect the municipality uses the following social media platforms: Facebook, X, TikTok, and Instagram with to interact with its followers. The municipality also has a functional website, with approximately 56 000 visitors/users. Followers per social media platform as of June 2025: Facebook: 57 000; X: 1659; TikTok: 1664.

The municipality also uses bulk SMS messages and 23 community WhatsApp groups to disseminate its official communications across its population.

2.13 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 reviews 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 considering 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.

2.14 INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE

The Municipality has a functioning Information and Technology steering committee chaired by the Accounting Officer. Its main task is to provide oversight and assistance with cyber-security related issues, ICT risks, and to further guide and advise Council on ICT governance matters.

The ICT Steering Committee ensures that a desirable culture in ICT use is promoted across the municipality, guided by ten strategic objectives including alignment of ICT strategy to business needs, optimal investment, effective risk management, compliance with ICT-related laws, business continuity, and sustainable IT usage. Meetings were successfully convened for all four quarters of the 2024/2025 financial year and governance matters were duly considered.

2.14.1 ACHIEVEMENTS IN 2024/2025

The table below outlines the ICT capital projects completed during the 2024/2025 financial year:

Table 15:ICT Achievements in 2024/2025

Project	Budget Source	Remarks
Network Infrastructure Refresher	Own Income	Upgraded municipal network backbone to improve connectivity and security.
Microsoft Office 365 Licenses (350)	Own Income	Provided modern collaboration and productivity tools. Microsoft Annual License renewal
Server Warranty Renewal (x4)	Own Income	Maintained continuity and stability of server environment.
ICT Equipment (Laptops, Desktops, Printers)	Own Income	Supplied ICT equipment across departments.
Sound & Recording System (Exco Chamber)	Own Income	Upgraded recording facilities for governance meetings.

2.15 PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEM (PMDS)

In the year under review management implemented the Council approved Performance management development system policy. All employees have signed their performance agreements and plans, and annual assessments are to be finalized.

2.16 ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)

2.16.1 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 2025.

2.16.2 LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

- 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.

- 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-

- ✓ Internal financial controls and internal audits;
- ✓ Risk Management;
- ✓ Accounting policies;
- ✓ the adequacy, reliability and accuracy of financial reporting and information;
- ✓ Performance Management;
- ✓ Effective governance;
- ✓ Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- ✓ Performance evaluation; and
- ✓ any other issues referred to it by the municipality.

- 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 theAuditor-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.

2.16.3 GOVERNANCE OF THE COMMITTEE

- 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.

- The Audit and Performance Audit Committee (APAC) 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)

2.16.4 ATTENDANCE OF MEETINGS

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

Table 16: Number of Meetings Attended by APAC Members

Name	Position in APAC	NUMBER OF MEETINGS ATTENDED						
		08 August 2024	26 August 2024	21 September 2024	22 November 2024	18 December 2024	28 January 2025	15 May 2025
Ms SJ.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)

2.16.5 INTERNAL CONTROLS

- 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.

2.16.6 INTERNAL AUDIT

- The committee is satisfied that the internal audit unit has executed its annual audit plan as per the Internal Audit charter as approved by the Audit and Performance Audit Committee. Further the committee approved the Risk Based Annual Audit plan for the 2024/2025 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

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

- 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 findings and recommendations and were tracked, managed, and reported to the APAC duly.

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

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

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

2.16.7 RISK MANAGEMENT

- The Audit and Performance Audit Committee has excised its oversight responsibility and satisfied that risk Management process was 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 3 of the municipality.

Table 17: Table 17 Top Seven institutional risks

No.	Strategic Risk	Risk Movement	Level of satisfaction (Internal Control)	Risk Status
1.	Inadequate Services Delivery Imperatives and Maintenance		**Satisfactory**	
2.	Unsustainable Financial Management		**Satisfactory**	
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.	Ineffective Spatial Planning		**Satisfactory**	

2.18.8 PERFORMANCE MANAGEMENT

- The APAC considered performance management policy and procedure manual and recommended to Council for approval.

- The Audit and Performance Audit Committee monitored management's evaluation of identified "External Service Providers." as required by section 46 of the Municipal Systems Act, 2000.

- The Chief Audit Executive, in terms of the MFMA/MSA regulations, audited the reported performance information on a quarterly basis. All system weaknesses reported were brought to the attention of the Accounting Officer who committed to strengthen control systems in place.

2.16.9 COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT ANY LEGISLATION

- The Audit and Performance Audit Committee recommended improvement to the compliance system implemented by management. The Audit Committee recommended that the system monitors 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.
- The Council approved a materiality framework which provides for zero tolerance for non-compliance with laws and regulations.

Review And Evaluation Of Quarterly, Annual Financial Statements And Annual Performance Report

The committee has:

- Reviewed and discussed the Annual Financial Statement together with Annual Performance Report with management and Auditor– General (SA), to be included in the Annual Report.
- Reviewed the Auditor-General's management report and management's responses thereto, Audit Report
- Reviewed the changes in the Accounting Policies and Practices.

2.16.11. AUDITOR-GENERAL (SOUTH AFRICA)

- The committee concurs with audit opinion (Unqualified Audit Opinion with matters).
- The Audit and Audit Performance Committee is concerned regarding continuous late submission of the Annual Financial Statements which constitutes non-compliance with the Municipal Finance Management Act 56 of 2003 (MFMA).
- The Audit and Audit Performance Committee also acknowledged the improvement made by management in implementation of the previous Financial Year's AGSA action plan which is integrated in the Annual Report in terms of which management is addressing the reported issues.
- The Committee has committed with the AG (SA) Office to closely monitor implementation of the current year's Audit Action Plan on a regular basis report to Council on the progress made by management
- The Audit and Performance Audit Committee also noted that there is no different opinion between the Auditor-General (South Africa) and the Accounting Officer.
- One-on-one discussions with the Auditor-General (South Africa) did not reveal any matters of concern.

2.16.12 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 regarding 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).

2.16.13 APPRECIATION

The Audit and Performance Audit Committee (APAC) acknowledge 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 acknowledge the commitment by the Honorable Mayor Councilor Mboyi M.D in working towards clean administration and the contribution of the Speaker Councilor GT Mukwevho-Mitileni and committees of council.

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

The Audit and Performance Audit Committee remain 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.

SJ Masite,CIA, CMIIA, CICP,CFE
Audit and Performance Audit Committee Chairperson

CHAPTER 3
SERVICE DELIVERY

SERVICE DELIVERY PERFORMANCE

3. OVERVIEW OF SERVICE DELIVERY

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

- Electricity,
- Refuse Removal,
- Roads and Stormwater
- Housing (Coordination)

BACKLOGS

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

The electricity backlog stood at 9508 households, including the Eskom distribution area, predominantly comprised of new developments and extensions. By the end of June 2025, 815 households were provided with electricity; therefore, the current backlog is 8693.

3.1. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED

3.1.1. ROAD INFRASTRUCTURE AND OTHER INFRASTRUCTURE PROJECTS

During the year under review, the Municipality implemented a total of twenty-two (22) projects which included upgrading of roads from gravel to surface, rehabilitation of streets, sports and recreational facilities projects and fencing of projects.

Out of the twenty-two (22) projects, four (4) roads were upgraded whilst two (2) were rehabilitated, one (01) recreational facility project construction completed, fencing of four (4) cemeteries completed, while construction of eleven (11) other projects were still on progress.

3.1.2. ELECTRICITY CONNECTIONS

Makhado Local Municipality provides electricity to the town of Makhado (Ward 7,8 & 9), Wards 20,22,24,26, 31,35, 36 & 37.

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 fromthe Department of Energy & Electricity (DEE) through the Integrated National Electrification Programme (INEP). Areas identified are formulated into projects that are incorporated intomunicipal IDP. New households in electrified areas are connected as and when applications are received from individuals or developers.

A total number of 815 households were connected electrified during the year under review.

Table 18: NUMBER OF HOUSEHOLDS ELECTRIFIED

Financial Year	Makhado Local Municipality	ESKOM	Total
2024/2025	38 (630 on Eskom areas)	185	815
TOTAL	668	185	815

The major challenge the municipality is experiencing is the mushrooming of households, mostly in areas where electrification projects have already been implemented; this creates a need for post-connections. Apart from the above-mentioned challenge, the municipality is facing more challenges daily that affect the electricity supply such as:

- Ageing infrastructure causing insulation failures
- 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.
- Inaccessibility in most areas when it is raining.
- 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, to improve economic conditions of the municipality.

The intention is to ensure that the public have usable roads, this can be achieved through heffective spending and high-quality maintenance of our roads. The major challenge for the municipality, as road authority, is the ageing of infrastructure, backlog to upgrade from gravel to surfaced roads, insufficient funding, and skilled personnel to adequately maintain the road network.

The following projects were implemented:

Table 19: ROADS, STORMWATER AND BRIDGES PROJECTS

No.	Project Description	Status
1.	Rehabilitation of Kort/Krogh Street	100% Completed
2.	Rehabilitation of Bauhinia Street	100% Completed
3.	Upgrading of Midoroni Clinic Ring Road	100% Completed
4.	Upgrading of Luvhalani to Dzananwa Access Roads	100% Completed
5.	Makatu to Tshikota Access Road	100% Completed
6.	Development of roads and stormwater 164 new stands at Tshikota	32.61% Progress
7.	Development of roads and stormwater at south of Pretorius 700 new stands	81.9% Progress
8.	Upgrading of Tsianda Marundu to military base phase 1	81% Progress
9.	Upgrading of Sivananda Street	100% Completed

Table 20: OT H E R PROJECTS

1.	Development of potgieter Park	94% Progress
2.	Waterval Sports facility	68% Progress
3.	Construction of Tshivhuyuni Sports Facility	52% Progress
4.	Construction of concrete palisade fence at Tshituni cemeteries	100% Completed
5.	Construction of concrete palisade fence at	100%

	Maguvhuni	Completed
6.	Kutama Sithumule Sports Facility	98% Completed
7.	Construction of palisade fence at Waterval stores	100% Completed
8.	Construction of palisade fence at Maduwa	75% Completed
9.	Construction of Dzanani Taxi Rank and Market Stalls	30% Progress

3.2 CHALLENGES

The major challenge experienced during the year is the construction mafia and community demanding subcontracting work which delayed completion of some projects and delays due to high demands of royalties by tribal authorities for extracting gravel from the borrow-pit.

3.3 PROVISION OF ELECTRICITY SERVICES

In terms of Stats SA 2022, 95,7% of households in Makhado Local Municipality had access to electricity. The backlog therefore stands at 4.3%. The Municipality has free basic electricity(FBE) policy which is designed to service the poor households or indigent.

Makhado Local Municipality is implementing an alternative source of energy program. 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 38 households were electrified within the municipality's licensed area. Makhado Local Municipality electrified **815** within Eskom's licensed area.

Table below detailed the names of villages benefited including sources of funding and budget spent.

Table 21: ELECTRICITY CONNECTIONS

No	Village	Connections	Source of Funding
1	Mpofu (N1)	108	INEP
2	Mulima	181	INEP
3	Tshituni	155	INEP
4	Xinkuwani Xilumani	186	INEP

	(additional)		
5	Tshikota	19	Income
6	Muananzhele	19	Income
TOTAL		**668**	

It should be noted that the municipality is doing well with regards to electrification projects and the municipality has a total of 5 intake points from the Eskom network with a combined Notified Maximum Demand (NMD) of 76MVA. The main intake point is Makhado/LTT which accounts for 84% of all energy purchases.

Electrical infrastructure support projects done during the 2024/2025 financial year included the procurement of Power Transformers, Ring Main Units, auto reclosers, poles, yoke boxes, meters, cables, aerial bundle conductors.

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

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

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

3.3.1 FAULTS REPORTED AND ATTENDED

Table 22: ELECTRICITY FAULTS

Unplanned outages	**2022/23**	**2023/24**	**2024/25**
Reported and attended	17863	20143	21403

3.3.2 CALL CENTRE STATISTICS – ELECTRICITY

Table 23: CALL CENTRE STATISTICS – ELECTRICITY

MONTH	**Total Number of Electricity Cases Reported**	**Total Number of Electricity Cases Resolved**
JULY 2024	1187	1187
AUGUST 2024	1358	1358
SEPTEMBER 2024	1541	1541
OCTOBER 2024	2171	2171
NOVEMBER 2024	2460	2460
DECEMBER 2024	2312	2312
JANUARY 2025	2520	2520
FEBRUARY 2025	2035	2035
MARCH 2025	1597	1597
APRIL 2025	1536	1536
MAY 2025	1397	1397
JUNE 2025	1289	1289
TOTAL	**21403**	**21403**

3.3.3 ELECTRICITY LOSSES

Makhado Local Municipality electrical network has aged and as such various types of losses contribute negatively to the performance of the network, its efficiency, reliability, and safety. The NERSA norm on electricity losses is 10%. The primary causes of losses in networks include Inadequate maintenance, energy theft, tempering, thermal losses, outdated protection systems, mechanical failures, line losses, insulation deterioration and conductor degradation.

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

Table 24: ELECTRICITY LOSSES

Year	22/23	23/24	24/25
Losses	11%	12%	12%

WASTE MANAGEMENT

4.1 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The Makhado Local Municipality (MLM) Integrated Waste Management Plan (IWMP) is a statutory requirement of the National Environmental Management: Waste Act 2008 (Act No. 59 of 2008) which came into effect on 1 July 2009. This Act aims to transform waste management collection and disposal into a sustainable practice focusing on waste avoidance and environmental sustainability. The primary objective of IWMP is to integrate and optimize waste management, to maximize efficiency and to minimize the associated environmental impact, financial cost and to improve the quality of life of all residents within Makhado Municipality. A reviewed Makhado Municipality IWMP was developed for 2025 to 2029 and was endorsed by MEC Limpopo Department of Economic Development, Environment and Tourism (LEDET).

Makhado Municipality conducts refuse removal through curb-side collection on a weekly basis to address 100% of the domestic waste generated. A standard collection plan (Refuse Removal Schedule) was implemented where collection in each region takes place on separate days.

Makhado Municipality also employed temporary employees from local communities (EPWP) to perform cleaning services in the streets, open spaces and around waste removal skips. A service is rendered to urban and rural areas that include:

- A black bag system.
- Cleansing of streets and public toilets in Central Business Districts and skips.
- Public awareness and education- EPWP, Youth Empowerment and Development Programme participants (YEDP), Environmental graduates, and Permanent staff.
- Waste disposal 2 licensed landfill sites with 1 site closed and 1 operational site, 1 transfer station and 6 public drop- off points.
- After hours teams from 16h00 to 18h00 clean main routes in CBD area of Makhado Town.

The waste management system in the municipality is functional and focused on the collection and disposal of municipal solid waste; however, efforts are made to reduce the generation of waste within the municipal area.

The municipality meets the National standard of weekly refuse collection in urban areas. Efforts included expanding service coverage, improving operational systems, and engaging communities to support proper waste management practices. While progress was made in increasing access and improving efficiency, ensuring that there is consistent and reliable service provision, challenges such as limited infrastructure and illegal dumping in certain

areas remain. Waste disposal and street cleaning services have been maintained regularly, and recycling initiatives have seen gradual improvement through public participation and partnerships with recycling companies and informal waste pickers.

The municipality focused on three key priorities: extending weekly refuse collection, enhancing recycling efforts, and maintaining clean public spaces. Measures to improve performance include better route planning, staff training, and use of Performance Management Frameworks such as SDBIP, Internal audits, and community engagements to monitor service delivery. Communities living in poverty were identified through local mapping, and targeted support was provided to ensure access to basic services.

The Municipality continued to provide comprehensive waste management services to a wide range of clients, including residential households, commercial and industrial businesses, and government entities.

These services were delivered through in-house operations ensuring coverage across all 38 wards. The core services included weekly refuse collection, street and area cleaning, illegal dumping removal, recycling, landfill operations, and the management of transfer station and public drop- off points facilities.

Waste collection was rendered from over 150 formal service points (skip bins) and 9140 formal households. Formal households received weekly refuse removal services that included litter picking along the streets, and door-to-door collection using a black bag system, and commercial and industrial businesses using 240L bins and referral skip bins, while rural areas benefited from weekly services that included litter picking, and emptying of bins, and waste disposal, and daily services for the CBD areas.

The municipality operates a fleet of vehicles that are specially equipped for the task of waste collection, cleaning, and transportation of waste to landfill sites. Despite operational challenges, the department achieved several key milestones.

These included the purchasing of 40 skip bins, finalizing the feasibility study for the animal carcasses decomposing facility, improved operations of the landfill site, and the finalization of the Integrated Waste Management Plan.

However, the year was not without difficulties. Illegal dumping remained a major concern, driven by factors such as backyard dwellings, and businesses operating in residential areas. The department responded by increasing resources in hotspot areas and continuous public education campaigns using social media platforms and clean- up campaigns. Law enforcement interventions have had limited impact in dealing with illegal dumping activities. Fleet shortages also strained operations, with delays in vehicle maintenance impacting service delivery, highlighting the need for improved fleet management systems and adequate CAPEX allocation for purchasing of waste vehicles and development of additional infrastructures. Despite these challenges, the department maintained reliable service delivery and met all department SDBIP targets.

4.2 HIGHLIGHTS

Table 25: HIGHLIGHTS

Highlights	Description
350 work opportunities as part of Extended Public Works Program (EPWP) through Nakisani Vhupo Hashu program.	Do litter picking, street cleaning and servicing of skip bins.
190 work opportunities as part of Youth Empowerment Development Programme.	Waste campaigners, do awareness and education from door-to- door, clean- up campaigns, cleaning and greening of open spaces.
6 Drop- off facilities.	Service residents of Sinthumule/ Kutama.
Wheelie bin system was implemented at all businesses in all regions.	240L wheelie bins at businesses.

Highlights	Description
Extension of refuse removal services in rural areas.	123 skip bins placed in different villages.

Table 26: Challenges on Waste Management

Challenges	Description
Old fleet of trucks.	Collection time extended working hours during breakages, daily operational breakdowns placed immense pressure on the department's ability to meet service demands.
Fleet breakdowns.	Delays in the appointment of repair and maintenance contracts.
Non-compliance of landfill site.	Development of Mega cell.
Increase in illegal dumping.	Driven by rapid urbanisation, population growth, and limited capacity.
Budget constraints.	For purchasing of additional fleet, and infrastructure development.

4.4 WASTE MANAGEMENT - SERVICE DELIVERY LEVELS

The table below indicates the different waste management (refuse collections, waste disposal, street cleaning and recycling) service delivery standards of the municipality:

Table 27: SOLID WASTE SERVICE DELIVERY LEVELS

SOLID WASTE SERVICE DELIVERY LEVELS			
Description	**2022/2023**	**2023/2024**	**2024/2025**
	Actual	**Actual**	**Actual**
Household			
***Solid Waste Removal:* (Above Minimum level)**			
Removed at least once a week	9 140	9 140	9 140
Minimum Service Level and Above sub-total	9 140	9 140	9 140
Minimum Service Level and Above percentage	**100%**	**100%**	**100%**
Solid Waste Removal:* (Below *minimum level)			
Removed less frequently than once a week	0	0	0
Removed by local authorities less often	0	0	0
Using communal refuse dump	0	0	0
Communal container/central collection point	0	0	0
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
Below Minimum Service Level sub-total	0	0	0
Below Minimum Service Level percentage	0%	0%	0%
Total number of households	**9140**	**9140**	**9140**

4.5 MUNICIPAL PUBLIC LIBRARIES

The Municipality owns one (01) public library and plays a coordinating role in libraries that belongs to Provincial Government under the Department of Sport, Arts and Culture. The Municipality has coordinated 2 (two) additional satellite libraries located within its jurisdiction. During the year under review the municipality also participated in various events of which amongst others, this includes readathon, library week, world book day and back to school campaigns.

Table 28: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS

ACTIVITY	2024/2025
Books issued	1548
Satellite libraries	02
New members	52

In the current financial year 2024/2025, the Municipality is having one (01) main Library and two satellite libraries which are Musekwa and Luvuvhu libraries which are operating at Makhado municipality facility. A total number of 1548 books were issued to library users and the number of new members increased by 52.

4.6 MUNICIPAL CREMATORIA AND HERITAGE

The municipality has one crematorium which is mostly used by the Hindu community.
The municipality provides basic maintenance. A segment of crematorium which is used by Hindu Community was completely refurbished to comply with health standards.

4.7 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. The municipality obtained an Environmental Impact Assessment (EIA) authorization for the extension of both LTT and Tshikota Cemeteries.

The extension of Tshikota cemetery by 2.9ha is already completed. However, the extension of LTT cemetery by 1.5ha is under construction. To achieve good park maintenance standard, the municipality purchased 11 new Tractor with complete mowing equipment and 14 Heavy-duty Lawnmower.

4.8 DISASTER MANAGEMENT SERVICES

The municipality had experienced a total number of fifty-six (56) fire and one hundred and fifteen (115) storm/flood incidences, and such a total number of one hundred and seventy-one (171) disaster relieve programs were conducted during the year under review. The current financial years statistics are shown in the table below with total numbers of all incidents.

Table 29: DISASTER INCIDENTS

INCIDENTS	2021/2022	2022/2023	2023/2024	2024/2025
Fire Incidents	42	50	66	56
Storm/Floods Incidents	123	181	91	115
Death Incidents	03	23	02	01
Burned Incidents	0	2	00	02
Disaster Relief Program	165	13	164	171

Variations in the above years were caused because of climate changes experienced during the previous year in comparison to the year under review.

4.9 SPORT, ARTS AND CULTURE

During the year under review, the municipality constructed Kutama-Sinthumule sports facility. To promote community participation and environmental welfare the municipality also refurbished change rooms, grandstand and ablution facilities at Rabali Stadium.

4.10 SPECIAL PROGRAMMES

Special Programmes are in the Office of the Mayor and they include programs to promote the interest of youth, women, the aged, HIV/AIDS campaigns, Arts and Culture activities, Sports and Recreation activities, Moral Regeneration activities, Children, Traditional Affairs and Batho-Pele.

The council has established structures for each category which are governed in terms of national, provincial and local legislation and by laws respectively.

Table 30: SPECIAL PROGRAMES

Financial Year	2023/2024		2024/2025	
Service Targets	Target	Actual	Target	Actual
Technical AIDS meetings	4	4	4	4
Makhado AIDS Council meetings	4	4	4	4
Disability Forum meetings	4	4	3	3
Children Forum	3	3	2	2
Civil Society meetings	2	2	3	3
Youth Programmes	2	2	3	3
Stakeholders' engagement meeting on GBVF	1	1	1	1
Men`s Forum	4	4	3	3
Women`s Forum	4	4	3	3
Pastor`s forum	4	4	3	3
Moral Regeneration Movement	4	4	3	3
Older Person`s Forum	4	4	3	3

4.11 PROTECTION SERVICES

The Protection Services Division is composed of Traffic Law Enforcement, Registering Authorities, Vehicle Testing Stations, Driving License Testing Centres and Pound Section.
During the year under review the following activities were performed:

4.12 TRANSPORT: VEHICLE LICENSING & TRAFFIC SERVICES

The Municipality is an agent of the Department of Transport and Community Safety for the issuing of vehicle licenses which also includes testing 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 continues to render registration of motor vehicles and fitness of vehicles, fitness of drivers on both theoretical and practical, pounding of stray animals together with traffic law enforcement services to ensure the maintenance of highest safety standards.

Table 31: TRAFFIC & LICENSING ACTIVITIES

Activities	2021/2022		2022/2023		2023/2024		2024/2025	
Written notices issued	No. Notices	Amount	No. Notices	Amount	No. Notices	Amount	No. Notices	Amount
	6 723	R3 666 340	9 901	R6 002 150	8 996	R5 214 320	7 979	R2 655 820
Department of Transport 80%	Actual		Actual		Actual		Actual	
	R18 476 513,23		R20 961 476,50		R14 975 034,36		R17 235 806,19	
Municipality 20%	Actual		Actual		Actual		Actual	
	R4 619 128,31		R2 240 369,13		R3 743 758,56		R3 652 434,12	

Out of the total of 7 979 written notices a total of R 2 622 820 was collected. To provide accessible basic and infrastructure services, the municipality managed to upgrade Makhado Driving License and Testing Centre (DLTC) and its associated infrastructures. New Motor Vehicle Breaking Testing System were also Installed at Makhado DLTC. During the year under review, New double story building was constructed to house all the six (6) sections and was officially opened for the purpose of continuous and efficient service delivery at the Centre.

5 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 three thousand eight hundred- and forty (3840.33) km. The largest backlog is in Dzanani, Waterval and Levubu regions in which most of the villages are situated in mountainous, rocky, and clayish positions which aggravate the condition.

These regions require surfacing to improve accessibility. The Municipality has an annual program for the upgrading of roads from gravel to surfaced over a long term. In 2024/2025 financial year, the following roads were upgraded which contributed to the slight reduction of the backlog: Upgrading of Luvhalani to Dzananwa Access road, Upgrading of Midoroni Clinic ring road, Upgrading of Makatu to Tshikota Access road, Upgrading of Sivananda Street. A total of 14.27km road upgraded.

Table 32: GRAVEL ROAD INFRASTRUCTURE

GRAVEL ROAD INFRASTRUCTURE				
KILOMETERS				
	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Surface	Gravel Roads Graded / Maintained
2022/23	3867.00 Km	4.00 Km	5.277 Km	3861.72 Km
2023/24	3861.72 Km	0	6.82 Km	3854.60 Km
2024/25	3854.60 Km	0	14.27 Km	3840.33 Km

A total number of 14.27 kilometers of gravel roads have been upgraded to surface during the year under review.

5.1 ROAD MAINTENANCE PROGRAMME

Besides maintenance of surfaced roads, gravel roads are also maintained on a regular basis through our municipality road maintenance Program. To date we continue with grading streets as per the set schedules. We have seen a major improvement in the accessibility of access roads.

A total number of 3840.33 kilometers of gravel roads has been maintained during the year under review.

5.2 MUNICIPAL DISASTER GRANT EXPENDITURE

During the year 2024/2025, municipality received a total allocation of R 6 006 000.00 which was meant for improving accessibilities in various communities through construction of low-level bridge culverts. The area benefitted from the Disaster grant allocation are illustrated on the table below:
An additional of R6 006 000 was added for reconstruction and recovery for 14 culverts bridges.

Table 33: VILLAGES BENEFITTED:

Village	Ward	Project description	Status
WATERVAL REGION			
Matox	12	1.2 x1.2 Culverts Box	100 % Complete
Chabani	13	1.2 x1.2 Culverts Box	100 % Complete
Mountain	13	1.2 x1.2 Culverts Box	100 % Complete
Tanaubasile	01	1.2 x1.2 Culverts Box	100 % Complete
Mudzwirita	01	1.2 x1.2 Culverts Box	100 % Complete
Makhetsa Primary School	31	1.2 x1.2 Culverts Box	100 % Complete
Ketlana to Shibambu	31	1.2 x1.2 Culverts Box	100 % Complete
LUVUVHU REGION			
Mulangaphuma	28	1.2 x1.2 Culverts Box	100 % Complete
Thondoni	27	1.2 x1.2 Culverts Box	100 % Complete
Luthern church Mavhulana	28	1.2 x1.2 Culverts Box	100 % Complete

Makulana	12	1.2 x1.2 Culverts Box	100 % Complete
Tshidzivhani	27	1.2 x1.2 Culverts Box	100 % Complete
Masirivha	11	1.2 x1.2 Culverts Box	100 % Complete
Lada and Mukulani	11	1.2 x 1.2 Culverts Box	100 % Complete

The municipality was granted an approval for the roll-over amount of R 4 558 000 for the following projects:

Table 34: VILLAGES BENEFITTED FROM ADDITIONAL FUNDING

Villages	Ward No	Project description	Status
Dzanani Region			
Phaphaphani	35	1,2 x 1,2 Box Culverts	100% Completion
Mulenga	35	11,2 x 1,2 Box Culverts	100% Completion
Waterval Region			
Mulweli	16	1,2 x 1,2 Box Culverts	100% Completion
Khamusi	16	1,2 x 1,2 Box Culverts	100% Completion
Kanana	19	1,2 x 1,2 Box Culverts	100% Completion
Mashamba lada	11	1,2 x 1,2 Box Culverts	100% Completion
Shirley	1	1,2 x 1,2 Box Culverts	100% Completion
Corner Lemana	5	1,2 x 1,2 Box Culverts	100% Completion
Vhutuwangadzhebu	16	1,2 x 1,2 Box Culverts	100% Completion
Magulule	15	1,2 x 1,2 Box Culverts	100% Completion
Vari	15	1,2 x 1,2 Box Culverts	100% Completion
Mpheni block C	15	1,2 x 1,2 Box Culverts	100% Completion
Mpheni Dilinde	15	1,2 x 1,2 Box Culverts	100% Completion
Valdezia Dzhiweni	15	1,2 x 1,2 Box Culverts	100% Completion

Villages	Ward No	Project description	Status
Mavhina	14	1,2 x 1,2 Box Culverts	100% Completion
Posaito	14	1,2 x 1,2 Box Culverts	100% Completion
Skhosana	14	1,2 x 1,2 Box Culverts	100% Completion
Tshivhade	14	1,2 x 1,2 Box Culverts	100% Completion
Nghonyameni	14	1,2 x 1,2 Box Culverts	100% Completion
Skhunyameni	14	1,2 x 1,2 Box Culverts	100% Completion
Helenic Side	14	1,2 x 1,2 Box Culverts	100% Completion
Luvuvhu Region			
Mashamba Mangilasi	3	1,2 x 1,2 Box Culverts	100% Completion
Thondoni codessa	3	1,2 x 1,2 Box Culverts	100% Completion
Muungamunwe	3	1,2 x 1,2 Box Culverts	100% Completion
Tshivhazwaulu	3	1,2 x 1,2 Box Culverts	100% Completion
Dambuwo	3	1,2 x 1,2 Box Culverts	100% Completion
Mathugana	3	1,2 x 1,2 Box Culverts	100% Completion
Ramakuba siabege	4	1,2 x 1,2 Box Culverts	100% Completion
Nditwani	4	1,2 x 1,2 Box Culverts	100% Completion
Tribal	4	1,2 x 1,2 Box Culverts	100% Completion
Matidza	4	1,2 x 1,2 Box Culverts	100% Completion
Thondoni	4	1,2 x 1,2 Box Culverts	100% Completion
Dutch to Tshino	4	1,2 x 1,2 Box Culverts	100% Completion
Matidza Thondoni	4	1,2 x 1,2 Box Culverts	100% Completion
Lutanandwa	29	1,2 x 1,2 Box Culverts	100% Completion

Villages	Ward No	Project description	Status
Tshakhuma market	29	900 Diameter Pipes	100% Completion
Tshandila	29	1,2 x 1,2 Box Culverts	100% Completion
Takalani Nemusumani	29	1,2 x 1,2 Box Culverts	100% Completion
Luvhalani	29	Open V Drain	100% Completion
Ludanani	29	1,2 x 1,2 Box Culverts	100% Completion

Municipality has constructed Mamvuka (Tshidangwe) and Muananzhele culverts bridge which were as a result of community cut-off, due to heavy rainfall. When is raining small vehicles could not be able to cross the river. As a short-term solution, municipality constructed a culvert bridge to link the isolated community with access to services.

5.3 MUNICIPAL INFRASTRUCTURE GRANT(MIG) EXPENDITURE

Makhado Local Municipality receives Municipal Infrastructure Grant(MIG) funding to support infrastructure development. For the 2024/2025 financial year, the municipality was allocated R105,490,000 and received an additional R20,000,000 in March 2025. The Municipality successfully spent 100% of its MIG allocation.

Table 35: CAPITAL EXPENDITURE 2024/2025: ROAD SERVICES

PROJECT NAME	MIG FUNDING	ACTUAL EXPENDITURE
Upgrading of Tsianda Marundu to Military Base Phase 1	R43 747 224,54	R43 747 224,54
Upgrading of Luvhalani to Dzananwa Access Road	R26 186 409,63	R26 186 409,63
Upgrading of Midoroni Clinic ring road	R29 291 654,42	R29 291 654,42
Makatu to Tshikota Access Road	R11 587 371,44	R11 587 371,44
Kutama Sinthumule Sports Facility	R3 213 249,22	R3 213 249,22
Upgrading of road leading to Mavhoyi FET College	R1 442 355,00	R1 442 355,00
Upgrading of Madombinzha(50/50), Ramantsha to Ravele Access Road	R3 005 275,88	R3 005 275,88
Upgrading of Tshino Access Road	R1 804 209,40	R 1 804 209,40
PMU MANAGEMENT FEES	R5 212 250.47	R5 212 250.47
TOTAL	**R125 490 000**	**R125 490 000**

DEVELOPMENT PLANNING

Strategic objectives of this unit cannot be isolated from the municipal vision and mission. To achieve Vision, there must be planned projects every financial year. The spatial plans must be implemented while taking provincial and national plans into cognizance.

The Department consists of Local Economic Development Division, Town Planning, Building, Survey, Properties, Valuation, Environment, GIS, IDP, PMS and Housing Section. 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.

6.1 AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY

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 461 as compared to 154 applications during 2023/2024 financial year.

6.2 MUNICIPAL PLANNING TRIBUNAL

During the 2024/2025 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 2023/2024 financial year.

Table 36: Land use rights

No	ITEM	Land use Rights Approved
1	Subdivision of the farm ledig 1172ls and rezoning of the subdivided portion a of the farm ledig no. 1172 ls from “agricultural” to “special”	A filling station and shops on the farm ledig no. 1172 LS
2	Application for consolidation of portions 207, 208, 209, 210, 211 of the farm Goede Hoop 8 – lt and subdivision of the above consolidated	Subdivision and Consolidation
3	Subdivision on the remaining extent of portion 1 of the farm marius 732 Ms and simultaneous application for rezoning of proposed portion a of the aforesaid farm from agriculture to special.	Filling station, truck stop and shopping.
4	Township establishment on portion 7 of the farm serolle 204 MT to be known as “boabab hills estate township	Township Establishment
5	Township establishment to be established on farm somme 611 MS, farm lekkerlag 580 MS and portion 1 of the farm Joffre MS	Township Establishment
6	Special consent on erven 126 and 127 louis Trichardt Township	Relaxation of density from 35 – 65 units/ha

6.3 APPEAL AUTHORITY

There were no applications considered by the Appeal Authority during 2024/2025 financial year

Table 37: BUILDING AND ZONING PLANS (2024/2025)

Category	Number of new applications
Building Control	361
Rezoning	15
Consolidation	06
Erven alienated	0
Subdivision	10
Consent	430
TOTAL	**822**

During the year under review a total of 822 applications were attended to. This included 361 building control, 15 rezoning, 06 consolidation, no erven alienated, 10 subdivision and 430 consent applications.

LOCAL ECONOMIC DEVELOPMENT

The Municipality is also responsible for Local Economic Development and in partnership with the National Departments, Tshakhuma. The Municipality is in the process of constructing market stalls at Dzanani.

7.1 MAKHADO BUSINESS REGISTRATION CENTRE

On the 1st of November 2023 the MEC of LEDET assign business registration function to Makhado Local Municipality. The aim of assign was to a prompt, simplified method of business registration and to improve corporate relations between Provincial, Local Government and Business sector. Makhado Business Registration centre is currently fully functional. During the year under review, we received 1080 applications, 131 were approved and 39 applications where disapproved. The remaining applications are being processed and will be approved when all necessary compliance matter is concluded.

7.2 LOCAL ECONOMIC DEVELOPMENT FORUM

During the year under review the Municipality managed to coordinate four Local Economic development forum meetings. The forum was used to a platform to bring together Local Business communities and different stakeholders within Makhado Local Municipality.

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 several cooperatives that need funding as financial constraints remain a challenge.

Table 38: Jobs created through EPWP

YEAR	JOBS CREATED THROUGH EPWP PROJECTS	
2024/2025	CWP	1074
2024/2025	EPWP	350
TOTAL		**1424**

CHAPTER 4 MUNICIPAL WORKFORCE

INTRODUCTION TO THE MUNICIPAL WORKFORCE

COMPONENT A

As of 30 June 2025, Makhado Municipality had a total workforce of six hundred and eight (608) employees, distributed to departments. The Table below depicts the number of employees and vacancies.

Table 39: EMPLOYEE NUMBERS AND VACANCIES

	Employees Numbers and Vacancies				
Description	**2022/2023**	**2023/2024**	**2024/2025**		
	Employees numbers	**Employees Numbers**	**Approved Posts No.**	**Employees No.**	**Vacancies No.**
Municipal Manager's Office	27	19	15	11	4
Corporate Services	50	59	100	71	29
Community Services	136	132	234	133	101
Technical Services	131	70	242	148	94
Development Planning	31	40	60	42	18
Budget & Treasury	62	143	108	70	38
Dzanani Regional Office	60	57	100	58	42
Waterval Regional Office	54	48	92	55	37
Luvhuvu Regional Office	13	16	70	20	50
Zoutpansberg Regional Office	0	0	64	0	64
TOTAL	**564**	**584**	**1085**	**608**	**477**

The municipality has filled 56,03% of positions, while 43,96% remain vacant. These vacancies will be filled as the need arises and as resources become available.

Table 40: EMPLOYEE AGE PROFILE

AGE PROFILE	MALE	FEMALE	Total
61-65 Years	40	27	67
51-60 Years	103	76	179
41-50 Years	127	81	208
31-40 Years	80	59	139
21-30 Years	9	6	15
TOTAL	**359**	**249**	**608**

Out of 608 employees, 67 are between the ages of 61-65(11%), 179 are between the ages of 51-60(29%), 208 are between the ages of 41-50(34%), 139 are between the ages of 31-40(23%), and 15 are between the ages of 21-30(3%).

Table below depict the staff turnover rate, during the year under review:

Table 41: TURNOVER RATE

Details	Total No of appointments as at the end of Financial Year	No of Terminations during the financial year	Turn-Over Rate (%)
2022/2023	564	23	4.08
2023/2024	592	33	5.57
2024/2025	608	35	5.76

The Municipality had a staff turnover of 5.76%, which is 0.19% higher than the previous financial year. This means that the municipality had more employees who left the organisation.

COMPONENT B

The following are Human resource and governance policies which guide the management of the municipal workforce.

Table 42: HUMAN RESOURCES POLICIES

	Name of Policies	Completed %	Reviewed
1	HIV Policy, 2024/2025	100%	31/05/2024
2	Succession Planning Policy, 2024/2025	100%	31/05/2024
3	Housing Allowances Policy, 2024/2025	100%	31/05/2024
4	Acting Allowance, 2024/2025	100%	31/05/2024
5	Appointment Procedures Policy, 2024/2025	100%	31/05/2024
6	Pension Fund and Medical Aid Policy, 2024/2025	100%	31/05/2024
7	Employee Assistance Program Policy, 2024/2025	100%	31/05/2024
8	Career Path, 2024/2025	100%	31/05/2024
9	Dress Code, 2024/2025	100%	31/05/2024
10	In-Service Training Policy, 2024/2025	100%	31/05/2024
11	Language Policy, 2024/2025	100%	31/05/2024
12	Placement Policy, 2024/2025	100%	31/05/2024
13	Retention Strategy Policy, 2024/2025	100%	31/05/2024
14	Training and Development Policy, 2024/2025	100%	31/05/2024
15	Employment Practices Policy, 2024/2025	100%	31/05/2024
16	Human Resources Strategy, 2024/2025	100%	31/05/2024
17	Employee Funeral Assistance Policy, 2024/2025	100%	31/05/2024
18	Tobacco Control Policy, 2024/2025	100%	31/05/2024
19	Occupational Health and Safety Policy, 2024/2025	100%	31/05/2024
20	Leave Policy, 2024/2025	100%	31/05/2024
21	Standby Policy, 2024/2025	100%	31/05/2024
23	Transfer of Staff Policy, 2024/2025	100%	31/05/2024
24	Overtime Policy, 2024/2025	100%	31/05/2024
25	Sports Team Policy, 2024/2025	100%	31/05/2024
26	Danger Allowance Policy, 2024/2025	100%	31/05/2024
27	Employment Equity Plan 2019-2023	100%	31/05/2024
28	Official Time Policy, 2024/2025	100%	31/05/2024
29	Skills Development Policy, 2024/2025	100%	31/05/2024
30	Travel Allowance Policy, 2024/2025	100%	31/05/2024

Council Policies are normally reviewed annually.

4.HEALTH AND SAFETY MATTERS

4.1 INJURY ON DUTY

During the year under review the Municipality recorded ten **(10)** injuries on duty.

Table 43: INJURY ON DUTY

S/NO	DATE OF ACCIDENT	GENDER	PARTICULARS OF ACCIDENT	LEAVE PERIOD	NO OF DAYS
01	09/09/2024	Female	Hips injury	09/09/2024-13/09/2024	04
02	25/09/2024	Male	Left leg knee injuries	25/09/2024- 25/10/2024- 25/10/2024-01/11/2024	28
03	16/10/2024	Male	Back injuries	16/10/2024-25/10/2024 20/01/2025- 20/01/2025	7
04	21/10/2024	Male	Index finger injuries	21/10/2024-30/10/2024 31/10/2024-01/11/2024	8
05	24/10/2024	Female	Crushed finger and index laceration	24/10/2024-29/10/2024	3
06	28/10/2024	Male	Knee injuries	28/02/2025-10/03/2025	9
07	29/03/2025	Male	Eye contamination	30/03/2025-02/04/2025	2
08	29/03/2025	Male	Eye contamination	30/03/2025-02/04/2025	2
09	04/03/2025	Male	Head injuries	07/03/2025-07/03/2025	1
10	22/04/2025	Male	Ankle fracture	25/06/2025-30/07/2025	3

Table 43 above depicts injuries recorded during the year under review.

Table 44: NUMBER AND COST OF INJURIES ON DUTY

Type of Injury	IOD (Special) Leave Taken	Employees Using IOD (Special) Leave	Total Cost
Injuries that require basic medical attention only	41	9	R 22,648.00
Temporary total disablement	28	1	R 21,112.00
Permanent disablement	None	None	None
Fatal	None	None	None
TOTAL	69	10	R 43,760.00

The municipality has introduced mechanisms to address basic causes of all incidents and identify relevant management interventions for intensive and effective incident management such as induction and training to reduce the high rate of incidents.

4.2 PUBLIC INCIDENTS

There were no public incidents reported for the period under review. This can be attributed to the municipality having enforced maximum compliance on construction safety. Appointed contractors have been advised to display safety notices on the construction sites with the intention to prevent injuries and fatalities around construction sites to create public awareness on health and safety issues. These notices contain vital precautionary information for communities in the areas where these projects were taking place.

SICK LEAVE STATISTIC

Sick leave application is done and approved online employee self-service system.
Estimated cost is calculated as follows:

$$\text{Estimated Cost} = \frac{\text{Annual Average Scale}}{\text{Annual Number of working days}} \times \text{Number of sick days taken}$$

Table 45: Sick leave statistics

Salary Band	No 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
Professionals						
PL3	**18**	**0**	**7**	**825 432.10**	**29**	**59 429.78**
PL 4A	**11**	**0**	**3**	**729 302.39**	**13**	**32 088.59**

Salary Band	No 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
PL 4B	**6**	**0**	**4**	**660 870.32**	**14**	**15 860.53**
PL 5	**41**	**4**	**5**	**570 095.49**	**32**	**93 493.57**
PL 6	**33**	**0**	**9**	**503 632.71**	**41**	**66 478.03**
Skilled						
PL 7	**78**	**0**	**15**	**437 131.48**	**63**	**136 381.97**
PL 8	**54**	**0**	**12**	**393 050.68**	**61**	**84 897.05**
PL 9	25	0	11	**339 257.19**	42	**33 924.96**
PL 10	63	0	23	**282 986.05**	58	**71 310.89**
Unskilled						
PL 11	46	0	0	**246 325.48**	43	**45 322.87**
PL 13	31	0	5	**195 620.10**	13	**24 256.35**
PL 14	26	0	3	**697 944.10**	11	**72 584.56**
PL 15	69	0	29	**157 995.49**	176	**43 605.78**
Total	2976	4	126	**517 786.44**	608	**779 634.91**

4.3

DISCIPLINARY ACTION

In terms of the Employees Disciplinary procedure and code, employees who get themselves involved in misconduct may be suspended and appear before disciplinary committee. Four (4) employees were suspended during the year under review.

4.4 GRIEVANCES

There were no grievances lodged during the year under review

MISCONDUCT WITH SUSPENSIONS:

The table below depicts employees who were suspended and charged with misconduct.

Table 46: Misconduct Statistics

Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of the case	Date finalized
Artisan Plumber	Theft and gross dishonesty	04/09/2023	Dismissal	29/09/2024
Control Room Attendant	Gross dishonesty	27/03/2024	Final written warning and 10 days suspension without pay	22/01/2025
Traffic Officer	Gross dishonesty	10/06/2024	Final written warning	10/06/2025
Service worker	Cable theft	11/01/2025	Dismissal	Pending as of 30 June 2025

Table 47: MISCONDUCT WITHOUT SUSPENSION

MISCONDUCT WITHOUT SUSPENSION

Job Title	Type of misconduct	Sanction	Date of Outcome
Snr Clerk Cashier	Theft	Dismissal	28/06/2025
Communications Officer	Failure to comply with Fleet Management Policy	Final Written Warning	8 August 2024
Boiler maker	Bribery	Pending	Pending
Asset Manager	Dereliction of duty	Pending	Pending
Accountant	Failure to comply with submission of AFS 2023/2024	Final written warning and 10 days suspension without pay	20/05/2025

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

The municipality develops its workforce by ensuring that there is sustainable capacity building. This is done by conducting skills audit. The skills audit produces skills audit assessment which assist the municipality in the development of Workplace skills plan and this plan is submitted to LGSETA. The skills audit assessment is a guiding tool on how Councillors and officials training was done during the year under review.

4.5.1 TRAINING

The table below provides details of the demographic breakdown and various training provided to councillors and employees.

TRAINING PROVIDED FOR 75 COUNCILLORS

Table 48: TRAINING PROVIDED FOR 75 COUNCILLORS

RACE	Field of study	Male	Female
African	Municipal Governance	2	3
African	Leadership in Municipal Governance	1	-
African	LED Capacity Building	2	2
African	Public Finance & ICT	3	1
African	Audit, risk management & MPAC	3	1
African	Rules and Ethics	4	3
White	Rules and Ethics	1	-
African	Project Management	7	3
African	Rand show	2	-
African	Integrated councillors Development Programme NQF L3	7	6
African	Human Capital	-	2
African	Integrated Executive Councillors Development Programme	4	1
TOTAL		**36**	**22**

In 2024/25 financial year training was provided to fifty-eight (58) Councillors.

TRAINING PROVIDED FOR OFFICIALS AND THEIR FIELDS OF STUDY

Table 49: TRAINING PROVIDED FOR OFFICIALS AND THEIR FIELDS OF STUDY

RACE	Field of study	Male	Female
African	Law Enforcement	12	3
African	LED Capacity Building Programme	1	-
African	Public Sector Finance & ICT	1	-
Indian	Public Sector Finance & ICT	1	-
African	Infrastructure Management Plan	1	-
African	Audit, risk & MPAC Seminar	1	2
African	Municipal Governance Programme	9	9
African	Safeguarding Communities	1	-
African	EAPA SA Training workshop	1	-
African	Governance & Compliance Training workshop	2	1
African	Human Resources Management in Local Governance Best Practice	1	-
African	Customer Citizen cantered Services Delivery	1	1
African	Job Evaluation Master List Working Session	1	-
African	Records Management	1	1
African	Municipal Finance Management Programme	10	3
African	Project Management	1	1
African	Mun soft VAT Training	2	2
	MIG MIS working Session	1	-
African	Disciplinary Procedure Training	2	1
African	Payroll Legislation	-	1
African	Strategic Planning Review Session	19	5

RACE	Field of study	Male	Female
African	Natis Queries	-	5
African	Rand show	2	-
African	Bulawayo International Convention	1	-
African	Spaza shop Support	1	-
African	National Electrical Programme	1	-
African	Provincial & National Social Housing Best Practice	1	-
African	Earth Observation stakeholder engagement workshop	2	-
African	EPWP Reporting System Version 2 Training	2	-
African	Building resilient Municipal Structure in line with Municipal Staff Regulations	1	-
African	Human Capital	-	1
African	MFS Year End Closure AFS Workshop	2	1
African	Control Balancing Workshop	1	-
African	Elevating Services Delivery	2	1
African	Stalk holder Update Session	1	-
Total		**86**	**38**

A total number of 124 officials were trained during the financial under review compared to 135 in the 2023/2024 financial year.

4.5.2 WORK INTERGRATED LEARNING AND INTERNSHIP PROGRAMME

Students from TVET colleges and Universities of Technology are provided with an opportunity for experiential learning to meet their educational needs to graduate.

Graduate Internships opportunities were provided with experience which may enable them to be absorbed in the labour market.

Table 50: WORK INTEGRATED LEARNING AND INTERNSHIP BY POPULATION GROUP, GENDER, AND FIELD OF STUDY

POPULATION GROUP	FIELD OF STUDY	MALE	FEMALE
African	Mechanical Engineering	1	5
African	Civil Engineering	8	17
African	Electrical Engineering	1	14
African	Library & Information Management	1	-
African	Development Studies	1	1
African	Urban & Regional Planning	2	2
African	Sport & Recreational Facilities Management	1	-
African	Safety Management	-	1
African	BCom Accounting	3	4
African	Labour Relations	-	1
African	Huma Resources Management	1	3
African	Public Management	4	8
African	International Relations	-	1
African	Law	2	2
African	Information Technology	4	4
African	Financial Management	1	3
African	Marketing Management	-	1
TOTAL		**36**	**81**

The number of internships at any given time is stable, however, the numbers do fluctuate over quarters as the interns are on contracts which expires on different dates. Over and above, the municipality placed number of interns in its various departments as per their field of study.

Table 51: LEARNERSHIP BY POPULATION GROUP, GENDER, AND FIELD OF STUDY

Population Group	Field of study	Male	Female
African	Gardening & Horticulture	30	50
African	Civil and Building Construction	2	1
TOTAL		**32**	**51**

Table 52: APPRENTICESHIP BY POPULATION GROUP, GENDER, AND FIELD OF STUDY

Population Group	Field of study	Male	Female
African	Plumbing	5	9
TOTAL		**5**	**9**

TABLE 53: EMPLOYEES BURSARIES PER POPULATION GROUP, GENDER, AND FIELD OF STUDY

The table below provides details of the population group breakdown of the employees who are sponsored by donors to study on part time basis:

Table 53: Employees Sponsored by donors

Population Group	Field of study	Male	Female
African	Bachelor of Accounting Science	5	11
African	National Diploma Public Management	1	0
Total		**6**	**11**

Table 54: CAPACITY BUILDING – WORK FORCE

Skills Matrix				
Levels	Gender	Employees in post as at June 2024	Number of Skilled employees as of 30 June 2024	
		No	Skill program and other short courses	
			Target	Actual
Councillors	Males	50	50	36
	Females	25	25	22

TOTAL		**75**	**75**	**58**
MM and Directors	Males	5	5	5
	Females	0	1	0
Managers & Assistant Managers	Males	30	20	26
	Females	13	11	11
Professionals	Males	98	10	15
	Females	52	10	6
Administrators	Males	89	10	20
	Females	72	8	19
Elementary	Males	143	20	16
	Females	106	20	6
TOTAL		**608**	**115**	**124**

The municipality managed to train 58 councillors and 124 employees.

COMPONENT C: MANAGING MUNICIPAL WORKFORCE EXPENDITURE:

During the year under review, the salary bill of the municipality was **R425,409,678**. This represented an increase of **R13,755,915, which is equivalent to 3.7%** as compared to the **R411,653,763 which was reported** in the 2023/2024, this is increase is due to the new employees who were appointed during the year under review.

The overall adjusted expenditure budget for the year under review was **R1,393,052,156**. This means that the workforce expenditure of the municipality was at 30.54% of the total municipality expenditure budget which is less than the norm of **36%** set out by the National Treasury.

ORGANISATIONAL SDBIP PERFORMANCE

The 2024/2025 Service Delivery and Budget Implementation Plan on which this performance report is based, comprises of 6 key performance areas with its concomitant key performance indicators and targets. As an organization, Makhado local municipality in the 2024/2025 reporting period achieved 45 of the performance targets set and 22 were not achieved. This accounts for 67% target achievement, translating to a negative variance of 33%

The table below reflects the actual performance per key performance area:

Table 55: Performance per key performance area

Criteria	KPA 1: Municipal Institutional Development and Transformation	KPA 2: Basic Service Delivery and Infrastructure Development	KPA 3: Municipal Financial Viability and Management	KPA 4: Local Economic Development	KPA 5: Spatial Rationale	KPA 6: Good Governance and Public Participation	Total
Number of Key Indicators	**7**	**32**	**12**	**2**	**5**	**9**	**67**
Number of Targets	5	21	8	1	1	9	45

Achieved							
Number of targets Not Achieved	2	11	4	1	4	0	22

COMPARATIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE INDICATORS 2023/2024 AND 2024/2025

The following table compares the Organizational Performance of 2023/2024 with 2024/2025

Table 56: Organizational Performance Comparison

DESCRIPTION	2023/2024 Financial Year			2024/2025 Financial Year		
	KPIs	Achieved	Not Achieved	KPIs	Achieved	Not Achieved
Kpa 1: Municipal Institutional Development And Transformation	**7**	5	2	**7**	5	2
Kpa 2: Basic Service Delivery And Infrastructure Development	**46**	30	16	**32**	21	11
Kpa 3: Municipal Financial Viability And Management	**12**	8	4	**12**	8	4
Kpa 4: Local Economic Development	**2**	1	1	**2**	1	1
Kpa 5: Spatial Rationale	**1**	1	0	**5**	1	4
Kpa 6: Good Governance And Public Participation	**9**	9	0	**9**	9	0
Total	**77**	54	23	**67**	45	22

4.6.2 ANALYSIS OF SDBIP ANNUAL MUNICIPAL PERFORMANCE ANALYSIS OF SDBIP ANNUAL MUNICIPAL PERFORMANCE

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN ANALYSIS REPORT			
ANNUAL PERFORMANCE REPORT 2024/2025 ANALYSIS			
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**

Integrated Development Planning	**1**	**1**	**0**
Performance Management	**4**	**3**	**1**
Human Resources and Organizational Development	**2**	**1**	**1**
	7	**5**	**2**
TOTAL	71%		

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**
Waste Management	**3**	**3**	**0**
Electricity	**7**	**3**	**4**
Free Basic Services	**1**	**0**	**1**
Roads	**14**	**9**	**5**
Building & Construction	**7**	**6**	**1**
	32	**21**	**11**
TOTAL	**66%**		

MUNICIPAL FINANCE AND MANAGEMENT AND VIABILITY			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**
Revenue Management	**1**	**1**	**0**
Expenditure	**4**	**2**	**2**
Financial Statements	**3**	**2**	**1**
Budget and Reporting	**2**	**2**	**0**
Supply Chain Management	**2**	**1**	**1**
	12	**8**	**4**
TOTAL	**57%**		

LOCAL ECONOMIC DEVELOPMENT			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**
Local Economic Development	**2**	**1**	**1**
TOTAL	**50%**		
SPATIALE RATIONALE			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**
Township Establishment	**1**	**1**	**0**
Precinct Plan	**1**	**0**	**1**
Integrated Transport Plan	**1**	**0**	**1**
Land Use	**1**	**0**	**1**
Site Demarcation	**1**	**0**	**1**
	5	**1**	**4**
TOTAL	**20%**		
GOOD GOVERNANCE AND PUBLIC PARTICIPATION			
PROGRAMME	**NO OF KPI'S**	**TARGET ACHIEVED**	**TARGET NOT ACHIEVED**
Risk Management	**2**	**2**	**0**
Public Participation	**1**	**1**	**0**
Internal Auditing	**3**	**3**	**0**
Information Technology	**1**	**1**	**0**
Council Services	**2**	**2**	**0**
	9	**9**	**0**
TOTAL	**100%**		
Summary of Annual Targets Achieved			

Key Performance Areas	Total Reportable KPI's	Achieved KPI's	Percentage Achievement
MTOD	7	5	71%
BSD	32	21	66%
LED	2	1	50%
MFMV	12	8	57%
SR	5	1	20%
GGPP	9	9	100%
OVERALL TOTAL:		67%	

CHAPTER 5

FINANCIAL PERFORMANCE

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 misdirect and underutilization of resources. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. The municipality had implemented financial management practices during the year under review that seek 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 surplus of R29.5 million as compared to the previous financial year deficit of R2.6 million. Operating revenue for the year was R1.42 billion (2024: R1.31 billion), which reflects an increase of 9% from previous financial period. The operating expenditure for the year was R1.39 billion (2024: R1.31 billion), which indicates a 6% increase from previous financial period.

The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R250.9 million (2024: R261.8 million). This includes R142.5 million from government grants, and R108.4 million from own cash resources.

5.1. INTRODUCTION TO FINANCIAL PERFORMANCE

Operating revenue excluding capital grants and subsidies for the year was R1.26 billion (2024: R1.16 billion), which shows an increase of 8% from the previous financial period. Included in the above figures are operating government grants to the amount of R524.8 million (2024: R504.6 million), which constitute 37% of total revenue as shown in the table below:

Table 57: Grants allocation

NAME OF GRANT	R
Equitable Share	509 837 000
Financial Management Grant	1 900 000
Expanded Public Works	2 560 000
Disaster Management Grant	10 564 461
LGSETA	7 605
TOTAL	**524 869 066**

Service charges jointly comprise 37% of total revenue and increased by R77.4 million from (2024: R 453.6 million) to R531.1 million in the current financial year. Electricity remains the largest source of income and contributes 68% to municipal revenue excluding capital & operational grants. Furthermore, electricity revenue increased by 18% from R438.5 million in the previous financial year to R515.7 million in the current year.

Property rates constitute 17% of municipal revenue and increased by 4% from R120.7 million in the previous financial year to R125.1 million in the 2024/25 financial year.

Interest received from financial institutions has decreased by 45% from R5.4 million in the previous financial year to R3 million in the current year.

The operating expenditure for the year was R1.39 billion (2024: R1.31 billion), which indicates an increase of 6% from the previous financial year. This was mainly due to increases in the following expenses:

- Impairment of long-term assets increased by 9% from R158 million in the previous year to R143.6 million.
- Employee related costs increased by 3% from R381.7 million in the previous year to R394.9 million in the current year.
- Councilors remuneration increased by 2% from R30 million in the previous financial year to R31 million in the current financial year.
- Finance costs increased by 14% from R17.9 million in the previous year to R20.4 million in the current year.
- Bulk purchases increase by 18% from R371.9 million in the previous financial year to R437.6 million in the current year.
- Contracted services increased by 4% from R181.3 million in the previous financial year to R188.8 million in the current year.

The major expenditure items during the financial year ended 30 June 2025 were as stated above.

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

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

5.2. FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED

Table 58: Financial Summary

LIM344: Makhado Local Municipality

Description	2023/24	Current Year 2024/25				
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjustment Budget %
Financial Performance						
Property rates	120 692	123 715	126 607	125 104	101%	99%
Service charges	453 674	482 270	552 090	531 063	110%	96%
Interest from financial institutions	5 457	7 583	4 216	3 016	40%	72%
Transfers recognised - operational	504 565	520 303	520 303	524 869	101%	101%
Other own revenue	109 874	114 474	266 172	75 966	66%	29%
Total Revenue (excluding capital transfers and contributions)	**1 194 262**	**1 248 345**	**1 469 388**	**1 260 018**	**101%**	**86%**
Employee costs	381 664	329 105	394 854	394 853	120%	100%
Remuneration of councillors	29 990	33 568	30 558	30 557	91%	100%
Depreciation & asset impairment	162 269	159 889	115 834	157 494	99%	136%
Finance charges	17 919	20 731	20 408	20 408	98%	100%
Debt impairment	41 600	77 287	37 719	37 718	49%	100%
Materials and bulk purchases	371 986	330 000	437 655	437 655	133%	100%
Contracted services	181 289	155 156	188 755	188 753	122%	100%
Other expenditure	125 203	83 221	108 814	125 616	151%	115%
Total Expenditure	**1 311 920**	**1 188 957**	**1 334 597**	**1 393 052**	**117%**	**104%**
Surplus/(Deficit)	(117 658)	59 388	134 791	(133 034)	-224%	-99%
Transfers recognised - capital	115 015	117 996	113 377	142 541	121%	126%
Transfers and subsidies - other revenue	–	–	20 000	19 995	0%	100%
Surplus after capital transfers & contributions	(2 643)	177 384	268 168	29 501	17%	11%
Surplus for the year	**(2 643)**	**177 384**	**268 168**	**29 501**	**17%**	**11%**

5.3 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 2025.

Table 59: Capital Grants Received And Spent

GRAND TYPE	OPENING BAL	RECEIPTS	EXPENDITURE	CLOSING BAL
MIG	-	125 490 000.00	-125 490 000.00	-
INEP	-	21 595 000.00	- 17 050 500.00	4 544 500.00
GRAND TOTAL	**-**	**147 085 000.00**	**- 142 540 500.00**	**4 544 500.00**

5.4 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 2024/25 financial year. The following are the policies:

Table 60: 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	

5.5 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 from both Eskom and the municipality was 2 237 and 2 832 respectively and the total cost incurred was R2 285 514. The breakdown of the municipality indigents are as follows, old age 2 245, below threshold 64, child headed family 0, unemployed 429 and disability 94.

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 R595 million. The debt has increased from R558 million to R595 million. The increase in debtors during the financial year was R37

million, representing a 7% increase from previous year. Below are the details for the current financial year debt book per area,

Table 61: Debt book per Area

AREA	2023/24 AMOUNT(R)	2024/25 AMOUNT(R)	%
Louis Trichardt	248 million	257 million	4
Dzanani	28 million	31 million	11
Vleifontein	42 million	46 million	10
Waterval	89 million	95 million	7
Tshikota	15 million	17 million	13
Farms	136 million	149 million	10
TOTAL	**558 Million**	**595 Million**	**9**

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 41% as of 30 June 2025.

The municipality still has room for improvement regarding 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 95% for the 2024/25 financial year.

5.6 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 842 904 547 as at 30 June 2025 as compared to the previous financial year balance of R3 644 917 024, which reflected 5% increase, this was due to capitalization during the year of R287 165 410 (2024: R303 991 289).

Major asset categories such as Infrastructure assets constituted a greater portion of the total cost with an amount of R2 851 452 016 (2024: R2 691 375 585), representing 74% of the total asset cost, Work in progress cost of R245 143 506 (2024: R217 222 280) was 6% of total assets value, Community assets of R179 253 199 (2024: R174 837 101) was 5% of total assets value and transport assets of R83 081 926 (2024: R83 565 126) was 2% of the total assets value at the end of the financial reporting period.

The total carrying value of municipal assets was R2 038 411 131 (2024: R1 945 086 458) for the year ended 30 June 2025.

Treatment of the three largest assets acquired 2024/25

Table 62: Three Largest Assets

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED: FIN YEAR 2024/25				
Asset One				
Name	**Upgrading of Tsianda Marundu to Military Base Phase 1**			
Description	Construction of Tsianda Marundu to Military Base Phase 1			
Asset Type	Roads & Stormwater			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	2024/25			
Cumulative Asset Value	**R 67 220 613**			
Capital Implications	Upgrading of road from gravel to tar road and stormwater			
Future Purpose of Asset	Provision of sports facility			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			
Asset Two				
Name	**Makatu to Tshikota Access Road**			
Description	Construction of Makatu to Tshikota access Road including stormwater including infranstructure			
Asset Type	Roads and Storm Water			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	2024/25			
Cumulative Asset Value	**R 58 183 150**			
Capital Implications	Upgrading of road from gravel to tar road and stormwater			
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			
Asset Three				
Name	**Upgrading of road Luvhalani to Dzananwa road**			
Description	Construction of road Luvhalani to Dzananwa road			
Asset Type	Roads and Stormwater			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	2024/25			
Cumulative Asset Value	**R 46 247 470**			
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			

Table 63: FINANCIAL RATIOS BASED ON KEY FINANCIAL INDICATORS

	RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS
Asset Management/Utilisation						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10% - 20%		15%	The capital expenditure incurred during the year was 15% of total expenditure. This is reasonable based on the maximum norm of 20%.
				Total Operating Expenditure	1 393 052 156	
				Taxation Expense	-	
				Total Capital Expenditure	250 950 929	
Debtors Management						
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	95%		93%	The municipality's collection rate is 93% for the year under review. Collection efforts are being intensified in order to recover outstanding debt amounts.
				Gross Debtors closing balance	594 540 841	
				Gross Debtors opeining balance	557 559 415	
				Bad debts written Off	-	
				Billed Revenue	656 167 071	
Liquidity Management						
2	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		0.85	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	388 407 075	
				Current Liabilities	459 092 051	

RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS
Liability Management						
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%		0%	Municipality had no significant borrowings during the year under review. The outstnding obligation of R1 839 669 relates to leasing of photocopier machines.
				Total Debt	1 839 669	
				Total Operating Revenue	1 422 552 994	
				Operational Conditional Grants	524 869 066	
Revenue Management						
1	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	= CPI		9%	Municipality achieved revenue increase of 9% from previous financial year. The revenue figures excludes grants & subsidies.
				CPI	12%	
				Total Revenue (Previous)	689 697 357	
				Total Revenue (Current)	755 143 428	
Expenditure Management						
2	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	25% - 40%		31%	Employee costs was 31% of the total expenditure. The ratio is favourable.
				Employee/personnel related cost	394 852 625	
				Councillors Remuneration	30 557 053	
				Total Operating Expenditure	1 393 052 156	
				Taxation Expense	-	

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.7 SPENDING ON 5 LARGEST PROJECTS

The following represent the capital spending against the capital budget:

Table 64: Capital Expenditure Of 5 Largest Projects

Capital Expenditure of 5 largest projects*					R' 000
Name of Project	Current: Year 2024/2025			Variance: Current Year	
	Project Cost	Original Budget	Adjustment Budget	Actual Expenditure	Adjustment variance (%)
A - Upgrading of Tsianda Marundu to Military Base Phase 1	67 220 613	43 747 225	43 747 225	38 100 614	12.9%
B - Upgrading of Midoroni clinic ring road	58 183 150	22 593 027	22 593 027	22 768 101	-0.8%
C - Upgrading of road Luvhalani to Dzananwa road	46 247 470	26 186 410	26 186 410	25 308 177	3.4%
D - Development of roads and stormwater at South of Pretorius 700 stands	109 735 194	28 856 000	28 856 000	3 980 762	86.2%
E - Development of Potgieter Park	20 954 822	13 935 356	13 935 356	13 740 401	1.4%
Name of Project - A: Upgrading of Tsianda Marundu to Military Base Phase 1					
Objective of Project: To ensure easy access to roads by the community.					
Delays	None				
Future Challenges: none					
Anticipated citizen benefits: promote good health by participating on vaiours sporting codes; and further accessible for any community and social events.					
Name of Project - B:Upgrading of Midororni clinic ring road					
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					
Name of Project - C: Upgrading of road Luvhalani to Dzananwa road					
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					
Name of Project - D: Development of roads and stormwater at South of Pretorius 700 stands					
Objective of Project: To ensure easy access to roads by the community.					
Delays	none				
Future Challenges: None					
Name of Project - E: Development of Potgieter Park					
Objective of Project: To promote socia-economic through sports activites					
Delays	none				
Future Challenges: None					

Table 65: Capital Expenditure

Capital Expenditure - Funding Sources: Year 2024/25 R' 000						
Details		Year 2023/24	2024/25			
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to AB Variance (%)
Source of finance						
	Grants and subsidies	115 015	117 996	141 811	142 541	1%
	Internal	146 763	201 924	133 392	108 410	-19%
Total		**261 778**	**319 920**	**275 203**	**250 951**	**-9%**
Capital expenditure						
	Governance and administration	67 449	15 031	25 743	26 303	2%
	Community and public safety	5 778	6 900	4 504	4 777	6%
	Economic and environmental services	123 770	206 941	193 776	167 924	-13%
	Trading services	64 781	91 047	51 180	51 947	1%
Total		**261 778**	**319 919**	**275 203**	**250 951**	**-9%**

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

5.8 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's financial position and health. Cash flow projections are done monthly, and cash not immediately required is 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 2025.

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 2025, R1.8 million was outstanding.

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

Table 66: Borrowings

Actual Borrowings: Year -2023 to Year -2025			R' 000
Instrument	**2022/23**	**2023/24**	**2024/25**
Financial Leases	322	2 967	1 840
Total	322	2 967	1 840

5.8.1 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 67: Statement Of Cash Flow

Statement of Cash flow				R'000
Description	**2023/24**	**2024/25**		
	Audited Outcome	**Original Budget**	**Adjusted Budget**	**Actual**
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	88 155	100 209	115 212	119 522
Service charges	507 359	424 397	502 402	605 558
Grants	620 638	638 299	667 389	667 396
Other receipts	119 076	127 921	124 641	123 631
Payments	–	–	–	–
Suppliers and employees	(1 165 585)	(933 682)	(1 108 935)	(1 262 338)
Finance charges	(916)	(100)	–	(3 189)
NET CASH FROM/(USED) OPERATING ACTIVITI	**168 728**	**357 044**	**300 709**	**250 579**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Payments				
Capital assets	(291 381)	(319 920)	(275 202)	(252 364)
NET CASH FROM/(USED) INVESTING ACTIVITIE	**(291 381)**	**(319 920)**	**(275 202)**	**(252 364)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Finance lease payments	(1 154)	–	–	(1 416)
NET CASH FROM/(USED) FINANCING ACTIVITIE	**(1 154)**	–	–	**(1 416)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(123 806)**	**37 124**	**25 507**	**(3 200)**
Cash/cash equivalents at the year begin:	**146 596**	**33 460**	**14 662**	**22 789**
Cash/cash equivalents at the year end:	**22 789**	**70 584**	**40 169**	**19 589**

5.8.2 COMMENT ON CASH FLOW

The cash flow from operating activities indicates a positive cash flow of R250.5 million. Of the R1.5 billion receipts, R252.4 million was utilized on investment activities mainly to purchase property, plant, and equipment.

The cash flow from financing activities indicated an outflow of R1.4 million, which is mainly attributable to the repayments on finance leases (photocopiers).

Considering the above movements, the net cash position at financial year-end was R19.6 million. The municipality has adequate cash resources to settle short term obligations as they fall due.

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 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 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.

Table 68: COMPETITIVE BIDDING PROCESSES ACTIVITY

ACTIVITY	Bids Advertised	Evaluated	Adjudicated	Awarded	BBB-EE	Cancelled and re-adverts
Balance B/F	04	-	-	-	-	-
1st Quarter	09	01	01	01	-	-
2nd Quarter	07	05	05	05	-	-
3rd Quarter	23	01	01	01	-	17
4th Quarter	10	04	04	04	-	-
TOTAL	53	11	11	11	-	17
ANNEXURE	**A**	**B**	**C**	**D**	**E**	**F**

All requests for adverts were processed. As at 30 June 2025, the following 25 bids were not awarded and 17 bids were deferred to next financial year.

Table 69: FORMAL WRITTEN QUOTATIONS AS AT 30 JUNE 2025

ACTIVITY	Quotations Advertised	Quotations Evaluated	Quotations Awarded	Balance
1st QUARTER	39	10	10	29
2nd QUARTER	29	25	25	4
3rd QUARTER	24	14	10	14
4th QUARTER	21	21	21	-
TOTAL	**113**	**70**	**66**	**47**

5.9.1 PROCUREMENT STATISTICS

The municipality had 53 bids advertised in the 2024/25 financial year. Of the total bids advertised, 11 of them were evaluated and adjudicated. The bids awarded were 21% of the bids advertised during the financial year ended 30 June 2025.

5.9.2 PROCUREMENT DEVIATIONS

- The number of awards made in terms of SCM regulation 36 for the financial year was 27.
- Reason(s) for deviation in terms of SCM Regulations 36 was that there were sole service providers and it was impractical to follow normal SCM process.
- Total value of deviations under R200 000.00 was R486 176.45.
- Total value of deviations over R200 000 was nil.
- Total number of deviations under R 200 000 was 27.
- Total number of deviations over R 200 000 was nil.

5.9.3 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).

5.9.4 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.

5.9.5 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.

The municipality has fully complied with MSCOA regulations and started transacting live on the 1st of July 2016. This is the fifth year of transacting on MSCOA and the municipality has achieved unqualified audit opinion.

Budgeting is also being done on MSCOA which improves financial planning and reporting.
Municipality is also complying on the Section 71 reporting using MSCOA

CHAPTER 6
AUDITOR-GENERAL AUDIT REPORTS

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

6.1 AUDITOR-GENERAL REPORTS PREVIOUS YEAR

TABLE 71. AG REPORT 2023/24

Audit Report Status*:	**Unqualified Opinion**

6.2 AUDITOR-GENERAL REPORT – CURRENT YEAR

Auditor-General Report on Financial Performance: 2024/25

TABLE 72. AG OPINION 2024/25

Audit Report Status*:	**Unqualified Opinion**

ANNEXURES A1

2024/25
AUDIT REPORT

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 2025, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Makhado Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of 56 of 2003 (MFMA) and the Division of Revenue Division of Revenue Act 24 of 2024 (DoRA)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matters

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

Material losses - electricity

7. As disclosed in note 53 to the financial statements, material electricity losses of R53 314 731 (2024: R45 848 926) was incurred, which represents 12% (2024: 12%) of total electricity purchased. Non-technical losses amounted to R53 314 731 (2024: R45 848 926) and were due to illegal connections to the electricity network and bridging of meters by consumers.

Material impairments

8. As disclosed in note 9 and 10 to the financial statements, material losses of receivables from non-exchange transactions of R18 833 490 as well as consumer debtors of R446 154 083 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 44 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 particulars of non-compliance with the MFMA in the financial statements. This disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements 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.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance

but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page [page number of the annexure to the auditor's report], forms part of my auditor's report.

Report on the audit of the annual performance report

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

18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Objective
Basic service delivery	[XX]	Accessible basic and infrastructure services
Local economic development	[XX]	Invest in local economy

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- There is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

22. I did not identify any material findings on the reported performance information for the selected key performance areas.

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

25. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages [xx to xx].

Basic service delivery

Targets achieved: 65% Budget spent: 60%		
Indicators not achieved	**Planned target**	**Reported achievement**
Number of indigents with access to free electricity	5 700 indigents with access to free electricity	4 930 indigents with access to free electricity
Number of households electrified	845 households electrified by 30 June 2025	615 households electrified
Upgrading of Emmarantia substation	Appointment of contractor for Emmarantia substation	Contractor not appointed
Upgrading of South of Pretorius substation	Upgrading of south of Pretorius substation by 30 June 2025	Upgrading of south of Pretorius substation not completed

Upgrading of 66kV and 22kV breakers in Levubu and Beaufort substations	Upgrading of 66kV and 22kV breakers in Levubu and Beaufort substations by 30 June 2025	Two breakers ordered.
Upgrading of Waterval sports facility phase 2	100% completion of upgraded of Waterval sports facility phase 2 by 30 June 2025	68% progress of upgraded Waterval sports facility phase 2
Development of roads and stormwater at Tshikota 164 new stands	60% progress of Development of roads and stormwater at Tshikota 164 new stands by 30 June 2025	32.61% progress of Development of roads and stormwater at Tshikota 164 new stands
Upgrading of Tshino access road	Contractor appointment for Tshino access road by 30 June 2025	Contactor not appointed for Tshino access road
Upgrading of Madombidzha(50/50), Ramantsha to Ravele access road	Contractor appointed for Madombidzha (50/50), Ramantsha to Ravele access road by 30 June 2025	Contractor not appointed for Madombidzha (50/50), Ramantsha to Ravele access road
Upgrading of Road leasing to Makhosi FET college	Contractor appointed for Road leasing to Mavhoyi FET college by 30 June 2025	Contractor not appointed for Road leasing to Mavhoyi FET college

Local Economic Development

Targets achieved: 50% **Budget spent: 50%**		
Key [service delivery] indicators not achieved	**Planned target**	**Reported achievement**
Number of LED projects supported.	10 projects supported by 30 June 2025.	3 projects supported.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

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

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

Annual financial statements

30. 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 current assets, current liabilities and disclosures identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

31. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R4 307 183, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by Eskom and Telkom for late payment of invoices.

Other information in the annual report

32. The accounting officer is responsible for the other 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 key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.

33. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. 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

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

38. The accounting officer did not implement adequate internal controls to ensure the preparation of accurate financial statements as material misstatements were identified.

39. The accounting officer did not adequately review and monitor compliance with applicable laws and regulations.

Auditor General

Polokwane

28 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the Municipality and Municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the Municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the [financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003)	AFS, APR, Annual report Sections:122(1), 122(2),126(1)(a), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 127(2), 127(5)(a)(i),127(5)(a)(ii), 129(1), 129(3) Assets Management Sections:63(2)(a), 63(2)(c), 13(2), 14(1), 14(2)(a),14(2)(b) Consequence Management Sections:32(2), 32(2)(a), 32(2)(a)(ii), 32(2)(a)(i), 32(2)(b), 170, S1 - paragraph (a), (b) & (d) of the definition: irregular expenditure, 171(4)(a), 171(4)(b) Expenditure Management Sections: 65(2)(e), 11(1), 65(2)(a), 65(2)(b), 65(1)(d), 62(1)(d), 15, 28(1), 29(1), 29(2)(b) Revenue Management Sections: 62(1)(f)(i), 62(1)(f)(iii), 62(1)(f)(ii), 64(2)(e), 64(2)(f), 64(2)(b), 64(2)(c), 64(2)(g) Strategic Planning and Performance Sections:1, 53(1)(c)(ii), 72(1)(a)(ii), 24(2)(c)(iv), 54(1)(c) Procurement and contract management Sections: 117, 116(2)(b), 116(2)(c)(ii), 112 (1)(j)
MFMA: Municipal Budget and Reporting Regulations, 2009	Expenditure Management Regulations: 71(1)(a), 71(1)(b), 71(2)(a), 71(2)(b), 71(2)(d)
MFMA: Municipal Investment Regulations, 2005	Assets Management Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Consequence Management Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)

Legislation	Sections or regulations
MFMA: Municipal Supply Chain Management Regulations, 2017	Procurement and contract management SCM Regulations: 12(1)(c),17(1)(a) & 17(1)(c), 16(a), 17(1)(a) & 17(1)(b), 13(c), 43, 19(a) &(b), 36(1)(a), 12(3), 27(2)(a)&(e), 22(1)(b) & 22(2), 28(1)(a)(i), 21(b), 29(1) (a) & (b), 29(5)(a)(ii) & (b)(i), 13(c), 43, 13(c), 38(1) (c.), 38(1)(d)(ii) & (g)(iii), 38(1)(e.), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(d)(ii) & (g)(iii), 38(1)(e.), 38(1)(g)(i), 38(1)(g)(ii), 32, 5, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act, 2000 (Act No. 32 of 2000)	Revenue Management Sections: 74(1), 96(b) Strategic Planning and Performance Sections: 29(1)(b)(ii), 29(1)(3)(b), 42, 25(1), 26(a), 26(c), 26(i), 26(h), 41(1)(a), 43(2), 41(1)(b), 34(a) and 41(1)(c)(ii), 34(b), 38(a) HR Management Sections: 57(6)(a), 56(1)(a), 66(1)(b), 54A(1)(a), 66(1)(a), 67(1)(d), 57(2)(a) Regulations: 7(1), 31 Procurement and contract management Schedule 1: Code of conduct for councilors' section 5(2), 7(1) & (2) Schedule 2: Code of conduct for municipal staff members section 5(1) and 5A (1) & (2).
MSA: Municipal Planning and performance Management Regulations, 2001	Strategic Planning and Performance Regulations: 15(1)(a)(i), 2(1)(e), 2(3)(a), reg 9(1)(a), reg 10(a), 12(1), 3(4)(b) and 15(1)(a)(ii), 3(6)(a), 3(3), 8, 7(1)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	HR Management Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	HR Management Regulations: 17(2), 36(1)(a)

Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Consequence Management Regulations: 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Conditional Grants Sections: 16(1), 12(5)
Construction Industry Development Board Act 38 of 2000	Procurement and contract management Section 18(1)
Construction Industry Development Board Regulations	Procurement and contract management Regulations 17, 25(7A)
Municipal Property Rates Act, 2004 (Act No. 6 of 2004)	Revenue Management Sections 3(1)
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	Procurement and contract management Sections:2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Procurement and contract management Regulations: 6(1), 7(1), 6(8), 7(8), 10(1)&(2) & 11(1), 5(1) & 5(3), 5(6), 5(7), 9(1), 8(2), 8(5)
Preferential Procurement Regulations, 2022	Procurement and contract management Regulations: 4(1), 5(1), 4(4), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Consequence Management Section: 34(1)

ANNEXURES A2

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

MAKHADO LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT

(2024/2025)

"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 2024/2025 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 2024/2025 Annual Performance Report focuses on service delivery performance information relating to the key deliverables recorded in the 2022/23 – 2026/27 Integrated Development and Planning implemented through the 2024/2025 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 2024/25 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 MUNICIPAITY

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. 2024/2025 ANNUAL ORGANIZATIONAL PERFORMANCE RESULTS

The 2024/2025 Service Delivery and Budget Implementation Plan on which this Performance Report is based, comprises 6 key performance areas with its concomitant key performance indicators and targets. As an organisation, Makhado Local Municipality in the 2024/2025 reporting period achieved 45 of the performance targets set and 22 were not achieved. This accounts for 67% target achievement, translating to a negative variance of 33%

MC

The table below reflects the actual performance per key performance area

Criteria	KPA 1: Municipal Institutional Development and Transformation	KPA 2 : Basic Service Delivery and Infrastructure Development	KPA 3: Municipal Financial Viability and Management	KPA 4: Local Economic Development	KPA 5: Spatial Rationale	KPA 6: Good Governance and Public Participation	Total
Number of Key Indicators	**7**	**32**	**12**	**2**	**5**	**9**	**67**
Number of Targets Achieved	5	21	8	1	1	9	45
Number of targets Not Achieved	2	11	4	1	4	0	22

5. COMPARATIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE INDICATORS 2023/2024 AND 2024/2025

The following table compares the Organizational Performance of 2023/2024 with 2024/2025

DESCRIPTION	2023/2024 Financial Year			2024/2025 Financial Year		
	KPIs	Achieved	Not Achieved	KPIs	Achieved	Not Achieved
KPA 1: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	**7**	5	2	**7**	5	2
KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	**46**	30	16	**32**	21	11
KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	**12**	8	4	**12**	8	4
KPA 4: LOCAL ECONOMIC DEVELOPMENT	**2**	1	1	**2**	1	1
KPA 5: SPATIAL RATIONALE	**1**	1	0	**5**	1	4
KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION	**9**	9	0	**9**	9	0
TOTAL	**77**	54	23	**67**	45	22

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION															
Integrated Development Planning	Good governance and administrative excellence	Reviewed Integrated Development Plan (Annual)	Adopted 202/23 - 2026/27 Integrated Development Plan	Reviewed 2025/26 Integrated Development Plan by 31 May 2025	Target Achieved	Reviewed 2025/26 Integrated Development Plan	None	None	IDP Review	All Wards	**Income (Own Funding)**	Operational	Council resolutions, Final IDP, Invitations and attendance register for IDP consultation	**DDP**	**1**
Performance Management	Good governance and administrative excellence	Approved 2025/26 SDBIP	Approved 2024/254 SDBIP	Approved 2025/26 SDBIP by 28 June 2025	Target Achieved	Approved 2025/26 SDBIP by 28 June 2025	None	None	SDBIP Development	All Wards	**Income (Own Funding)**	Operational	Approved 2025/26 SDBIP	**DDP**	**2**
Performance Management	Good governance and administrative excellence	Adjusted 2024/25 SDBIP	Adjusted 2023/24 SDBIP	Adjusted 2024/25 SDBIP by 28 February 2025	Target Achieved	Adjusted 2024/25 SDBIP by 28 February 2025	None	None	SDBIP Review	All Wards	**Income (Own Funding)**	Operational	Adjusted 2024/25 SDBIP	**DDP**	**3**
Performance Management	Good governance and administrative excellence	Approved 2024/25 SDBIP Mid-Year Report	Approved 2023/24 Mid-Year Report	Approved 2024/25 SDBIP Mid-Year Report by 30 January 2025	Target Achieved	Approved 2024/25 Mid-Year Report by 30 January 2025	None	None	Mid-Year Report	All Wards	**Income (Own Funding)**	Operational	Approved 2025/24 Mid-Year Report	**DDP**	**4**
Performance Management	Good governance and administrative excellence	Approved 2023/24 Annual Report	Approved 2022/23 Annual Report	Approved 2023/24 Annual Report by 31 March 2025	Target not Achieved	2023/24 Annual Report not approved by 31 March 2025	Council adjourned before considering the 2023/24 annual report	Continue to submit the annual report to council for approval	Annual Report	All Wards	**Income (Own Funding)**	Operational	Approved Final 2023/24 Annual Report	**DDP**	**5**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Human Resources and Organizational Development	Invest in human capital	Number of employees trained	110 employees trained	115 employees trained by 30 June 2025	Target Achieved	121 Employees trained	Additional training funded by SETA and LGSETA	None	Employees Training	All Wards	**Income (Own Funding)**	Operational	Attendance Registers	**COR P**	**6**
Human Resources and Organizational Development	Good governance and administrative excellence	Number of councilors trained	75 Councillors Trained	75 Councilors trained by 30 June 2025	Target not Achieved	56 Councillors trained	Councillor attend multiple training but only counted once	To cluster Councillors and Staff members training	Councillors Training	All Wards	**Income (Own Funding)**	Operational	Attendance Registers	**COR P**	**7**
BASIC SERVICE DELIVERY															
Free Basic Services Access	Accessible basic and infrastructure services	Number of Indigents with access to free electricity	5325	5700 Indigents with access to free electricity by 30 June 2025	Target not Achieved	4930 Indigents with access to free electricity	Delay by Eskom to configure vetted applications	Make follow-up with Eskom	Free Basic Services	All Wards	**Income (Own Funding)**	Operational	Updated Indigent Register	B&T	**8**
Electricity Provision	Accessible basic and infrastructure services	Number of households electrified	350 Households	845 Households electrified by 30 June 2025	Target not Achieved	615 Households electrified	Delay in approving special adjustment budget by Council	Unspent additional INEP allocation to be rolled-over to the new Financial Year	Electrification of households	Ward 5,10.16	**INEP**	21 595 000	Completion Certificate	**TECH**	**9**
Electricity Provision	Accessible basic and infrastructure services	Upgrading of Emmarentia Substation	Emmarentia Substation	Appointment of contractor for Emmarentia Substations by 30 June 2025	Target not Achieved	Contractor not appointed	Budget constraints	Project to be re-advertised during the new financial year.	Emmarentia Substation	Ward 8	**Income (Own Funding)**	300000	Completion Certificate	**TECH**	**10**
Electricity Provision	Accessible basic and infrastructure services	Upgrading of Roodewaal Substation	Obsolete breakers	Upgraded Roodewaal substation by 30 June 2025	Target Achieved	Upgrading Roodewaal substation completed	None	None	Roodewaal substation	Ward 9	**Income (Own Funding)**	1 400 000	Completion Certificate	**TECH**	**11**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Electricity Provision	Accessible basic and infrastructure services	Upgrading of South of Pretorius substation	None	Upgrading of South of Pretorius substation by 30 June 2025	Target not Achieved	Upgrading of South of Pretorius substation not completed	Vandalism and theft on site halted the project	Breakers and transformer holders procured and delivered. Installation to be done during 2025/26 financial year	South of Pretorius substation	Ward 8	**Income (Own Funding)**	239 200	Completion Certificate	**TECH**	**12**
Electricity Provision	Accessible basic and infrastructure services	Upgrading of 66kv and 22kv breakers in Levubu and Beaufort Substations	Obsolete Breakers	Upgrading of 66kv and 22kv breakers in Levubu and Beaufort Substations by 30 June 2025	Target not Achieved	Two breakers ordered	Delay due to lead time	Upgrading of 66kv and 22kv breakers in Levubu and Beaufort Substations to be done during 2025/26 financial year	Levubu and Beaufort Substations	Ward 9	**Income (Own Funding)**	21 693 258.25	Completion Certificate	**TECH**	**13**
Electricity Provision	Accessible basic and infrastructure services	Maintenance of Mara Feeder Split	Vandalised feeder split	Maintained Mara Feeder Split by 30 June 2025	Target Achieved	Mara Feeder Split maintenance completed	None	None	Mara Feeder Split	Ward	**Income (Own Funding)**	300 000	Completion Certificate	**TECH**	**14**
Electricity Provision	Accessible basic and infrastructure services	Number of households serviced with electricity post connections	30	33 post connections connected by 30 June 2025	Target Achieved	38 Post connections connected	None	None	Post connections	Ward 1,2,3,4, 5,6,7,10, 11,12,13, 17,18,19, 20,21,22, 23, 24,25, 26 ,27,28, 29,30,33, 37,38	**Income (Own Funding)**	300 000	Completion Certificate	**TECH**	**15**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Waste Management	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 2025	Target Achieved	9140 household accessing refuse removals.	None	None	Waste Management	Ward 7,8,10,16 ,20	**Income (Own Funding)**	Operational	Signed Collection Slips	**COMM**	**16**
Waste Management	Promote community and environmental welfare	Number of skip bins serviced in rural areas	159	90 skip bins serviced in rural areas by 30 June 2025	Target Achieved	90 skip bins serviced in rural areas	None	None	Solid waste Removal (Rural Areas)	All Wards	**Income (Own Funding)**	Operational	Signed collection slips	**COMM**	**17**
Waste Management	Promote community and environmental welfare	Development of Animal Carcasses decomposing facility at Makhado Landfill Site	Makhado Landfill site	Feasibility study completed by 30 June 2025	Target Achieved	Feasibility study completed	None	None	Animal Carcasses Facility	Ward 9	**Income (Own Funding)**	500 000	Completion Certificate	**TECH**	**18**
Building and Construction	Promote community and environmental welfare	Percentage completion of Construction of Dzanani Taxi Rank and Market Stalls	23% of construction progress	100% Completion of Constructed Dzanani Taxi Rank and Market Stalls by 30 June 2025	Target not Achieved	30.4% progress on Constructed Dzanani Taxi Rank and Market Stalls	Slow progress on site	Intervention meeting held	Dzanani Taxi Rank and Market Stalls	Ward 10	Income (Own Funding)	4064644	Completion Certificate		**19**
Building and Construction	Accessible and infrastructure	Percentage completion of fenced of Tshituni tsha Fhasi Cemetry	Dilapidated Fence	100% Fenced Tshituni tsha Fhasi Cemetry by 30 September 2024	Target Achieved	100% completed fencing of Tshituni Tsha Fhasi cemetery	None	None	Tshituni Tsha Fhasi Cemetry	Ward 28	**Income (Own Funding)**	2 000 000	Completion Certificate	**TECH**	**20**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	IDP No.
Building and Construction	Accessible and infrastructure	Percentage completion of fenced of Ramantsha Cemetry	Dilapidated Fence	100% Fenced Ramantsha Cemetry by 30 September 2024	Target Achieved	100% completed fencing of Ramantsha cemetery	None	None	Ramantsha Cemetry	Ward 22	**Income (Own Funding)**	2 000 000	Completion Certificate	**TECH**	**21**
Building and Construction	Accessible and infrastructure	Percentage completion of fenced of Maguvhuni Cemetry	Dilapidated Fence	100% Fenced Maguvhuni Cemetry by 30 September 2024	Target Achieved	100% completed fencing of Maguvhuni cemetery	None	None	Maguvhuni Cemetry	Ward 18	**Income (Own Funding)**	2 000 000	Completion Certificate	**TECH**	**22**
Building and Construction	Accessible and infrastructure	Construction of Palisade fence for Waterval Stores office	Dilapidated Palisade fence	100% completion of Constructed palisade fence for Waterval Stores office by 30 June 2025	Target Achieved	100% completed fencing of Waterval Stores	None	None	Waterval Stores Office	Ward 2	**Income (Own Funding)**	1 000 000	Completion Certificate	**TECH**	**23**
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Rehabilitation of Bauhinia Street	Dilapidated Bauhinia Street	100% Completion of rehabilitated Bauhinia street by 30 June 2025	Target Achieved	100% completion of rehabilitation of Bauhinia street	None	None	Bauhinia street	Ward 08	Income (Own Funding)	3 959 513	Completion Certificate	**TECH**	**24**
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Maintenance of Celleirs Street	Dilapidated Celleirs Street	100% Completion of Maintenance of Celleirs street by 30 June 2025	Target Achieved	100% completion of maintenance of Celliers street	None	None	Celleirs street	Ward 08	Income (Own Funding)	0	Completion Certificate	**TECH**	**25**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Rehabilitation of Netshisaulu street	Dilapidated Netshisaulu street	Site handover and establishment of Rehabilitated Netshisaulu street by 30 June 2025	Target Achieved	Site handover and establishment held for rehabilitation of Netshisaulu street	None	None	Netshisaulu street	Ward 10	Income (Own Funding)	443 963	Site handover minutes	TECH	26
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Maintenance of Jasmyn street	Dilapidated Jasmyn street	100% Completion of Maintenance of Jasmyn street by 30 June 2025	Target Achieved	100% completion of maintenance of Jasmyn street	None	None	Jasmyn street	Ward 08	Income (Own Funding)	0	Completion Certificate	TECH	27
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Rehabilitation of Kort/Krogh street	Dilapidated Kort/Krogh street	100% Rehabilitated Kort/Krogh street by 30 June 2025	Target Achieved	100% completion of rehabilitation of Kort /Krogh street	None	None	Kort/Krogh street	Ward 08	Income (Own Funding)	3 939 122	Completion Certificate	TECH	28
Building and Construction	Accessible basic and infrastructure services	Upgrading of Midoroni Clinic Ring Road	85%	100% completion of Upgraded Midoroni Clinic Ring Road by 30 June 2025	Target Achieved	100% Completion of upgrading of Midoroni clinic ring road	None	None	Midoroni Clinic Ring Road	Ward 25	Income (Own Funding)	29 291 654	Completion Certificate	TECH	29
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Luvhalani to Dzananwa Access Roads	62%	100% completion of Upgraded Luvhalani to Dzananwa Access Roads 31 March 2025	Target Achieved	100% completion of upgrading of Luvhalani to Dzananwa Access road	None	None	Luvhalani to Dzananwa Access Roads	Ward 29	Income (Own Funding)	26 186 409	Completion Certificate	TECH	30

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Makatu to Tshikota Access Road	96% Construction progress	100% completion of Upgrading of Makatu to Tshikota Access Road by 31 March 2025	Target Achieved	100% completion of upgrading of Makatu to Tshikota road	None	None	Makatu to Tshikota Access Road	Ward 33	MIG	11 629 526	Completion Certificate	TECH	31
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Waterval Sports Facility Phase 2	20%	100% completion of upgraded Waterval Sports Facility Phase 2 by 30 June 2025	Target Not Achieved	68% Progress of upgraded Waterval Sports Facility Phase 2	Slow Progress on site	Intervention Meeting Held	Waterval Sports Facility Phase 2	Ward 2	Income (Own Funding)	4 000 000	Completion Certificate	TECH	32
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Development of roads and stormwater at Tshikota 164 new stands	5,20%	60% progress of Developed roads and stormwater at Tshikota 164 new stands by 30 June 2025	Target Not Achieved	32,61% progress of Developed roads and stormwater at Tshikota 164 new stands	Rainfall and labours unrest	Extension of time granted	Tshikota New Stands	Ward 7	Income (Own Funding)	13 000 000	Progress Report	TECH	33
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Development of roads and stormwater at South of Pretorius 700 new stands	20.92%	80% Progress on Developed roads and stormwater at South of Pretorius 700 new stands by 30 June 2025	Target Achieved	81.9% Progress on Developed roads and stormwater at South of Pretorius 700 new stands	None	None	South of Pretorius	Ward 8/9	Income (Own Funding)	26 263 396	Progress Report	TECH	34

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Tsianda Marundu to Military Base Phase 1	31.50%	80%progress on ugraded of Tsianda Marundu to Military Base Phase 1 by 30 June 2025	Target Achieved	81% progress progress on ugraded of Tsianda Marundu to Military Base Phase 1	None	None	Tsianda Marundu to Military Base Phase 1	Ward 3/26	MIG	40 704 773	Progress Report	TECH	35
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Sivananda street	Site Handover	100% completion of Upgraded Sivananda street by 31 December 2024	Target Achieved	100% Completion of upgrading Sivananda street	None	None	Sivananda street	Ward 9	Income (Own Funding)	3 400 000	Completion Certificate	TECH	36
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Tshino Access Road	N/A	Contractor Appointment for Tshino Access Road by 30 June 2025	Target not Achieved	Contractor not appointed for Tshino Access road	Delays in procurement processes lead to issuing of appointment letter late.	Forward planning to ensure procurement processes to commence immediately after closing of tender advertisement	Tshino Access Road	Ward 4	Income (Own Funding)	1 804 213	Appointment Letter	TECH	37
Building and Construction	Accessible basic and infrastructure services	Upgrading of Madombidzha (50/50), Ramantsha to Ravele Access Road	N/A	Contractor Appointment for Madombidzha (50/50), Ramantsha to Ravele Access Road by 30 June 2025	Target not Achieved	Contractor not appointed for Madombidzha (50/50), Ramantsha to Ravele Access road	Delays in procurement processes lead to issuing of appointment letter late.	Forward planning to ensure procurement processes to commence immediately after closing of tender advertisement	Madombidzha (50/50), Ramantsha to Ravele Access Road	Ward 23	Income (Own Funding)	3 005 275	Appointment Letter	TECH	38

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	IDP No.
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Upgrading of Road leading to Mavhoyi FET college	N/A	Contractor Appointment for Road leading to Mavhoyi FET college by 30 June 2025	Target not Achieved	Contractor not appointed for Road leading to Mavhoyi FET College	Delays in procurement processes lead to issuing of appointment letter late.	Forward planning to ensure procurement processes to commence immediately after closing of tender advertisement	Mavhoyi FET College Road	Ward 25	Income (Own Funding)	1 442 355	Appointment Letter	**TECH**	**39**
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
Financial Statements	Sound Financial Management and viability	Audit opinion for the 2023/24 financial year	Unqualified audit opinion (2022/23)	Unqualified Audit Opinion on the 2023/24 financial year by 30 November 2024	Target Achieved	Unqualified Audit Opinion on the 2023/24 financial year by 30 November 2024	None	None	Audit Opinion	All Wards	**Income (Own Funding)**	Operational	AG Report and Management Letter	**B&T**	**40**
Financial Statements	Sound Financial Management and viability	Prepared Interim Financial Statement (FS)	2023/24 Interim Financial Satements	Developed and Submitted 2024/25 Interim Financial Statement by 30 April 2025	Target Achieved	2024/25 Interim FS developed and submitted by 30 April 2025	None	None	Interim Financial Statements	All Wards	Income (Own Funding)	Operational	2024/25Interim Financial Statements	**B&T**	**41**
Financial Statements	Sound Financial Management and viability	Prepared and Submitted Annual FS for 2023/24 Financial Year	Annual Financial Statement 2022/2023	Developed and submitted 2023/24 AFS by 31 August 2024	Target not Achieved	Developed and submitted 2023/24 AFS by 01 September 2024	Fixed Assests Register not tallying with trial balance	Adheres to AFS preparation process pplan and consequence management	Annual Financial Statements	All Wards	**Income (Own Funding)**	Operational	Annual Financial Statements	**B&T**	**42**
Expenditure management	Sound Financial Management and viability	Percentage Expenditure on MIG	100% 2023/24 MIG spent	100% MIG Expenditure by 30 June 2025	Target Achieved	100% MIG Expenditure	None	None	MIG		**MIG**	125 490 000	Section 71 and Quarterly Financial Reports	**TECH**	**43**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	IDP No.
Expenditure management	Sound Financial Management and viability	Percentage Expenditure on INEP Grant	100% 2023/24 INEP Spent	100% INEP Expenditure by 30 June 2025	Target not Achieved	79% INEP Expenditure	Stand submitted/identifed not yet developed	Roll-over to the 2025/2026 financial year	INEP	All Wards	**INEP**	21 595 000	Section 71 and Quarterly Financial Reports	**TECH**	**44**
Budget and Reporting	Sound financial management and viability	Approved 2025/26 budget	Approved 2024/25 Budget	Approved 2025/26 Budget by 31 May 2025	Target Achieved	Final budget approved by Council on the 31 May 2025	None	None	Approved Budget	All Wards	**Income (Own Funding)**	Operational	Approved budget and Council Resolution	**B&T**	**45**
Budget and Reporting	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 2023/24	12 Section 71 Reports submitted by 30 June 2025	Target Achieved	12 Section 71 Reports submitted	None	None	Section 71 Reports	All Wards	**Income (Own Funding)**	Operational	Copy of acknowledgement of receipt by Treasury and COGHSTA	**B&T**	**46**
Expenditure management	Sound Financial Management and viability	Percentage Expenditure of Financial Management Grant	100% of 2023/24 Financial Management Grant Spent	100% of 2024/25 Financial Management Grant spent by 30 June 2024	Target Achieved	100% of 2024/25 Financial Management Grant spent	None	None	FMG Expenditure	All Wards	**FMG Funding**	1 900 000	Approved and Submitted Expenditure Report	**B&T**	**47**
Expenditure management	Sound Financial Management and viability	Percentage of Electricity distribution loss	9%	10% of Electricity Distribution loss (As per Treasury Regulations) by 30 June 2025	Target not Achieved	12% of Electricity Distribution loss (As per Treasury Regulations)	Eskom High Season demand tariffs	Cost of supply is included in the new municipality tariffs	Electricity Distribution Loss	All Wards	**Income (Own Funding)**	Operational	Monthly Expenditure and Revenue Reports	**B&T**	**48**
Supply Chain Management	Sound financial management and viability	Percentage of Tenders processed within 90 days (From closing date in the advert)	95%	95% of Tenders Processed within 90 Days after bid closing date by 30 June 2025	Target not Achieved	80% of Tenders Processed within 90 Days after bid closing date	Delays in evaluations due to high number of respondents	Ensure that there is sufficient capacity to evaluate high volume tenders	Tenders	All Wards	**Income (Own Funding)**	Operational	Advertisements, Minutes of Adjudication Committee	**B&T**	**49**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Supply Chain Management	Sound financial management and viability	Percentage of Invoices Paid within 30 days of receipt	100%	100% of Invoices paid within 30 days of receipt by 30 June 2025	Target Achieved	100% of Invoices paid within 30 days of receipt	None	None	Invoices Payment	All Wards	**Income (Own Funding)**	Operational	Monthly Expenditure Reports	**B&T**	**50**
Revenue Management	Sound financial management and viability	Revenue Collection Rate	92%	90% of Revenue Collected during 2023/24 Financial Year by 30 June 2025	Target Achieved	95% Revenue Collected during 2023/24 Financial Year	None	None	Revenue Collection	All Wards	**Income (Own Funding)**	Operational	Collection Rate reports	**B&T**	**51**
LOCAL ECONOMIC DEVELOPMENT															
Local Economic Development	Invest in local economy	Number of LED projects supported	Six (06) Projects	Ten (10) Projects Supported by 30 June 2025	Target not Achieved	Three (3) Projects Supported	Delays in procurement processes	Forward planning to ensure procurement processes are completed on time for delivery	LED Projects	All Wards	**Income (Own Funding)**	1 500 000	Close-up reports	**DEVP**	**52**
Local Economic Development	Invest in local economy	Number of job opportunities created	600	600 job opportunities created by 30 June 2025	Target Achieved	606 job opportunities created	Contractors employ more people to increase production on site	None	Employment Opportunities	All Wards	**Income (Own Funding)**	Operational	EPWP, CWP, and Community Projects employment register	**DEVP**	**53**
SPATIALE RATIONALE															
Development Planning	Advanced Spatial Planning	Township Establishment (Town Planning and Land Surveying)	None	Two townships established (Elitivillas Extension 2 & LTT Extension 16) by 30 June 2025	Target not Achieved	No approved General Plan	Contract Terminated because service provider went on site without purchase order and billed exhorbitant amount	New Service Provider Appointed	Township Establishment		**Income (Own Funding)**	6 000 000	General Plan	**DDP**	**54**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Development Planning	Advanced Spatial Planning	Design, consult and development of an institutional Precint Plan	None	Completed Institutional Precint Plan by 30 June 2025	Target not Achieved	Precint Plan not Completed	Contract Terminated because service provider went on site without purchase order and billed exhorbitant amount	New Service Provider Appointed	Precint Plan	Ward 8	**Income (Own Funding)**	1 850 000	Precint Plan	**DDP**	**55**
Development Planning	Advanced Spatial Planning	Design, consult and development of an institutional Integrated Transport Plan	None	Completed Integrated Transport Plan by 30 June 2025	Target not Achieved	Integrated Transport Plan not completed	Contract Terminated because service provider went on site without purchase order and billed exhorbitant amount	New Service Provider Appointed	Integrated Transport Plan	All Wards	**Income (Own Funding)**	1 900 000	Integrated Transport Development Plan	**DDP**	**56**
Development Planning	Advanced Spatial Planning	Percentage of land-use and land development applications adjudicated	100%	100% adjudication of land-use and land development applications submitted by 30 June 2025	Target Achieved	100% adjudication of land-use and land development applications submitted	None	None	Municipal Planning Tribunal	All Wards	**Income (Own Funding)**	Operational	Minutes of Tribula Meetings	**DDP**	**57**
Development Planning	Advanced Spatial Planning	Demarcation of sites in Tribal Areas	None	1700 sites demarcated by the 30 June 2025	Target not Achieved	No sites demarcated	Contract Terminated because service provider went on site without purchase order and billed exhorbitant amount	New Service Provider appointed	Sites Demarcation		**Income (Own Funding)**	3 000 000	Draft General Plan	**DDP**	**58**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
Risk Management	Good Governance and Administrative Excellence	Reviewed and Developed Strategic and Operational Risk Assessment Register	Reviewed and Developed 2024/25Strategic and Operational Risk Assessment Register	Reviewed and Developed 2025/26 Strategic and Operational Risk Assessment Register by 30 June 2025	Target Achieved	Reviewed and Developed 2025/26 Strategic and Operational Risk Assessment Register	None	None	Strategic and Operational Risk Register	Ward 8	**Income (Own Funding)**	Operational	Approved Strategic and Operational risk register	**MM**	**59**
Risk Management	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 2025	Target Achieved	100% of Fraud and Anti-Corruption cases attended	None	None	Fraud and Anti-Corruption	Ward 8	**Income (Own Funding)**	Operational	Investigation Reports / Case Register	**MM**	**60**
Internal Audit	Good governance and Administrative Excellence	Percentage implementation of action plans to address External Audit findings.	100%	100% of External Audit Findings resolved by 30 June 2025	Target Achieved	100% of External Audit Findings resolved	None	None	External Audit Findings	Ward 8	**Income (Own Funding)**	Operational	Management Action Plan to address AG(SA) findings.	**MM**	**61**
Internal Audit	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 2025	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**	**62**
Internal Audit	Good governance and Administrative Excellence	Approved Risk based three (03) year internal Audit rolling plan.	Approved Risk based three (03) year internal Audit rolling plan 2023/24	Approved three (03) year internal Audit rolling plan by 30 June 2025	Target Achieved	Approved Risk based 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**	**63**

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Reason for variance	Measures taken to improve performance	Project Name	Location	Funding Source	Budget 2024/25	Portfolio Of Evidence	Dept	ID No.
Information Technology	Good governance and Administrative Excellence	Number of IT projects completed	10 IT Projects Implemented during in 2023/24 Financial Year	Six (06) Information Technology Projects completed by 30 June 2025	Target Achieved	07 Information Technology Projects completed	Additional emergency connectivity to the Information Centre	None	IT Projects	Ward 8	**Income (Own Funding)**	7 144 680	Appointment letters and Close-out report	**COR P**	**64**
Council Services	Good governance and Administrative Excellence	Percentage Implementation of Council Resolutions	93% Council Resolutions Implemented	90% of Council Resolutions Implemented by 30 June 2025	Target Achieved	90.8% of council resolutions implemented	None	None	Council Resolutions	Ward 8	**Income (Own Funding)**	Operational	Resolutions Register	**COR P**	**65**
Council Services	Good governance and Administrative Excellence	Number of Council Meetings held	Twelve (12) Council Meetings held during 2022/23 Financial Year	Four (4) Council Meetings held by 30 June 2025	Target Achieved	10 Council meetings held	6 Special Council meeting took place	None	Council Meetings	Ward 8	**Income (Own Funding)**	Operational	Minutes, Attendance register, notice of invitations.	**COR P**	**66**
Public Participation	Good governance and Administrative Excellence	Number of Imbizos convened	One (1) Imbizo held during 2023/24 Financial Year	Four (4) Imbizos held by 30 June 2025	Target Achieved	4 Imbizos held	None	None	Public Participation	All Wards	**Income (Own Funding)**	Operational	Invitations, Attendance Registers	**COR P**	**67**

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5.1 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. Performance per service provider follows in the table below:

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
DTS	55 /2021	Panel of contractors for regrading and regravelling of villages for the period of three (03) years	Ndzalama Projects Engineering (Pty) Ltd	22-09-2021	21/09/2024		not applicable	5			
			Mudzusi Wavhutali Civils	22-09-2021	21/09/2024		not applicable	3			
			Mulisa Projects (Pty) Ltd	22-09-2021	21/09/2024		not applicable	2			
			Znms Jv Cloud One	22-09-2021	21/09/2024		not applicable	2			
			Tsire Construction Jv Masgec	22-09-2021	21/09/2024		not applicable	3			
DFS	17/09/02/2004	Municipal financial system and preparation of annual financial statement	MUNSOFT(PTY)LTD	30/06/2022	30/06/2025		not applicable	5	5	5	5
DTS	74 of 2021	Panel of civil contractors for Supply ,delivery ,Installation of culverts pipes maintenance of existing storm water drainage ,pipe and V-drains for the period three years	Courtesy Management (pty) ltd	10/11/2021	09/11/2024		not applicable	4	-		

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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
			Edgar Mul Holdings	10/11/2021	09/11/2024		not applicable	5	5		
			Rixongile Consulting Engineers	10/11/2021	09/11/2024		not applicable	5	-		
			SMA Business Enterprise	10/11/2021	09/11/2024		not applicable	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		not applicable	5	5		
			SMA Business Enterprise	30/12/2021	29/12/2024		not applicable	3	5		
			Nrath Trading (Pty)Ltd	30/12/2021	29/12/2024		not applicable	3	3		
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		not applicable	5	-		
			SMA Business Enterprise	30/12/2021	29/12/2024		not applicable	5	-		
			MajestryM (Pty)Ltd	30/12/2021	29/12/2024		not applicable	3	2		

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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
			Moloufu (Pty)Ltd	30/12/2021	29/12/2024		not applicable	4	-		
			New Honey Administrators	30/12/2021	29/12/2024		not applicable	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	29/04/2025		not applicable	5	5	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	31/07/2025	not applicable	4	4	4	5
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		not applicable	5	3	5	
			Waste Aside	04/03/2022	03/03/2025		not applicable	5	5	5	

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
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		not applicable	4	4	4	
			Ramatshila -muregi Attorney Inc	02/02/2022	01/02/2025		not applicable	4	4	4	
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		not applicable	5	5	5	4
			N and C Civils	05/04/2022	04/04/2025		not applicable	5	5	5	4
			Makgopo Holdings	05/04/2022	04/04/2025		not applicable	5	5	5	4
DCS	10 of 2022	Occupational Medical Services for Makhado local municipality emloyees for the period of three (03) years	Afrimed Business solutions cc	09/05/2022	08/05/2025		not applicable	5	5	5	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		not applicable	-	-	5	-
			Tumisong (Pty)Ltd	23/05/2022	22/05/2025		not applicable	5	5	5	5
			Jofani Accounting Consulting	23/05/2022	22/05/2025		not applicable	5	-	5	5

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
			Thuso financial consultants (pty)ltd	23/05/2022	22/05/2025		not applicable	5	-	5	5
			Shumba Inc	23/05/2022	22/05/2025		not applicable	-	-	5	5
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	15/06/2025		not applicable	5	4	4	5
DCS	36 OF 2022	Construction of Kutama Sinthumule Sports Facity	Muswobi Building Construction	26/09/2022	30/06/2025		not applicable	3	3	3	3
DTS	33 OF 2022	RE-ADVERTISEMENT : APPOINTMENT OF PANEL OF CONSULTANTS FOR PROFESSIONAL CIVIL ENGINEERING RELATED SERVICES FOR THE PERIOD OF THREE (03) YEARS	Morula Consulting engineer and projects	19/09/2022	18/09/2025		not applicable	5	4	4	4
			Nemorango Consulting Engineers	19/09/2022	18/09/2025		not applicable	5	4	4	4
			Sizeya Consulting Engineers	19/09/2022	18/09/2025		not applicable	5	4	4	-
			MJT Consulting Engineers (Pty)Ltd	19/09/2022	18/09/2025		not applicable	4	4	4	-

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
			Mamadi and Company SA (Pty)Ltd	19/09/2022	18/09/2025		not applicable	5	4	4	-
			Phamela Engineering Services	19/09/2022	18/09/2025		not applicable	4	4	4	-
			Mont Consulting Engineers	19/09/2022	18/09/2025		not applicable	5	4	4	4
			DKW Engineering and project managers	19/09/2022	18/09/2025		not applicable	5	4	4	-
			Rendeals four consulting (Pty)Ltd	19/09/2022	18/09/2025		not applicable	5	4	4	-
			Phunga Consulting Engineers	19/09/2022	18/09/2025		not applicable	4	4	4	-
			MVE Consulting engineers	19/09/2022	18/09/2025		not applicable	5	4	4	-
			Tshashu Consulting and projects managers	19/09/2022	18/09/2025		not applicable	5	4	4	-
			MLTS Engineers	19/09/2022	18/09/2025		not applicable	5	4	4	4
			Tshino Consulting engineers	19/09/2022	18/09/2025		not applicable	5	4	4	-
			TQM project engineers	19/09/2022	18/09/2025		not applicable	5	-	-	4
			Rixongile Consulting Engineers	19/09/2022	18/09/2025		not applicable	5	4	4	4

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
			EKS Consulting engineers	19/09/2022	18/09/2025		not applicable	4	4	4	-
			AGC Consulting engineers	19/09/2022	18/09/2025		not applicable	4	3	3	4
			Mulanga Consulting Engineers	19/09/2022	18/09/2025		not applicable	4	4	4	-
			T2-Tech engineering	19/09/2022	18/09/2025		not applicable	5	4	4	-
			limgroup consulting services	19/09/2022	18/09/2025		not applicable	5	4	4	4
DFS	75/2018	Provision of Banking Services for a period of five years	First Rand bank limited	24/06/2019	23/06/2024		not applicable	5	5	5	5
DTS	43 OF 2022	APPOINTMENT OF SERVICE PROVIDER FOR OPERATION AND MAINTENANCE OF MAKHADO NEW LANDFILL SITE FOR THE PERIOD OF THREE (03) YEARS	MASCON TRADING	15-09-2022	14/09/2025		not applicable	4	4	4	4
DCORP	44 OF 2022	APPOINTMENT OF PANEL OF SERVICE PROVIDER FOR SKILLS DEVELOPMENT PROGRAMMES (SKILLS DEVELOPMENT PROVIDER) FOR THE PERIOD OF THREE YEARS (GROUP:7 MFMP UNIT STANDARD ID:48965 NQF LEVEL6)	EDU HOUSE SOUTH AFRICA PTY LTD	26-09-2022	25/09/2025		not applicable	-	-	-	5

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
			WE INVEST INVESTMENT	26-09-2022	25/09/2025		not applicable	5	5	5	5
			SUMMAT TRADING INSTITUTE	26-09-2022	25/09/2025		not applicable	-	-	-	5
			EXCELLENT MINDS INSTITUTE	26-09-2022	25/09/2025		not applicable	-	-	-	5
			KGOLO INSTITUTE	26-09-2022	25/09/2025		not applicable	-	-	-	5
		(GROUP:12 MUNICIPAL GOVERNANCE UNIT STANDARD ID:67467 NQF LEVEL 5)	WE INVEST INVESTMENT	26-09-2022	25/09/2025		not applicable	5	5	5	5
			SUMMAT TRADING INSTITUTE	26-09-2022	25/09/2025		not applicable	-	-	-	5
			EXCELLENT MINDS INSTITUTE	26-09-2022	25/09/2025		not applicable	-	-	-	5
DTS	32 OF 2022	PANEL OF SERVICE PROVIDERS FOR SUPPLY AND DELIVERY OF ELECTRICAL MATERIALS	ALL 5 GROUP AND PROJECTS	28-10-2022	27/10/2025		not applicable	5	5	5	5

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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
			MUKWITA HOLDINGS	28-10-2022	27/10/2025		delay to deliver	1	-	-	-
			DREAMFINDERS TRADING AND PROJECTS	28-10-2022	27/10/2025		not applicable	5	5	5	4
			MUSPAT TRADING	28-10-2022	27/10/2025		not applicable	-	4	5	4
			MASEWA CONSTRUCTION AND GENERAL SUPPLY	28-10-2022	27/10/2025		not applicable	5	-	3	5
			LET US GO TRADING	28-10-2022	27/10/2025		not applicable	-	-	3	3
			MAITAZWITOMA ELECTRICAL AND CIVIL SERVICES	28-10-2022	27/10/2025		not applicable	-	-	3	4
			MAKGOPO HOLDINGS	28-10-2022	27/10/2025		not applicable	5	4	5	5
			LASVITO EVENT MANAGEMENT AND LOGISTICS	28-10-2022	27/10/2025		not applicable	5	5	5	4
			ANGONI CAPITAL	28-10-2022	27/10/2025		not applicable	-	3	5	3

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
			SAVELOT	28-10-2022	27/10/2025		not applicable	5	5	5	5
			TSHAMBILA ENV CONSULTANT (PTY)LTD	28-10-2022	27/10/2025		not applicable	-	4	5	5
			NGP ENGINEERING	28-10-2022	27/10/2025		not applicable	5	-	-	-
			ACTOM (PTY)LTD	28-10-2022	27/10/2025		not applicable	5	5	5	5
DTS	38 OF 2022	PANEL OF SERVICE PROVIDERS TO SUPPLY AND DELIVER ICT END USER EQUIPMENT	YELLO SOLUTIONS	29-11-2022	28/11/2025		not applicable	4	4	4	-
			MUKWITA COMMUNICATIONS	29-11-2022	28/11/2025		not applicable	5	4	4	-
			LMF TECH	29-11-2022	28/11/2025		not applicable	5	4	4	-
DTS	70 OF 2022	MAKATU TO TSHIKOTA ACCESS ROAD	TSHIAMISO TRADING	21-11-2022	31/10/2024	30/05/2025	not applicable	4	4	4	4
DFS	81 OF 2022	PROVISION OF METER READING (ELECTRIC) AND CREDIT CONTROL FOR THE PERIOD THREE (03) YEARS FOR MAKHADO MUNICIPALITY LICENSED ARE	KMA BUSINESS CONSULTING	13-01-2023	12/01/2026		not applicable	4	4	4	4

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
DTS	80 of 2022	PROVISION OF UNDERGROUND ELECTRICAL RETICULATION NETWORK FOR TSHIKOTA	NSK ELECTRICAL AND CONSTRUCTION MANAGERS	30-01-2023	31/12/2024	30/06/2026	not applicable	5	5	5	3
DFS	02 OF 2023	PRINTING,MAIL PROCESSING AND POSTING OF CONSUMER STATEMENTS FOR THE PERIOD OF THREE (03) YEARS	MAILTRONIC DIRECT MARKETING CC	20-02-2023	19/02/2026		not applicable	5	5	5	3
DTS	94 OF 2022	CONSTRUCTION OF DZANANI TAXI RANK	CHAUKE BUSINESS ENTERPRISE	20-02-2023	15/01/2024	03/10/2025	Contractor was having a financial challenges and has entered into cession agreement with suppliers	2	2	2	2
DCORP	89 OF 2022	MANAGE ENGINE PATCH MANAGER PLUS ENTERPRISE SOFTWARE TO MONITOR AND REPORT ON WINDOWS SECURITY PATCHES UPDATES FOR A PERIOD OF THREE YEARS	PHANDU COMMUNICIATIONS	25-04-2023	24-04-2026		not applicable	5	4	5	5
DCORP	90 OF 2022	SUPPLY AND DELIVERY ,INSTALATION ,COMMISSSIONING AND LICENCING FOR SECURITY FIREWALL BACKUP PRODUCTS	MUNSOFT (PTY)LTD	25-04-2023	24/04/2026		not applicable	5	4	5	5
DCORP	07 OF 2023	ACTIVE DIRECTORY AUDIT PLUS SOFTWARE TO MONITOR AND REPORT ON MUNICIPAL COMPUTER DOMAIN	AGILE INFO WORXS	22-06-2023	24/04/2026		not applicable	5	5	-	-
DCOMS	18 OF 2023	APPOINTMENT OF SERVICE PROVIDER TO PROVIDE ADMINISTRATION OF THE TRAFFIC CONTRAVENTION MANAGEMENT SYSTEM FOR THE PERIOD OF THREE YEARS	TOTAL COMPUTER SERVICES (PTY)LTD	30-06-2023	29-06-2026		not applicable	5	5	5	5

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
DTS	38 OF 2023	SUPPLY,DELIVEY OF MATERIALS ,LABOUR AND CONSTRUCTION OF FENCE OF EXTENDED TSHIKOTA AND LTT CEMENTRIES	FARISA CONSTRUCTION	7-06-2023	29/11/2024	30/09/2025	slow progress at site	2	3	2	3
DFS	48 OF 2023	PROVISION OF VETTING SYSTEM FOR THE PERIOD OF THREE YEARS	EKHAYA SEARCH (PTY)LTD	7-06-2023	6-06-2026		not applicable	5	5	5	4
DCOM	46 OF 2023	SUPPLY,DELIVERY AND INSTALLATION AND MAINTENANCE OF CCTV CAMERAS	KRAZY CABLING SOLUTIONS	13-06-2023	12-06-2026		not applicable	-	-	5	5
DDP	99 of 2021	COMPILATION AND MAINTENANCE OF THE GENERAL VALUATION ROLL AND SUPPLEMENTARY VALUATION ROLLS	DDP VALUER (PTY)LTD RF	1-07-2022	30-06-2025		not applicable	5	5	5	5
DDP	87/2022	Panel of registered town or technical planners for the period of three years	Liberty Town Planners	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Nkanivo Development Consultants	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Rondo Group	31/03/2023	10/04/2026		not applicable	-	-	-	3

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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
			Matete And Associates Consultants	04/04/2023	10/04/2026		not applicable	-	-	-	3
			Elmon Consulting	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Acute Innovation	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Ditsamai Investments and Projects	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Bushland Developments	31/03/2023	10/04/2026		not applicable	-	-	-	3

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
			Mahlori Development Consultants	03/04/2023	10/04/2026		not applicable	-	-	-	3
			Ngoti Development	31/03/2023	10/04/2026		not applicable	-	-	-	3
			Pfukani Kusile Consultant	31/03/2023	10/04/2026		not applicable	-	-	-	3
DDP	88 OF 2022	Panel of registered environmental consultants for the period of three years	Mang Geoenviro Services	18/04/2023	10/04/2026		not applicable	-	-	-	3
			Temitope And Tshilidzi Trading	17/04/2023	10/04/2026		not applicable	5	5	5	3

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
			Mulondi Sheq Solutions	18/04/2023	10/04/2026		not applicable	5	5	5	3
			MKA Consultants	17/04/2023	10/04/2026		not applicable	-	-	-	3
			Matete And Associates Consultants	04/04/2023	10/04/2026		not applicable	-	-	-	3
			Trona Environ @Geo Science	04/04/2023	10/04/2026		not applicable	-	-	-	3
			Kalahari Safety Health and Environmental Consultant	31/03/2023	10/04/2026		not applicable	-	-	-	3

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
			Russel Properties	31/03/2023	10/04/2026		not applicable	-	-	-	3
			SHE Efficiency Consultants (Pty)Ltd	04/04/2023	10/04/2026		not applicable	5	5	-	3
DDP	86 OF 2022	Panel of registered land surveyors for the period of three years	TC Setati Incorporated	31/03/2023	10/04/2026		not applicable	-	-	-	3
			LM Geomatics (Pty)) Ltd	31/03/2023	10/04/2026		not applicable	5	-	-	3
			Pilo GP System	31/03/2024	10/04/2026		not applicable	-	-	-	3

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
DCORP	36 OF 2023	RE-ADVERTISEMENT: NETWORK REFRESHER PROJECT AND SUPPLY, DELIVERY AND INSTALLATION OF NETWORK SWITCHES, FIBRE CABLE, SPLICING AND UPS FOR THE PERIOD OF THREE (03) YEARS	INFOTECH IT SOURCE	17-07-2023	16-07-2026		not applicable	5	4	5	5
DFS	51 OF 2023	PROVISION OF SHORT TERM INSURANCE FOR THE PERIOD OF THHREE (03) YEARS	KUNENE MAKOPO RISK SOLUTION PTY LTD	28-09-2023	27-09-2026		contract terminated	4	4	3	1
DTS	52 OF 2023	APPOINTMENT FOR A PANEL OF CONTRACTORS FOR ROAD MAINTENANCE AND RELATED SERVICES IN MAKHADO LOCAL MUNICIPALITY FOR THE PERIOD OF THREE (03) YEARS	NRATH TRADING	12-07-2023	11-07-2026		not applicable	5	3	5	-
			ISHE TRADING AND PROJECTS JV MAPHADEMA ENTERPRISE	12-07-2023	11-07-2026		not applicable	4	5	-	-
			SMA BUSINESS ENTERPRISE	12-07-2023	11-07-2026		not applicable	5	3	2	3
			SILVERWELL BUSINESS ENTERPRISE	12-07-2023	11-07-2026		not applicable	3	3	-	-
DTS	62 OF 2023	UPGRADING OF MIDORONI CLINIC RING ROAD	MABATIHAVI TRADING 43	18-07-2023	31-12-2024	24/06/2025	not applicable	5	4	4	3

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
DTS	63 OF 2023	CONSTRUCTION OF TSHUVHUYUNI SPORT FACILITY	GOMBAMENI RISK AND EVENT MANAGEMENT	18-07-2023	30-09-2024		contract terminated	2	2	1	
DTS	65 OF 2023	UPGRADING OF LUVHALANI TO DZANANWA ACCESS ROAD	NECKMAY TRADING ENTERPRISES PTY LTD	18-07-2023	31-12-2024	20/05/2025	not applicable	5	4	4	4
DTS	66 OF 2023	DEVELOPMENT OF ROADS AND STORMWATER AT SOUTH OF PRETORIUS 700 NEW STANDS	TSHIAMISO TRADING 135	21-09-2023	28-02-2025	27/07/2025	not applicable	4	4	4	4
DTS	67 OF 2023	DEVELOPMENT OF ROADS AND STORMWATER AT TSHIKOTA 164 NEW STANDS	TARCRON PROJECTS PTY LTD	21-09-2023	28-02-2025	16/07/2025	not applicable	3	4	4	3
DTS	70 OF 2023	RE-ADVERTISEMENT: UPGRADING OF ROAD TSIANDA MARUNDU TO MILITARY BASE PHASE 1	LUZUKO TRADING ENTERPRISE CC	21-09-2023	28-02-2025	11/06/2025	not applicable	5	4	4	4
DCOMS	50 OF 2023	PANEL FOR PROVISION OF SECURITY SERVICES FOR THE PERIOD OF THHREE (03) YEARS	UNA SECURITY PTY LTD	28-07-2023	27/07/2026		not applicable	5	5	5	3
			COLLINS SEBOLA FINANCIAL SERVICES	28-07-2023	27/07/2026		not applicable	5	5	5	5
			SPARROW SECURITY JV TSHITANGU SECURITY	28-07-2023	27/07/2026		not applicable	5	5	5	5
			VHUGI PROTECTIOM SERVICES	28-07-2023	27/07/2026		not applicable	5	5	5	5
			TSHAKHWILO TRADING ENTERPRISE	28-07-2023	27/07/2026		not applicable	5	5	5	5
			DIVHAZWAU SECURITY	28-07-2023	27/07/2026		not applicable	5	5	5	5
			MAMYILA TRADING ENTERPRISE	28-07-2023	27/07/2026		not applicable	5	5	5	5
			VIMTSIRE PROTECTION SERVICES	28-07-2023	27/07/2026		not applicable	5	5	5	5

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
DCORP	43 OF 2023	SUPPLY, DELIVERY, INSTALLATION AND COMMISSIONING OF RENTAL PHOTOCOPIER AND COIL CONTROLLERS MACHINES FOR THE PERIOD OF THREE (03) YEARS	MUKWITA HOLDINGS	1-11-2023	30/10/2026		not applicable	5	3	4	3
DCORP	71 OF 2023	SUPPLY ,DELIVERY,REFILL AND SERVICE OF COUNCIL FIRE EXTINGUISHERS CABINETS FOR THE PERIOD OF THREE YEARS	VERITAS ENGINEERING AND PROJECT MANAMENT	27/10/2023	26/10/2026		not applicable		-	5	5
DTS	75 OF 2023	SUPPLYAND DELIVERY OF MUNICIPAL FLEET (EARTHMOVING AND TRUCKS)SPARES ,MAINTENANCE AND HAULING FOR THE PERIOD OFN THREE (03) YEARS	RED ROCK ENGINEERING	27/10/2023	26/10/2026		not applicable	5	5	5	5
DTS	76 OF 2023	UPGRADING OF MAKHADO MAIN SUBSTATION PHASE 03	NSK ELECTRICAL JV FTECH SERVICES	27/10/2023	31/12/2024	30/06/2025	lead time and financial challenges and contractor has entered into cession agreement with manufacture	5	5	5	2
DTS	82 OF 2023	ELECTRICAL CONTRACTOR FOR UPGRADING OF 66KV BREAKERS AT LEVUBU AND BEAUFORT SUBSTATION	MASGAC TRADING ENTERPRISE	27/12/2023	31/12/2024	30/06/2025	lead time and financial challenges and contractor has entered into cession agreement with manufacture	5	5	5	2

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
DTS	83 OF 2023	ELECTRICAL CONTRACTOR FOR UPGRADING OF LEVUBU 1 LINE FROM WOODEN POLES TO CEMENT	LEFHUMO LWA BAREMA TRADING ENTERPRISES	27/12/2023	31/12/2024	30/06/2025	not applicable	5	5	5	5
DTS	92 OF 2023	DEVELOPMENT OF POTGIETER PARK	KUMBATIA HOLDINGS JV 1 DAISY	27/12/2023	31/10/2024	21/07/2025	not applicable	5	4	4	4
DTS	94 OF 2023	SUPPLY AND DELIVERY OF MUNICIPAL LIGHT VEHICLES SPARES,REPAIRS AND MAINTENANCE FOR THE PERIOD OF THREE YEARS	RED ROCK ENGINEERING	27/12/2023	26/12/2026		not applicable	5	5	5	5
DCORP	86 OF 2023	MIMECAST EMAIL GATEWAY LICENSE FOR 400 USERS FOR THE PERIOD OF THREE YEARS	MUNSOFT	15-02-2024	14-02-2027		not applicable	5	4	5	5
DTS	91 OF 2023	WATERVAL SPORT FACILITY	MVUNO GEO -ENVIRONMETAL CIVIL AND CONSTRUCTION	15-02-2024	31/12/2024		slow progress at site	2	2	3	2
DFS	95 OF 2023	PROVISION OF AIR TRAVEL AND ACCOMODATION FOR THE PERIOD OF THREE YEARS	EXILA TRAVEL CENTRE	15-02-2024	14-02-2027		not applicable	4	4	4	4
			REAKGONA TRAVEL SERVICES AND PROJECTS	15-02-2024	14-02-2027		not applicable	5	4	4	4
			ALGAMATED LEBONE TRAVEL SERVICES	15-02-2024	14-02-2027		not applicable	5	4	4	4

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
			CHEAP CHEAP PROJECTS	15-02-2024	14-02-2027		not applicable	4	4	4	4
DDP	93 OF 203	NAMING OF STREET NAMES,SUPPLY,DELIVERY AND INSTALLATION OF STREET NAMES TO MAKHADO MUNICIPAL AREAS	1ST SEPTEMBER (PTY)LTD	29-02-2024	31/01/2025		not applicable	5	5	5	3
DTS	06 OF 2024	UPGRADING OF SIVANANDA STREET	KATMAL CONSTRUCTION (PTY)LTD	28-03-2024	04/10/2024		not applicable	5	4		
DFS	08 OF 2024	PROVISION OF FLEET TRACKING SYSTEM FOR THE PERIOD OF THREE YEARS	NETSTAR (PTY)LTD	22/05/2024	21/05/2027		not applicable	5	5	5	5
DTS	03 OF 2024	PANEL OF ELECTRICAL CONTRACTORS FOR EMERGENCY AND PREVENTATIVE MAINENANCE FOR THE PERIOD OF THREE YEARS	EFFICIENCY ENGINEERING SERVICES	28/05/2024	27/05/2027		not applicable	5	-	-	-
			MADZ ELECTRICAL	28/05/2024	27/05/2027		not applicable	5	5	5	5
			NU ERA CONSTRUCTION	28/05/2024	27/05/2027		not applicable	5	-	-	-
DCORP	14 OF 2024	GARDENING AND HORTICULTURE TRAINING	UNIVERSITY OF VENDA	18/06/2024	17/06/2025		not applicable	5	5	5	5
DTS	04 OF 2024	APPOINTMENT OF PANEL OF ENGINEERING CONSULTANTS FOR ELECTRICAL PROJECTS FOR THE PERIOD OF THREE YEARS	RELIANT CONSULTING	27/06/2024	26/07/2027		not applicable	5	5	5	5

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
			JUSBEN CONSULTING ENGINEERS	27/06/2024	26/07/2027		not applicable	5	5	5	-
			TSS3 HOLDING CC	27/06/2024	26/07/2027		not applicable	5	5	5	5
			NSK ELECTRICAL AND CONSTRUCTION MANAGERS	27/06/2024	26/07/2027		failure to submit required documentation to eskom for Tshituni electrification projects	5	5	5	2
DTS	112 OF 2023	ELECTRICAL CONTRACTOR TO SUPPLY,DELIVER,INSTALL,TEST AND COMMISSION 2 X22KV IN SF6/VACUUM BREAKERS WITH COMPLETE 110V DC CHARGER WITH 85 NICAD BATTERIES AND GRADE CENTRAL SUBSTATION	MASGAC TRADING ENTERPRISE	03/04/2024	31/12/2024	30/06/2026	not applicable	5	5	5	-
DTS	01 OF 2024	APPOINTMENT OF AN ELECTRICAL CONTRACTOR TO SUPPLY,DELIVERAND INSTALL AND COMMISSION 2 X22KV BREAKERS AT ROODEWAAL SUBSTATION	TAROWORX	10/04/2024	31/12/2024	30/06/2026	not applicable	5	5	5	3
DCORP	88 OF 2023	OFFICE 365 E3 LICENCE FOR 400USERS RENEWABLE FOR THE PRIOD OF THREE YEARS	LMFTECH ICT SERVICES AND PROJECTS (PTY)LTD	11/04/2024	10/04/2027		not applicable	4	4	5	5
DCOMS	96 OF 2023	SUPPLY AND DELIVERY OF HEAVY DUTY LAWNMOWER MACHINES AND BRUSH CUTTERS	MALINGI TRADING AND PROJECTS	03/04/2024	once off		not applicable	4	-		
DCOMS	97 OF 2023	SUPPLY AND DELIVERY SKIP BINS AND COVER NETS	MUZURI SANA PROJECTS	03/04/2024	31/07/2024		not applicable	4	-		
DTS	98 OF 2023	CONSTRUCTION OF CONCRETE PALISADE FENCE AT WATERVAL STORE	BLUE STAR GROUP	03/04/2024	31/07/2024		not applicable	5	-		

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
DTD	99 OF 2023	CONSTRUCTION OF CONCRETE PALISADE FENCE AT MADUWA VILLAGE	MOLOUFU	03/04/2024	31/07/2024		letter of intention to terminate the contract has been issued	3	1	2	2
DTS	100 OF 2023	CONSTRUCTION OF CONCRETE PALISADE FENCE AT MAGUVHUNI VILLAGE CEMENTRY	BLUE STAR GROUP	03/04/2024	31/07/2024		not applicable	5	-		
DTS	101 OF 2023	CONSTRUCTION OF CONCRETE PALISADE FENCE AT RAMANTSHA VILLAGE CEMENTRY	RAMASHU SUPPLY AND SERVICES	03/04/2024	31/07/2024		not applicable	5	-		
DTS	102 OF 2023	CONSTRUCTION OF CONCRETE PALISADE FENCE AT RATOMBO VILLAGE CEMENTRY	AK &ASSOCIATES JV VINCENT BUSINESS ENTERPRISE	05/04/2024	31/07/2024		not applicable	5	-		
DCOMS	114 OF 2023	SUPPLY,DELIVERY,INSTALLATION AND COMMISSIONING OF DIGITAL LASER CAMERA	TOTAL COMPUTER SERVICES	05/04/2024	once off		letter of intention to terminate the contract has been issued	2	2	2	
MM	80 of 2023	PROVISION OF A PANEL OF LEGAL SERVICES FOR THE PERIOD OF THREE (03) YEARS	TOOHEY NYEZI RAMBAU ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			NDOU LUCKY ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
		GROUP A (LITIGATION)	SIKHWARI ATTORNEYS INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
			DABISHI NTHAMBELENI ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			GOGOME ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			WE MONYAI ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			MADIMA M ATTORNEYS INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
			MUSETSHO INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
			LETSELA NKONDO ASSOCIATES INCORPORATED	11/04/2024	10/04/2027		not applicable	5	5	5	5
			FR CHAUKE INCORPORATED	11/04/2024	10/04/2027		not applicable	5	5	5	5
			LIGEGE & ASSOCIATES INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
		GROUP B (LABOUR MATTERS	TOOHEY NYEZI RAMBAU ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			SIKHWARI ATTORNEYS INC	11/04/2024	10/04/2027		not applicable	5	5	5	5

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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
			DABISHI NTHAMBELENI ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			LETSELA NKONDO ASSOCIATES INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
			LIGEGE AND ASSOCIATES INCORPORATED	11/04/2024	10/04/2027		not applicable	5	5	5	5
			MUSETSHO INC	11/04/2024	10/04/2027		not applicable	5	5	5	5
		GROUP C (CONVEYANCERS)	DABISHI NTHAMBELENI ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
			WE MONYAI ATTORNEYS	11/04/2024	10/04/2027		not applicable	-	-	5	5
			LIGEGE AND ASSOCIATES	11/04/2024	10/04/2027		not applicable	-	-	5	5
			MAVUNA & NETSHIMBUPFE INC	11/04/2024	10/04/2027		not applicable	-	5	5	5
			MUNONDE ATTORNEYS	11/04/2024	10/04/2027		not applicable	5	5	5	5
DFS	15 OF 2024	Cellphone and tablet contract for the period of two yeas	Vodacom (pty)ltd	16/09/2024	15/09/2026		not applicable	3	3	4	4
DTS	12 of 2024	Appointment of panel of electrical contractors for electrification of villages period of three years	Madz Electrical	26/06/2024	25/06/2027		not applicable	-	5	5	5
			Lefhumo lwa barema trading enterprises	26/06/2024	25/06/2027		not applicable	-	5	5	5
			Nu era Contraction	26/06/2024	25/06/2027		not applicable	-	-	-	5
			Efficiency engineering services	26/06/2024	25/06/2027		not applicable	-	5	5	5
DCORP	16 OF 2024	Re-advertisement: Renew four server warranty	INFOTECH IT SOURCE	22/10/2024	once off		not applicable		4	5	5

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
DCORP	29 OF 2024	Design, printing, supply and delivery of diaries, posters and calenders	Tshimela Intergrated projects	25/11/2024	31/01/2025		not applicable		3	5	
DTS	31 OF 2024	Supply, delivery of material and labour for partitioning of the old licensing makhado civic centre	Kapoko Trading Enterprise 59	22/10/2024	31/01/2025		not applicable		4	5	
DFS	05 of 2025	Supply and delivery of Refuse Plastic Bags for 03 years	Savelot (Pty)Ltd	27/01/2025	26/01/2028		not applicable				5
			Pags Brothers production suppliers and distributors	27/01/2025	26/01/2028		not applicable				3
			SMA Business enterprise	27/01/2025	26/01/2028		not applicable				3
			Mukhomi General Hardware	27/01/2025	26/01/2028		not applicable				5
			Vho-Thama Trading enterprise	27/01/2025	26/01/2028		not applicable				3
			Lasvito event management and logistics	27/01/2025	26/01/2028		not applicable				5
			TRK Holdings	27/01/2025	26/01/2028		not applicable				5
			Angoni Capital	31/01/2025	26/01/2028		not applicable				3
			Omprox General Trading and Projects	31/01/2025	26/01/2028		not applicable				3
DCOMS	10 of 2025	Provision of health care risk waste (HCRW) collection and Treatment services for 03 years	Gonyanie Trading	06/05/2025	05/05/2028		not applicable				4
DTS	11 of 2025	Construction of Tshivhuyuni sports facility	SMA Business Enterprise	01/04/2025	12/08/2025		not applicable				4
DFS	19 of 2025	Publishing notices and adverts on different newspaper for 03 Years	Makgopo Holding	06/05/2025	05/05/2028		not applicable				5
			Manapyane holdings	06/05/2025	05/05/2028		not applicable				5
			K3 Communication	06/05/2025	05/05/2028		not applicable				5

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
			N and C Civils	06/05/2025	05/05/2028		not applicable				5
			Aredzi trading and projects	06/05/2025	05/05/2028		not applicable				5
DFS	28 of 2025	Provision of short term insurance for a period of 01 years	Unilateral Unison Insurance Brokers	06/06/2025	05/06/2026		not applicable				5

6.1 SUMMARY: MUNICIPAL PERFORMANCE

A total number of 67 performance targets were included in the SDBIP for the financial year. Out of these, 45 were achieved. This accounts for 67% target achievement. The number of targets not achieved were 22 translating to a negative variance of 33%. Compared to prior year overall achievement of 70%, current year achievement of 67% reflects a regression in overall performance. The comparable drop in performance is attributable to some of the projects being rolled-over due to amongst others, delayed progress on site owing to unpredictable weather conditions and budget constraints.

6.2 CONCLUSION

Amidst continuous dwindling of revenue base, the municipality continues to ensure that the delivery of quality services is being realized owing to its clearly defined targets to be achieved, using a service delivery budget implementation plan which is 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 helping in determining the interventions required and practical corrective actions to be implemented to remedy the anomaly

MR. KM NEMANAME
MUNICIPAL MANAGER
MAKHADO LOCAL MUNICIPALITY

21/08/2025
DATE

ANNEXURES A3

2024/25
AUDITED FINANCIAL STATEMENT

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements
for the year ended 30 June 2025

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	Category B municipality (local municipality) envisaged in section155(1)(b) of the Constitution of the Republic of South Africa.
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
Executive Committee	Cllr R.T Maingo Cllr R Raliphada Cllr N.J Matumba Cllr N Munyai Cllr M.R Magada Cllr M.W Ramalwa Cllr E.T Sithi Cllr N.B Jones
Mayor	Cllr M.D Mboyi
Speaker	Cllr T.G Mukwevho - Mitileni
Chief whip	Cllr R.S Baloyi
Councilors	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 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 Cllr M.R Mokgoadi Cllr N.S Mahosi

General Information

	Cllr M Swalivha Cllr R Mukhuba Cllr F.B Hlongwane Cllr M. Mabunda Cllr C.D Halgreen Cllr M.D Singo Cllr N.A Mudununguu 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 Cllr TL Mudzwiri
Accounting Officer	K.M Nemaname
Chief Finance Officer (CFO)	N.G Raliphada
Grading of local authority	5
Registered office	Corner Krogh and Erasmus Street Makhado 0920

General Information

Business address	Corner Krogh and Erasmus Street Makhado 0920
Postal address	Private Bag X2596 Makhado 0920
Bankers	First National Bank
Audit and Performance Audit Committee	Ms J Masite(Chairperson) Ms MP Ramutsheli Mr A Tshikovhi Mr LJ Muthivhi
Attorneys	Panel of attorneys of the Municipality Nthambeleni Dabishi Attorneys Inc Gogome Attorneys Toohey Nyezi Rambau Attorneys Ndou Lucky Attorneys Sikhwari Attorneys Inc We Monyai Attorneys Madima M Attorneys Inc Musetsho Inc Letsela Nkondo Associates Inc FR Chauke Inc Ligege & Associates Inc Mavuna & Netshimbupfe Inc Munonde Attorneys

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

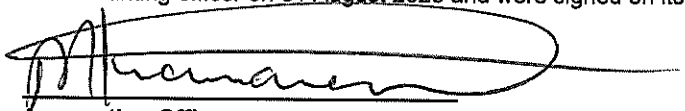
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on the government 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's operations.

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 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:



Accounting Officer
K.M Nemaname

Sunday, 31 August 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality's total income for the period ended 30 June 2025 increased by 9% from R1 309 277 300 in the previous financial period to R1 422 552 994 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 2025, Grants and subsidies was the major contributor to total income of the municipality with a 46.9% [2024:47.3%] contributing factor followed by service charges which contributed 37.30% [2024: 34.7%] of the total income, which was mainly sale of electricity as well as refuse collection. Propety rates contributed 8.8% (2024: 9.2%) of total income.

Net surplus of the municipality was 29 500 838 (2024: deficit 2 643 154).

Proportion of income generated/raised

2025

Type of income	Proportion of contribution to income	Amount
Service charges	37.33 %	531 063 422
Rental of facilities and equipment	0.03 %	431 426
Agency services	0.22 %	3 196 902
Licences and permits	0.28 %	3 957 212
Interest earned -outstanding receivables: Exchange	1.21 %	17 215 113
Other revenue - Exchange transactions	1.20 %	17 120 668
Interest received from financial institutions	0.21 %	3 015 509
Actuarial gains	0.03 %	414 405
Interest earned -outstanding receivables: Non exchnage	1.93 %	27 403 856
Property rates	8.79 %	125 103 649
Fines, Penalties and Forfeits	0.44 %	6 226 756
Government grants & subsidies	46.92 %	667 409 566
Other income - non exchange transactions	1.41 %	19 994 510

2024

Type of income	Proportion of contribution to income	Amount
Service charges	34.65 %	453 674 136
Rental of facilities and equipment	0.03 %	425 659
Agency services	0.25 %	3 273 967
Licences and permits	0.29 %	3 809 976
Interest earned -outstanding receivables: Exchange	1.18 %	15 511 158
Other revenue - Exchange transactions	1.00 %	21 935 915
Interest received from financial institutions	0.42 %	5 456 569
Actuarial gains	0.49 %	6 420 329
Interest earned -outstanding receivables: Non exchnage	1.98 %	25 943 370
Property rates	9.22 %	120 692 497
Fines, Penalties and Forfeits	0.41 %	5 390 564
Government grants & subsidies	47.32 %	619 579 943
Other income - non exchange transactions	2.07 %	27 163 217

Accounting Officer's Report

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of 1 812 284 907 (2024: 1 782 784 069) and that the municipality's total assets exceed its liabilities by 1 812 284 907 (2024:1 782 784 069) .

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 of the municipality.

3. Subsequent events

The accounting officer is not aware of any material events that occurred between the end of the reporting period 30 June 2025 and the date that the financial statements are authorised for issue. Refer to Note 49

4. Accounting Officers' 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 the relevant officials with interests in SCM related transactions (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 accounting officer of the municipality is as follows:

Name	Nationality
K.M Nemaname	South African

Accounting Officer's Report

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 2016. The accounting officer discusses 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 are 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 by the Remuneration of Public Office Bearers Act No. 20 of 1998.

Committee meetings

The accounting officer meets on a scheduled basis with the Executive Committee as well as the Audit and Risk 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.

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 Audit Committee.

Internal audit

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

Accounting Officer's Report

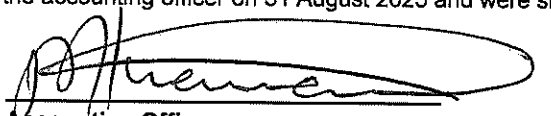
8. Bankers

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

9. Auditors

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

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:



Accounting Officer
K.M Nemaname

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	7	127 604 547	126 511 484
Receivables from exchange transactions	8	92 032 536	78 485 703
Receivables from non-exchange transactions	9	794 200	737 650
Consumer debtors - Exchange transactions	10	96 486 280	84 023 602
Consumer debtors - Non- Exchange transactions	10	51 900 478	64 644 159
Cash and cash equivalents	11	19 589 034	22 789 247
		388 407 075	**377 191 845**
Non-Current Assets			
Investment property	2	14 640 769	15 058 990
Property, plant and equipment	3	2 020 362 169	1 926 138 813
Intangible assets	4	1 247 864	1 728 326
Heritage assets	5	2 160 329	2 160 329
		2 038 411 131	**1 945 086 458**
Total Assets		**2 426 818 206**	**2 322 278 303**
Liabilities			
Current Liabilities			
Employee benefit obligation	6	8 628 000	8 361 000
Finance lease obligation	12	1 266 611	1 126 839
Unspent conditional grants and receipts	13	4 544 500	4 558 461
Performance bonus obligation	14	302 849	-
Rehabilitation provision	15	1 675 493	1 455 387
Deferred Income	16	98 812	99 695
Payables from exchange transactions	17	426 403 075	369 216 393
Consumer deposits	18	16 172 711	14 982 222
		459 092 051	**399 799 997**
Non-Current Liabilities			
Employee benefit obligation	6	134 022 001	118 989 001
Finance lease obligation	12	573 058	1 839 669
Rehabilitation provision	15	20 846 189	18 865 567
		155 441 248	**139 694 237**
Total Liabilities		**614 533 299**	**539 494 234**
Net Assets		**1 812 284 907**	**1 782 784 069**
Accumulated surplus		1 812 284 907	1 782 784 069
Total Net Assets		**1 812 284 907**	**1 782 784 069**

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	531 063 422	453 674 136
Rental of facilities and equipment	21	431 426	425 659
Agency services	23	3 196 902	3 273 967
Licences and permits	24	3 957 212	3 809 976
Interest earned -outstanding receivables	25	17 215 113	15 511 158
Other revenue	26	17 120 668	21 935 915
Interest received from financial institutions	27	3 015 509	5 456 569
Actuarial gains	39	414 405	6 420 329
Total revenue from exchange transactions		**576 414 657**	**510 507 709**
Revenue from non-exchange transactions			
Taxation revenue			
Interest earned -outstanding receivables	25	27 403 856	25 943 370
Property rates	28	125 103 649	120 692 497
Transfer revenue			
Other revenue	19	19 994 510	27 163 217
Fines, Penalties and Forfeits	22	6 226 756	5 390 564
Government grants & subsidies	29	667 409 566	619 579 943
Total revenue from non-exchange transactions		**846 138 337**	**798 769 591**
Total revenue	19	**1 422 552 994**	**1 309 277 300**
Expenditure			
Employee related costs	30	(394 852 625)	(381 663 826)
Remuneration of councillors	31	(30 557 053)	(29 989 937)
Depreciation and amortisation	32	(143 634 130)	(158 017 274)
Impairment of long term assets	33	(13 859 823)	(4 252 095)
Finance costs	34	(20 407 548)	(17 919 048)
Debt Impairment	35	(37 718 181)	(41 600 405)
Bulk purchases	36	(437 654 639)	(371 986 217)
Contracted Services	37	(188 752 605)	(181 289 133)
General Expenses	38	(108 158 987)	(108 437 458)
Inventories losses/write-downs	40	(654 968)	(596 994)
Loss on disposal of long term assets	41	(16 801 597)	(16 168 067)
Total expenditure		**(1 393 052 156)**	**(1 311 920 454)**
Surplus (deficit) for the year		**29 500 838**	**(2 643 154)**

* See Note 46

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 785 427 223	1 785 427 223
Balance at 01 July 2023 as restated*	**1 785 427 223**	**1 785 427 223**
Changes in net assets		
Surplus/(Loss) for the year [Restated - Note 46]	(2 643 154)	(2 643 154)
Total recognised income and expenses for the year	(2 643 154)	(2 643 154)
Total changes	(2 643 154)	(2 643 154)
Opening balance as previously reported	1 782 784 069	1 782 784 069
Adjustments		
Restated* Balance at 01 July 2024 as restated*	**1 782 784 069**	**1 782 784 069**
Changes in net assets		
Surplus /(Loss) for the year	29 500 838	29 500 838
Total recognised income and expenses for the year	29 500 838	29 500 838
Total changes	29 500 838	29 500 838
Balance at 30 June 2025	**1 812 284 907**	**1 812 284 907**

Note(s)

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates		119 521 554	88 154 843
Service charges		605 557 986	507 358 906
Grants		667 395 605	620 638 404
Traffic Fines & Penalties		3 129 853	1 812 610
Licence & permits		4 542 356	4 442 454
Other income		37 275 232	38 846 270
VAT Received		61 297 714	61 661 660
Interest Income		17 386 206	12 313 196
		1 516 106 506	1 335 228 343
Payments			
Employee related costs		(410 450 136)	(382 244 870)
Payments to suppliers		(851 888 107)	(783 339 645)
Finance costs		(3 188 774)	(915 592)
		(1 265 527 017)	(1 166 500 107)
Net cash flows from operating activities	42	**250 579 489**	**168 728 236**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(252 363 702)	(290 604 151)
Purchase of other intangible assets	4	-	(776 636)
Net cash flows from investing activities		**(252 363 702)**	**(291 380 787)**
Cash flows from financing activities			
Finance lease payments		(1 416 000)	(1 153 705)
Net increase/(decrease) in cash and cash equivalents		**(3 200 213)**	**(123 806 256)**
Cash and cash equivalents at the beginning of the year		22 789 247	146 595 503
Cash and cash equivalents at the end of the year	11	**19 589 034**	**22 789 247**

The accounting policies on pages 22 to 65 and the notes on pages 66 to 120 form an integral part of the annual financial statements.

* See Note 46

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	482 270 000	69 820 000	**552 090 000**	531 063 422	**(21 026 578)**	Refer to Appendix E(1)
Rental of facilities and equipment	348 000	66 000	**414 000**	431 426	**17 426**	Refer to Appendix E(1)
Interest earned -outstanding receivables	14 333 000	(33 000)	**14 300 000**	17 215 113	**2 915 113**	Refer to Appendix E(1)
Agency services	962 000	1 166 000	**2 128 000**	3 196 902	**1 068 902**	Refer to Appendix E(1)
Licences and permits	3 779 000	147 000	**3 926 000**	3 957 212	**31 212**	Refer to Appendix E(1)
Other revenue	56 972 000	145 811 000	**202 783 000**	17 120 668	**(185 662 332)**	Refer to Appendix E(1)
Interest received from financial institutions	7 583 000	(3 367 000)	**4 216 000**	3 015 509	**(1 200 491)**	Refer to Appendix E(1)
Total revenue from exchange transactions	**566 247 000**	**213 610 000**	**779 857 000**	**576 000 252**	**(203 856 748)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	123 715 000	2 892 000	**126 607 000**	125 103 649	**(1 503 351)**	Refer to Appendix E(1)
Interest earned -outstanding receivables	33 294 000	(78 000)	**33 216 000**	27 403 856	**(5 812 144)**	Refer to Appendix E(1)
Transfer revenue						
Government grants & subsidies	638 299 000	-	**638 299 000**	667 409 566	**29 110 566**	Refer to Appendix E(1)
Other revenue	-	20 000 000	**20 000 000**	19 994 510	**(5 490)**	Refer to Appendix E(1)
Fines, Penalties and Forfeits	4 786 000	-	**4 786 000**	6 226 756	**1 440 756**	Refer to Appendix E(1)
Total revenue from non-exchange transactions	**800 094 000**	**22 814 000**	**822 908 000**	**846 138 337**	**23 230 337**	
Total revenue	**1 366 341 000**	**236 424 000**	**1 602 765 000**	**1 422 138 589**	**(180 626 411)**	
Expenditure						
Employee related costs	(329 105 000)	(65 748 900)	**(394 853 900)**	(394 852 625)	**1 275**	Refer to Appendix E(1)
Remuneration of councillors	(33 568 000)	3 010 000	**(30 558 000)**	(30 557 053)	**947**	Refer to Appendix E(1)
Depreciation, amortisation and impairments	(159 889 000)	44 055 000	**(115 834 000)**	(157 493 953)	**(41 659 953)**	Refer to Appendix E(1)
Finance costs	(20 731 000)	323 000	**(20 408 000)**	(20 407 548)	**452**	Refer to Appendix E(1)
Debt Impairment	(77 287 000)	39 568 000	**(37 719 000)**	(37 718 181)	**819**	Refer to Appendix E(1)

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Bulk purchases	(330 000 000)	(107 655 000)	**(437 655 000)**	(437 654 639)	**361**	Refer to Appendix E(1)
Contracted Services	(155 156 000)	(33 599 000)	**(188 755 000)**	(188 752 605)	**2 395**	Refer to Appendix E(1)
General Expenses	(83 221 000)	(24 938 100)	**(108 159 100)**	(108 158 987)	**113**	Refer to Appendix E(1)
Total expenditure	**(1 188 957 000)**	**(144 985 000)**	**(1 333 942 000)**	**(1 375 595 591)**	**(41 653 591)**	
Operating surplus	**177 384 000**	**91 439 000**	**268 823 000**	**46 542 998**	**(222 280 002)**	
Loss on disposal of long term assets	-	-	**-**	(16 801 597)	**(16 801 597)**	Refer to Appendix E(1)
Actuarial gains	-	-	**-**	414 405	**414 405**	Refer to Appendix E(1)
Inventories losses/write-downs	-	(655 000)	**(655 000)**	(654 968)	**32**	Refer to Appendix E(1)
	-	**(655 000)**	**(655 000)**	**(17 042 160)**	**(16 387 160)**	
Surplus before taxation	**177 384 000**	**90 784 000**	**268 168 000**	**29 500 838**	**(238 667 162)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**177 384 000**	**90 784 000**	**268 168 000**	**29 500 838**	**(238 667 162)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	131 934 000	(16 510 000)	**115 424 000**	127 604 547	**12 180 547**	
Receivables from exchange transactions	6 000 000	-	**6 000 000**	92 032 536	**86 032 536**	
Receivables from non-exchange transactions	24 397 000	21 480 000	**45 877 000**	794 200	**(45 082 800)**	
VAT receivable	248 195 000	(247 416 000)	**779 000**	-	**(779 000)**	
Consumer debtors	567 603 000	37 828 000	**605 431 000**	148 386 758	**(457 044 242)**	
Cash and cash equivalents	70 584 000	(30 416 000)	**40 168 000**	19 589 034	**(20 578 966)**	
	1 048 713 000	**(235 034 000)**	**813 679 000**	**388 407 075**	**(425 271 925)**	
Non-Current Assets						
Investment property	15 438 000	(379 000)	**15 059 000**	14 640 769	**(418 231)**	
Property, plant and equipment	1 585 563 000	391 246 000	**1 976 809 000**	2 020 362 169	**43 553 169**	
Intangible assets	1 328 000	400 000	**1 728 000**	1 247 864	**(480 136)**	
Heritage assets	2 160 000	-	**2 160 000**	2 160 329	**329**	
	1 604 489 000	**391 267 000**	**1 995 756 000**	**2 038 411 131**	**42 655 131**	
Total Assets	**2 653 202 000**	**156 233 000**	**2 809 435 000**	**2 426 818 206**	**(382 616 794)**	
Liabilities						
Current Liabilities						
Performance bonus obligation	-	-	**-**	302 849	**302 849**	
Finance lease obligation	322 000	805 000	**1 127 000**	1 266 611	**139 611**	
Payables from exchange transactions	194 076 000	82 472 000	**276 548 000**	426 403 075	**149 855 075**	
VAT payable	176 346 000	(176 346 000)	**-**	-	**-**	
Consumer deposits	15 775 000	(793 000)	**14 982 000**	16 172 711	**1 190 711**	
Employee benefit obligation	10 390 000	(1 674 000)	**8 716 000**	8 628 000	**(88 000)**	
Unspent conditional grants and receipts	-	4 558 000	**4 558 000**	4 544 500	**(13 500)**	
Rehabilitation provision	-	1 100 000	**1 100 000**	1 675 493	**575 493**	
Deferred Income	-	100 000	**100 000**	98 812	**(1 188)**	
	396 909 000	**(89 778 000)**	**307 131 000**	**459 092 051**	**151 961 051**	
Non-Current Liabilities						
Finance lease obligation	-	1 840 000	**1 840 000**	573 058	**(1 266 942)**	
Employee benefit obligation	132 624 000	(113 758 000)	**18 866 000**	134 022 001	**115 156 001**	
Rehabilitation provision	-	118 989 000	**118 989 000**	20 846 189	**(98 142 811)**	
	132 624 000	**7 071 000**	**139 695 000**	**155 441 248**	**15 746 248**	
Total Liabilities	**529 533 000**	**(82 707 000)**	**446 826 000**	**614 533 299**	**167 707 299**	
Net Assets	**2 123 669 000**	**238 940 000**	**2 362 609 000**	**1 812 284 907**	**(550 324 093)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2 123 669 000	238 940 000	**2 362 609 000**	1 812 284 907	**(550 324 093)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property Rates	100 209 000	15 003 000	**115 212 000**	119 521 554	**4 309 554**	
Services Charges	424 397 000	78 005 000	**502 402 000**	605 557 986	**103 155 986**	
Grants	638 299 000	29 090 000	**667 389 000**	667 395 605	**6 605**	
Interest income	7 583 000	11 301 000	**18 884 000**	17 386 206	**(1 497 794)**	
Other receipts	120 338 000	(14 581 000)	**105 757 000**	106 245 155	**488 155**	
	1 290 826 000	**118 818 000**	**1 409 644 000**	**1 516 106 506**	**106 462 506**	
Payments						
Suppliers and employees	(933 682 000)	(175 253 000)	**(1 108 935 000)**	(1 262 338 243)	**(153 403 243)**	
Finance costs	(100 000)	100 000	**-**	(3 188 774)	**(3 188 774)**	
	(933 782 000)	**(175 153 000)**	**(1 108 935 000)**	**(1 265 527 017)**	**(156 592 017)**	
Net cash flows from operating activities	**357 044 000**	**(56 335 000)**	**300 709 000**	**250 579 489**	**(50 129 511)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(319 920 000)	44 718 000	**(275 202 000)**	(252 363 702)	**22 838 298**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(1 416 000)	**(1 416 000)**	
Net increase/(decrease) in cash and cash equivalents	37 124 000	(11 617 000)	**25 507 000**	(3 200 213)	**(28 707 213)**	
Cash and cash equivalents at the beginning of the year	33 460 000	(18 798 000)	**14 662 000**	22 789 247	**8 127 247**	
Cash and cash equivalents at the end of the year	**70 584 000**	**(30 415 000)**	**40 169 000**	**19 589 034**	**(20 579 966)**	
Reconciliation						

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	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
2025											
Financial Performance											
Property rates	123 715 000	2 892 000	126 607 000	-		126 607 000	125 103 649		(1 503 351)	99 %	101 %
Service charges	482 270 000	69 820 000	552 090 000	-		552 090 000	531 063 422		(21 026 578)	96 %	110 %
Interest received from financial institutions	7 583 000	(3 367 000)	4 216 000	-		4 216 000	3 015 509		(1 200 491)	72 %	40 %
Transfers recognised - operational	520 303 000	-	520 303 000	-		520 303 000	524 869 066		4 566 066	101 %	101 %
Other own revenue	114 474 000	151 698 000	266 172 000	-		266 172 000	75 966 338		(190 205 662)	29 %	66 %
Total revenue (excluding capital transfers and contributions)	**1 248 345 000**	**221 043 000**	**1 469 388 000**	**-**		**1 469 388 000**	**1 260 017 984**		**(209 370 016)**	**86 %**	**101 %**
Employee costs	(329 105 000)	(48 892 000)	(377 997 000)	-	(16 856 900)	(394 853 900)	(394 852 625)	-	1 275	100 %	120 %
Remuneration of councillors	(33 568 000)	(189 000)	(33 757 000)	-	3 199 000	(30 558 000)	(30 557 053)	-	947	100 %	91 %
Depreciation and asset impairment	(159 889 000)	(403 000)	(160 292 000)		44 458 000	(115 834 000)	(157 493 953)	-	(41 659 953)	136 %	99 %
Debt impairment	(77 287 000)	35 000 000	(42 287 000)	-	4 568 000	(37 719 000)	(37 718 181)	-	819	100 %	49 %
Finance charges	(20 731 000)	1 500 000	(19 231 000)	-	(1 177 000)	(20 408 000)	(20 407 548)	-	452	100 %	98 %
Bulk purchases	(330 000 000)	(43 100 000)	(373 100 000)	-	(64 555 000)	(437 655 000)	(437 654 639)	-	361	100 %	133 %
Contracted Services	(155 156 000)	(56 529 000)	(211 685 000)	-	22 930 000	(188 755 000)	(188 752 605)	-	2 395	100 %	122 %
Other Expenses	(83 221 000)	(33 027 000)	(116 248 000)	-	7 433 900	(108 814 100)	(125 615 552)	-	(16 801 452)	115 %	151 %
Total expenditure	**(1 188 957 000)**	**(145 640 000)**	**(1 334 597 000)**	**-**	**-**	**(1 334 597 000)**	**(1 393 052 156)**	**-**	**(58 455 156)**	**104 %**	**117 %**
Surplus/(Deficit)	**59 388 000**	**75 403 000**	**134 791 000**	**-**		**134 791 000**	**(133 034 172)**		**(267 825 172)**	**(99)%**	**(224)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	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 and subsidies - capital (monetary allocations)	117 996 000	(4 619 000)	113 377 000	-		113 377 000	142 540 500		29 163 500	126 %	121 %
Transfers and subsidies - other revenue	-	20 000 000	20 000 000	-		20 000 000	19 994 510		(5 490)	100 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	**177 384 000**	**90 784 000**	**268 168 000**	**-**		**268 168 000**	**29 500 838**		**(238 667 162)**	**11 %**	**17 %**
Surplus/(Deficit) for the year	**177 384 000**	**90 784 000**	**268 168 000**	**-**		**268 168 000**	**29 500 838**		**(238 667 162)**	**11 %**	**17 %**
Capital expenditure and funds sources											
Total capital expenditure	319 920 000	(44 718 000)	275 202 000	-		275 202 000	250 950 929		(24 251 071)	91 %	78 %
Sources of capital funds											
Transfers recognised - capital	117 996 000	23 815 000	141 811 000	-		141 811 000	142 540 500		729 500	101 %	121 %
Internally generated funds	201 924 000	(68 532 000)	133 392 000	-		133 392 000	108 410 429		(24 981 571)	81 %	54 %
Total sources of capital funds	**319 920 000**	**(44 717 000)**	**275 203 000**	**-**		**275 203 000**	**250 950 929**		**(24 252 071)**	**91 %**	**78 %**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	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
Cash flows											
Net cash from (used) operating	357 044 000	(56 336 000)	300 708 000	-		300 708 000	250 579 489		(50 128 511)	83 %	70 %
Net cash from (used) investing	(319 920 000)	44 718 000	(275 202 000)	-		(275 202 000)	(252 363 702)		22 838 298	92 %	79 %
Net cash from (used) financing	-	-	-	-		-	(1 416 000)		(1 416 000)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**37 124 000**	**(11 618 000)**	**25 506 000**	**-**		**25 506 000**	**(3 200 213)**		**(28 706 213)**	**(13)%**	**(9)%**
Cash and cash equivalents at the beginning of the year	33 460 000	(18 798 000)	14 662 000	-		14 662 000	22 789 247		8 127 247	155 %	68 %
Cash and cash equivalents at year end	**70 584 000**	**(30 416 000)**	**40 168 000**	**-**		**40 168 000**	**19 589 034**		**20 578 966**	**49 %**	**28 %**

Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting polices

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 New standards and interpretations

Standards and interpretations effective and adopted in the current year

There are no standards adopted in the current year that are relevant to the municipality's 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, 2025 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

Accounting Policies

- Disclosures

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

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 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 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.

Accounting Policies

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 financial statements.

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

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 has not yet been set. The municipality expects to adopt the revisions for the first time in the future.

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

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 financial statements.

GRAP 103 (amended): Heritage assets

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as “the review”) in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

Accounting Policies

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have “cultural significance” and defines a heritage asset as “an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations”. “Cultural significance” has also been defined and described in GRAP 103 based on legislation. The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector.

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity’s operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The “intention” to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity’s operations is rare, and only in the case of dissolution without any continuation of the entity’s operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity’s functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity’s functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity’s financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board’s project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

Accounting Policies

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

1.5 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.6 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing financial statements. These judgements, estimates and assumptions affect the amounts presented in the 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 some judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates:

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.

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

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.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of cash generating 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. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

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.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

Post-retirement benefits

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

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

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

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 receivables 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 receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting by principals and agent

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

Additional information is disclosed in Note 58.

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.

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

1.7 Investment property

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

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

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

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal 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.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

Accounting Policies

1.7 Investment property (continued)

- primary use of the property;
- partial own use, percentage used for own use compared to percentage used to earn rentals and/or capital appreciation; and
- ancillary services, significance of services provided.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

1.8 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

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.

Accounting Policies

1.8 Property, plant and equipment (continued)

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 - 19 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	10 - 70 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 - 50 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.

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.

Accounting Policies

1.8 Property, plant and equipment (continued)

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.

I**mpairment 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 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.

1.9 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.

Accounting Policies

1.9 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.

1.10 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

Accounting Policies

1.10 Intangible assets (continued)

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

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.

1.11 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 a 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.

Accounting Policies

1.11 Heritage assets (continued)

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

Subsequent measurement

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

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.

1.12 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 a municipality'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.

Accounting Policies

1.12 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, a municipality 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 municipality 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 municipality.

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 municipality.

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 the 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.

Accounting Policies

1.12 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:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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:

Class	Category
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 short term payables	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.

Accounting Policies

1.12 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.

Accounting Policies

1.12 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 recognises 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.

Accounting Policies

1.12 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.

1.13 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

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

Accounting Policies

1.13 Statutory receivables (continued)

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

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

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

The municipality's statutory receivabes include:
- Property Rates: Levied per the Municipal Property Rates Act (No. 6 of 2004).
- Traffic Fines: Imposed under the National Road Traffic Act (No. 93 of 1996).
- VAT receivable: Claimed per Value Added Tax Act (No. 89 of 1991).

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Other charges

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

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

Accounting Policies

1.13 Statutory receivables (continued)

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

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

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

1.14 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Accounting Policies

1.14 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the 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 on the remaining balance of the liability.

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

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

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

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.

1.15 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, minus taxes, plus 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.

Accounting Policies

1.15 Inventories (continued)

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.

1.16 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash comprises cash on hand and demand deposits.

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

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

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

The municipality does not have bank overdraft facilities.

1.17 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.

1.18 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.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Accounting Policies

1.18 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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.

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

Accounting Policies

1.18 Impairment of cash-generating assets (continued)

- 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.

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).

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.

Accounting Policies

1.18 Impairment of cash-generating assets (continued)

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
- 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.

Accounting Policies

1.19 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.

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

Accounting Policies

1.19 Impairment of non-cash-generating assets (continued)

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.

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.

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

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.

Accounting Policies

1.20 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 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.

1.21 Employee benefits

Employee benefits are all forms of consideration given by the 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
- 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.

Accounting Policies

1.21 Employee benefits (continued)

The municipality 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 accounts for its proportionate share of the defined benefit obligation, plan assets and costs 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.

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.

Accounting Policies

1.21 Employee benefits (continued)

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.

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;

Accounting Policies

1.21 Employee benefits (continued)

- 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.

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

Accounting Policies

1.21 Employee benefits (continued)

- 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.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.22 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.

Accounting Policies

1.22 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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.

Accounting Policies

1.22 Provisions and contingencies (continued)

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

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

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

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

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 are 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.

1.23 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.

Accounting Policies

1.24 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

1.24 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 2025 and 30 June 2026 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.

Service charges relating to 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.

Rental income

Accounting Policies

1.24 Revenue from exchange transactions (continued)

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

1.25 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

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.

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.

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.

Accounting Policies

1.25 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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.26 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 (deficit) 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.

1.27 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.28 Accounting by principals and agents

Identification

Accounting Policies

1.28 Accounting by principals and agents (continued)

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.29 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Current year comparatives (Budget):

Accounting Policies

1.29 Comparative figures (continued)

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these financial statements.

Prior year comparatives:

When the presentation or classification of items in the 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.

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 46 "prior year adjustments" to the financial statements.

1.30 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.

1.31 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.

1.32 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.

Accounting Policies

1.32 Irregular expenditure (continued)

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.

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 write - off 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.

1.33 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.34 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Accounting Policies

1.35 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.36 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.

1.37 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus when retrospective adjustments are made.

Figures in Rand

	2025	2024

2. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	19 459 426	(4 818 657)	14 640 769	19 459 426	(4 400 436)	15 058 990

Reconciliation of investment property - 2025

	Opening balance	Impairments	Depreciation	Total
Investment property	15 058 990	(40 086)	(378 135)	14 640 769

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	15 438 133	(379 143)	15 058 990

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

3. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	233 287 225	-	233 287 225	233 202 225	-	233 202 225
Buildings	100 990 770	(30 217 642)	70 773 128	100 054 029	(26 651 608)	73 402 421
Machinery and equipment	74 081 491	(47 598 494)	26 482 997	71 956 031	(40 869 871)	31 086 160
Furniture and office equipment	20 419 582	(14 674 224)	5 745 358	20 802 007	(13 090 562)	7 711 445
Transport assets	83 081 926	(55 853 314)	27 228 612	83 565 126	(47 611 192)	35 953 934
Computer equipment	21 794 473	(10 577 999)	11 216 474	18 342 431	(9 466 012)	8 876 419
Infrastructure assets	2 851 452 016	(1 579 039 135)	1 272 412 881	2 691 375 585	(1 502 560 416)	1 188 815 169
Community assets	179 253 199	(51 231 936)	128 021 263	174 837 101	(45 048 500)	129 788 601
Library Books	2 466 814	(2 416 089)	50 725	2 482 854	(2 402 695)	80 159
Work In Progress	245 143 506	-	245 143 506	217 222 280	-	217 222 280
Total	**3 811 971 002**	**(1 791 608 833)**	**2 020 362 169**	**3 613 839 669**	**(1 687 700 856)**	**1 926 138 813**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to PPE	Depreciation	Impairment loss	Total
Land	233 202 225	85 000	-	-	-	-	-	233 287 225
Buildings	73 402 421	-	(540 268)	-	3 045 064	(4 247 452)	(886 637)	70 773 128
Machinery and equipment	31 086 160	3 534 007	(238 055)	-	-	(7 783 606)	(115 509)	26 482 997
Furniture and office equipment	7 711 445	370 173	(29 213)	-	30 461	(2 331 264)	(6 244)	5 745 358
Transport assets	35 953 934	-	(384 037)	-	-	(8 083 303)	(257 982)	27 228 612
Library Books	80 159	-	(832)	-	-	(28 602)	-	50 725
Computer equipment	8 876 419	2 877 086	(261 976)	-	2 609 037	(2 883 932)	(160)	11 216 474
Infrastructure assets	1 188 815 169	19 994 611	(15 202 076)	-	201 166 008	(110 160 008)	(12 200 823)	1 272 412 881
Community assets	129 788 601	-	(143 740)	-	5 987 553	(7 258 769)	(352 382)	128 021 263
Work In Progress	217 222 280	260 304 533	-	(19 545 184)	(212 838 123)	-	-	245 143 506
	1 926 138 813	**287 165 410**	**(16 800 197)**	**(19 545 184)**	**-**	**(142 776 936)**	**(13 819 737)**	**2 020 362 169**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to PPE	Depreciation	Impairment loss	Total
Land	233 202 225	-	-	-	-	-	-	233 202 225
Buildings	37 238 171	-	(150 162)	-	40 427 062	(3 765 400)	(347 250)	73 402 421
Machinery and equipment	30 299 448	7 711 571	(5 114)	-	-	(6 919 745)	-	31 086 160
Furniture and office equipment	3 680 989	6 872 339	(91 151)	-	-	(2 750 732)	-	7 711 445
Transport assets	44 201 640	38 003	-	-	-	(8 285 709)	-	35 953 934
Library Books	142 503	-	(954)	-	-	(61 390)	-	80 159
Computer equipment	7 806 177	3 939 991	(125 541)	-	-	(2 744 208)	-	8 876 419
Infrastructure assets	1 146 932 192	26 125 095	(15 766 511)	-	160 517 230	(125 484 247)	(3 508 590)	1 188 815 169
Community assets	126 614 066	194 750	(47 528)	-	10 442 093	(7 018 525)	(396 255)	129 788 601
Work In Progress	193 285 658	259 109 540	-	(23 786 533)	(211 386 385)	-	-	217 222 280
	1 823 403 069	**303 991 289**	**(16 186 961)**	**(23 786 533)**	**-**	**(157 029 956)**	**(4 252 095)**	**1 926 138 813**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	136 633 757	70 655 961	9 932 562	217 222 280
Additions/capital expenditure	227 729 833	28 768 735	3 805 965	260 304 533
Transferred to completed items	(201 166 008)	(5 987 553)	(5 684 565)	(212 838 126)
Transferred to expenditure	(19 545 181)	-	-	(19 545 181)
	143 652 401	**93 437 143**	**8 053 962**	**245 143 506**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	105 858 774	48 594 667	38 832 217	193 285 658
Additions/capital expenditure	214 947 556	32 503 387	11 658 597	259 109 540
Transferred to completed items	(160 517 230)	(10 442 093)	(40 427 062)	(211 386 385)
Transferred to expenditure	(23 655 343)	-	(131 190)	(23 786 533)
	136 633 757	**70 655 961**	**9 932 562**	**217 222 280**

Figures in Rand	2025	2024

3. Property, plant and equipment (continued)

Projects which are taking significantly longer periods to complete

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:

Project Name	Amount	Reasons for project delays
New Council Chamber and Offices	2 918 108	The Estimate of this project is too much hence it is not moving
Waterval Stormwater 2020	1 093 906	Project is on feasibility stage
Upgrading of Sane to Natali Road	594 227	This project is anticipated to be implemented on the next financial years due to inssuficient allocation.The project will be implemeted with MIG funding and it still needs to be applied.
Mingard Bridge to Mhokota Entrance	1 247 104	The estimate of this project is too much, hence the project is not moving
Arts & Crafts Centre in town	1 317 226	This project doesn't have budget
Main Substation upgrade Phase2 - breakers_ links_ controll pannels	4 279 370	Material shortages – Delays in procurement or delivery of key materials.
Electrification of 170 Residential sites at Tshikota Townshi	5 431 658	Project on hold awaiting the contractor from PMU to finish with road works
Upgrade Emmarentia substation - 7x switchgear	465 997	Re-advertised due to scope changes
Upgrade & reroute 66KV transmission line from Makhado main substaion to Mphenia	2 050 060	Insfufficient funds to start with the project
Transformers 4x5MVA 22/11(Makhado Park_ Roodewal_ Cricket_ E	6 834 900	Critical spares to replace any transformer in case of emergency.
Ring Main Units 11kV (RMU)	2 530 435	Critical spares to replace any RMU in case of emergency.
3x11kv & 4x 22kV	378 680	Critical spares to replace any CTVT in case of emergency.
2 x 2MVA (new housing development)	9 000 201	Construction of sub station in progress, awaiting for installation.
Waterval creche ring road to ZCC Church	1 285 344	Project is on design stage
Workshop steel structure	256 970	Project is on design stage
Upgrade of Access Roads to New Rugby Stadium	409 420	Design completed no budget
Upgrading of Modombidzha livhoneni to Masimuni Access Roads	687 782	Project is on feasibility stage
Extension of Library buildings	26 000	Project is on feasibility stage
Upgrade of road from Mugwena (Valdezi) to T - 2024	260 870	Project is on feasibility stage
Upgrade access road from Thanngani to Dumuni (Mad - 2024.	260 870	Project is on feasibility stage
	41 329 128	

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Property, plant and equipment (continued)

Repairs and Maintenance of property, plant and equipment

An amount of R68.8 million (2024: R63.8 million) was spent during the period ended 30 June 2025. In determining this amount, management has exclusively disclosed amounts charged by service providers. Refer to Note 37

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.

4. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	9 313 789	(8 065 925)	1 247 864	9 457 600	(7 729 274)	1 728 326

Reconciliation of intangible assets - 2025

	Opening balance	Disposals	Amortisation	Total
Intangible assets	1 728 326	(1 403)	(479 059)	1 247 864

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Intangible assets	1 609 780	726 723	(608 177)	1 728 326

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.

5. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	2 160 329	-	2 160 329	2 160 329	-	2 160 329

Reconciliation of heritage assets 2025

	Opening balance	Total
Heritage assets	2 160 329	2 160 329

Reconciliation of heritage assets 2024

	Opening balance	Total
Heritage assets	2 160 329	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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Employee benefit obligations

Long Service Awards Obligation

The actuarial valuation of the long service awards 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 9.7% (2024: 10.97%), Consumer Price Inflation of 3.7% (2024: 5.14%), Normal Salary Increase of 5.01% (2024: 5.00%) and Net Effective Discount Rate of 4.80% (2024: 4.55%), Mortality SA 85-90 (2024: SA 85-90)

Long service awards liability		
Opening balance	(23 864 000)	(14 185 000)
Current service cost	(2 248 000)	(1 208 000)
Interest cost	(2 376 000)	(1 464 000)
Actuarial gains/(loss)	52 469	(654 741)
Past Service Costs	-	(8 854 000)
Expected employer benefit vesting	2 761 531	2 501 741
	(25 674 000)	**(23 864 000)**

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 R5,876 (2024: R5 231) 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 512 (2024: 472) in service members, 99 (2024: 112) in service non-members and 48 (2024: 49) continuation(retirees and surviving dependents) 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 2025 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.

Valuation assumptions made include Discount Rate of 11.12% (2024: 12.26%), Consumer Price Inflation of 5.2% (2024: 6.24%), Normal Salary Increase of 5.01% (2024: 5.00%) and Net Effective Discount Rate of 3.9% (2024: 4.20%), Mortality SA 85-90 (2024: SA 85-90)

Total post-retirement health care benefits liability		
Opening balance	(103 486 000)	(97 567 000)
Current service cost	(4 620 000)	(4 252 000)
Interest cost	(12 459 000)	(11 976 000)
Actuarial gains/(loss)	361 936	7 075 070
Expected contributions (benefits paid)	3 227 064	3 233 930
	(116 976 000)	**(103 486 000)**

Figures in Rand	2025	2024

6. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening Balance	(127 350 000)	(111 752 000)
Current Service Costs	(6 868 000)	(5 460 000)
Past Service Costs	-	(8 854 000)
Interest Costs	(14 835 000)	(13 440 000)
Expected employee benefit vesting	5 988 595	5 735 671
Actuarial gain/(loss)	414 405	6 420 329
	(142 650 000)	**(127 350 000)**
Non-current liabilities	(134 022 001)	(118 989 000)
Current liabilities	(8 628 000)	(8 361 000)
	(142 650 001)	**(127 350 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.20 %	12.26 %
CPI inflation rate	5.20 %	6.24 %
Expected increase in salaries	5.01 %	5.00 %
Expected increase in healthcare costs	7.00 %	7.74 %

7. Inventories

Consumable stores	36 851 758	34 419 727
Land inventory	90 752 789	92 091 757
	127 604 547	**126 511 484**

7.1 Reconciliation of inventories

Land inventory		
Opening balance	92 091 757	93 309 751
Less: Sales	(344 000)	(271 000)
Less: Donated land	(255 000)	(350 000)
Less: Inventory written down	(654 968)	(596 994)
Less: Transfer to PPE	(85 000)	-
Closing balance	90 752 789	92 091 757
Inventory consumables		
Opening balance	34 419 727	25 771 378
Add: Purchases	35 152 131	44 946 139
Less: Issues	(31 418 986)	(36 413 862)
Less: Adjustments	(1 301 114)	-
Add/Less: (Increase)/decrease in slow moving stock	-	116 072
	36 851 758	34 419 727

Inventory pledged as security

No inventory was pledged as security for the current and previous year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Receivables from exchange transactions

Input VAT accrual	86 654 818	75 202 387
Other receivables	3 694 036	2 645 569
Sundry debtors	342 164	212 962
Prepaid expenses - Insurance	1 341 516	424 782
	92 032 536	**78 485 703**

Receivables from exchange transactions pledged as security:

No receivables from exchange transactions were pledged as security.

9. Receivables from non-exchange transactions

Fines	794 200	737 650
Rates	51 900 478	64 644 159
	52 694 678	**65 381 809**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Property rates	51 900 478	64 644 159
Fines	794 200	737 650
	52 694 678	**65 381 809**

Traffic Fines Receivables

As of 30 June 2025, receivables from traffic fines of R19 627 690 (2024: R16 506 640) were impaired and provided for. The amount of the provision was R18 833 490 as of 30 June 2025 (2024: R15 768 990.

Gross Balances		
Opening balance	16 506 640	13 957 070
Tickets issued	7 024 150	5 306 050
Withdrawals	(538 150)	(425 050)
Reductions	(556 310)	(58 880)
Payments	(2 808 640)	(2 272 550)
Closing Balance	19 627 690	16 506 640
Less: Provision for impairment	(18 833 490)	(15 768 990)
	794 200	**737 650**

Reconciliation of provision for impairment of traffic fines receivables

Opening balance	(15 768 990)	(12 717 570)
Contributions to allowance	(3 064 500)	(3 051 420)
	(18 833 490)	**(15 768 990)**

Figures in Rand	2025	2024

9. Receivables from non-exchange transactions (continued)

Statutory Receivables

Transaction(s) arising from statute

The municipality's statutory receivabes include:
- Property Rates: Levied per the Municipal Property Rates Act (No. 6 of 2004).
- Traffic Fines: Imposed under the National Road Traffic Act (No. 93 of 1996).
- VAT receivable: Claimed per Value Added Tax Act (No. 89 of 1991).

Determination of transaction amount

Property rates:

The transaction amount of Property Rates is determined based on:
- Rateable Value: of the property (usually the market value as assessed by the municipality or a valuer).
- Tariff (Rate): Set by the municipality in its annual budget, expressed as cents in the rand.

Refer to Note 10 of the Annual Financial Statements for additional disclosure of property rates.

Traffic Fines:

The transaction amount for Traffic Fines is determined based on:
- Offence Category: Type of violation (e.g., speeding, no seatbelt, illegal parking).
- Penalty Scale: Set by the National Road Traffic Act (No. 93 of 1996) or municipal bylaws. Fines vary.

VAT receivable:

The transaction amount for VAT receivable from SARS is calculated based on the following:
- Input VAT - determined based on actual payments made to suppliers.
- Output VAT - determined based on actual receipts from customers.

Statutory receivables impaired

As of 30 June 2025, Statutory receivables of 307 318 913 (2024: 303 367 097) were impaired and provided for.

The amount of the provision was 254 624 235 as of 30 June 2025 (2024: 237 985 288).

Gross balances		
Property rates	287 691 223	286 860 457
Fines	19 627 690	16 506 640
	307 318 913	**303 367 097**
Reconciliation of provision for impairment for statutory receivables		
Opening balance	237 985 288	203 405 737
Contributions to allowance	16 638 947	34 579 551
	254 624 235	**237 985 288**
Net balance of statutory receivables	52 694 678	65 381 809

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
10. Consumer debtors disclosure		
Gross balances		
Rates	287 691 223	286 860 457
Electricity	235 310 878	203 329 954
Refuse	59 328 453	55 147 763
Other	12 210 287	12 221 241
	594 540 841	**557 559 415**
Less: Allowance for impairment		
Rates	(235 790 745)	(222 216 298)
Electricity	(144 339 824)	(125 455 981)
Refuse	(57 903 169)	(53 682 403)
Other	(8 120 345)	(7 536 972)
	(446 154 083)	**(408 891 654)**
Net balance		
Rates	51 900 478	64 644 159
Electricity	90 971 054	77 873 973
Refuse	1 425 284	1 465 360
Other	4 089 942	4 684 269
	148 386 758	**148 667 761**
Statutory receivables included in consumer debtors above are as follows:		
Rates	51 900 478	64 644 159
Financial asset receivables included in consumer debtors above	**96 486 280**	**84 023 602**
Total consumer debtors	148 386 758	148 667 761
Included in above is receivables from exchange transactions		
Electricity	90 971 054	77 873 973
Refuse	1 425 284	1 465 360
Other	4 089 942	4 684 269
	96 486 280	**84 023 602**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	51 900 478	64 644 159
Net balance	**148 386 758**	**148 667 761**
Rates		
Current (0 -30 days)	24 591 677	31 765 076
31 - 60 days	5 478 387	5 661 640
61 - 90 days	4 952 369	4 967 531
91 - 120 days	4 737 392	4 942 126
121 - 365 days	247 931 398	239 524 084
	287 691 223	**286 860 457**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Consumer debtors disclosure (continued)

Electricity		
Current (0 -30 days)	2 835 503	2 172 299
31 - 60 days	3 636 194	2 463 130
61 - 90 days	1 508 115	2 583 706
91 - 120 days	100 509 522	89 574 140
121 - 365 days	126 821 544	106 536 680
	235 310 878	**203 329 955**
Refuse		
Current (0 -30 days)	1 463 414	2 664 996
31 - 60 days	792 318	801 205
61 - 90 days	753 228	764 213
91 - 120 days	734 335	747 112
121 - 365 days	55 585 159	50 170 236
	59 328 454	**55 147 762**
Other		
Current (0 -30 days)	2 152 277	4 690 388
31 - 60 days	902 275	492 725
61 - 90 days	436 944	1 349 647
91 - 120 days	667 259	172 828
121 - 365 days	8 051 532	5 515 653
	12 210 287	**12 221 241**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Consumer debtors disclosure (continued)

Summary of debtors by customer classification

Residential		
Current (0 -30 days)	36 522 960	24 268 213
31 - 60 days	5 734 825	4 356 723
61 - 90 days	4 590 734	5 139 963
91 - 120 days	3 993 730	3 962 043
121 - 365 days	225 754 644	213 738 494
	276 596 893	251 465 436
Less: Allowance for impairment	(247 705 122)	(227 044 175)
	28 891 771	**24 421 261**
Industrial/ commercial		
Current (0 -30 days)	36 555 940	35 976 087
31 - 60 days	2 041 213	1 908 749
61 - 90 days	1 348 287	2 607 499
91 - 120 days	2 142 793	1 762 874
121 - 365 days	53 922 277	46 752 573
	96 010 510	89 007 782
Less: Allowance for impairment	(64 302 137)	(56 544 253)
	31 708 373	**32 463 529**
Agriculture		
Current (0 -30 days)	44 457 390	41 869 526
31 - 60 days	4 966 601	4 454 398
61 - 90 days	4 928 903	5 351 781
91 - 120 days	4 207 113	3 607 009
121 - 365 days	163 373 429	161 803 483
	221 933 436	217 086 197
Less: Allowance for impairment	(134 146 824)	(125 303 227)
	87 786 612	**91 782 970**
Total		
Current (0 -30 days)	117 536 285	102 113 826
31 - 60 days	12 742 642	10 719 870
61 - 90 days	10 867 924	13 099 243
91 - 120 days	10 343 636	9 331 927
121 - 365 days	443 050 350	422 294 550
	594 540 837	557 559 416
Less: Allowance for impairment	(446 154 083)	(408 891 655)
	148 386 754	**148 667 761**
Less: Allowance for impairment		
Current (0 -30 days)	(63 522 817)	(52 933 341)
31 - 60 days	(10 221 563)	(8 561 350)
61 - 90 days	(8 717 753)	(10 461 620)
91 - 120 days	(8 297 192)	(7 452 879)
121 - 365 days	(355 394 758)	(329 482 464)
	(446 154 083)	**(408 891 654)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Consumer debtors disclosure (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(408 891 654)	(374 084 410)
Contributions to allowance	(39 851 733)	(44 331 333)
Debt impairment written off against allowance	2 589 305	9 524 089
	(446 154 082)	**(408 891 654)**

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R446 154 083 (2024: R408 891 654) 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.

Consumer debtors pledged as security:

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors:

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.

Fair value of consumer debtors:

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors	148 386 754	148 667 761

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	19 576 226	22 776 384
Petty Cash	108	163
Cash Float	12 700	12 700
	19 589 034	**22 789 247**

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:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Cash and cash equivalents (continued)

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 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB BANK - Primary account - 623-0832-9988	19 210 928	25 932 331	146 328 419	19 576 226	22 776 384	146 582 745
VBS MUTUAL BANKInvestment account-010029570007	46 595 977	58 264 578	58 264 578	46 595 977	58 264 578	58 264 578
Total	**65 806 905**	**84 196 909**	**204 592 997**	**66 172 203**	**81 040 962**	**204 847 323**

Investment in VBS Mutual Bank:

Short term investment in VBS of R46 595 977 (2024:R58 264 578) 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 2025, the municipality has recovered R11 668 601 (2024: R0) of the amount, disclosed in Note 26 of the Annual Financial Statements.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Finance lease obligation

Minimum lease payments due		
- within one year	1 416 000	1 416 000
- in second to fifth year inclusive	590 000	2 006 000
	2 006 000	3 422 000
less: future finance charges	(166 331)	(455 492)
Present value of minimum lease payments	**1 839 669**	**2 966 508**
Present value of minimum lease payments due		
- within one year	1 266 611	1 126 839
- in second to fifth year inclusive	573 058	1 839 669
	1 839 669	**2 966 508**
Non-current liabilities	573 058	1 839 669
Current liabilities	1 266 611	1 126 839
	1 839 669	**2 966 508**

It is the municipality's policy to lease certain equipment under finance leases, denominated in the presentation currency (Rand). The average lease term is 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	1 839 668	2 966 508

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 47 of the financial statements.The fair value of finance lease liabilities approximates their carrying amounts.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Unspent conditional grants and receipts

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. INEP grant was partially spent as at 30 June 2025.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	-
Integrated National Electrification Programme	4 544 500	-
Finance Management Grant	-	-
Disaster Management Grant	-	4 558 461
Expanded Public Works Programmes	-	-
	4 544 500	**4 558 461**
Movement during the year		
Balance at the beginning of the year	4 558 461	3 500 000
Additions during the year	157 551 000	137 733 000
Income recognition during the year	(157 564 961)	(136 674 539)
	4 544 500	**4 558 461**

See Note 29 for reconciliation of grants from national/provincial government.

14. Performance bonus obligation

The provision is to provide for the performance bonuses of the Section 57 employees. The provision is based on the previous assessment made, of which , the policy is between 5% - 10% of the total remuneration in terms of the performance agreements at the reporting date which is usually paid within one year.

Performance bonuses	302 849	-
Reconciliation of performance bonuses		
Balance at the beginning of the year	-	-
Increase in provision	302 849	-
	302 849	**-**
Total performance bonus obligation		
Performance bonuses	302 849	-
	302 849	**-**

Figures in Rand	2025	2024

15. Rehabilitation provision

Reconciliation of rehabilitation provision - 2025

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	16 689 506	51 780	1 697 389	18 438 675
New Landfill Site [Permit Number:12/9/11/L413/6]	3 631 448	64 069	387 490	4 083 007
	20 320 954	**115 849**	**2 084 879**	**22 521 682**

Reconciliation of rehabilitation provision - 2024

	Opening Balance	Movement	Unwind interest	Total
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	27 109 799	(13 313 342)	2 893 049	16 689 506
New Landfill Site [Permit Number:12/9/11/L413/6]	3 900 287	(714 314)	445 475	3 631 448
	31 010 086	**(14 027 656)**	**3 338 524**	**20 320 954**

Non-current liabilities	20 846 189	18 865 567
Current liabilities	1 675 493	1 455 387
	22 521 682	**20 320 954**

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 5.5% for the Vondeling Landfill and 5.75% for the Makhado Landfill.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Deferred Income

Deferred Income	98 812	99 695

17. Payables from exchange transactions

Salary Control	16 147 616	16 052 196
Accrued operating creditors	196 735 471	157 910 357
Retentions	63 131 822	54 282 712
Advance payments	14 524 824	15 671 783
Other creditors	1 752 600	2 234 764
VAT Payable (SARS)	4 290 192	3 511 868
Output VAT accrual	78 092 806	70 822 868
Leave pay accrual	42 492 263	40 440 873
Bonus accrual	9 235 480	8 288 972
	426 403 075	**369 216 393**

Fair value of trade and other payables

Trade payables	426 403 075	369 216 393

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 accrual 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.

Annual bonus:

Annual bonus accrues to staff on an annual basis subject to certain conditions. The accrual 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 its conditions of employment.

Retention:

Retention is non-interest bearing and settled in terms of the contract agreement.

Output VAT accrual:

This represents a financial liability in which the municipality as a VAT vendor had entered into a contract with customers for the provision of electricity and refuse services which are taxable supplies and the customers have not yet paid the municipality at year end for those services and in future the municipality will potentially settle the VAT output with SARS through an exchange of cash when the customers settled their debt with the municipality.

VAT Payable (SARS)

VAT is payable to SARS when output VAT on taxable supplies is more than input VAT claimed on expenses.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Consumer deposits

Electricity	15 464 164	14 372 770
Rental Properties	708 547	609 452
	16 172 711	**14 982 222**

During the financial period ended 30 June 2025, the municipality had guarantees in lieu of customers of R2 761 069 (2024: R2 766 069).

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.

Business consumers are 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.

19. Revenue

Service charges	531 063 422	453 674 136
Rental of facilities and equipment	431 426	425 659
Interest earned -outstanding receivables: exchange transactions	17 215 113	15 511 158
Agency services	3 196 902	3 273 967
Licences and permits	3 957 212	3 809 976
Other revenue from exchange transactions	17 120 668	21 935 915
Interest received from financial institutions	3 015 509	5 456 569
Actuarial gains	414 405	6 420 329
Property rates	125 103 649	120 692 497
Interest earned -outstanding receivables: non-exchange transactions	27 403 856	25 943 370
Government grants & subsidies	667 409 566	619 579 943
Other revenue from non - exchange transactions	19 994 510	27 163 217
Fines, Penalties and Forfeits	6 226 756	5 390 564
	1 422 552 994	**1 309 277 300**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	531 063 422	453 674 136
Rental of facilities and equipment	431 426	425 659
Interest earned -outstanding receivables: exchange transactions	17 215 113	15 511 158
Agency services	3 196 902	3 273 967
Licences and permits	3 957 212	3 809 976
Other revenue from exchange transactions	17 120 668	21 935 915
Interest received from financial institutions	3 015 509	5 456 569
Actuarial gains	414 405	6 420 329
	576 414 657	**510 507 709**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	125 103 649	120 692 497
Interest earned -outstanding receivables: non-exchange transactions	27 403 856	25 943 370
Transfer revenue		
Government grants & subsidies	667 409 566	619 579 943
Other revenue from non - exchange transactions	19 994 510	27 163 217
Fines, Penalties and Forfeits	6 226 756	5 390 564
	846 138 337	**798 769 591**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Revenue (continued)

Nature and type of Bequests, gifts, donations and goods in-kind are as follows:

Other revenue from non - exchange transactions: Donations	2 603 207	7 907 617

The donation relates to electrical infrastructure donated by the developers. The transaction relates to tangible assets transferred to the municipality in a non-exchange transaction, without charge.

Nature and type of services in-kind are as follows:

Other revenue from non - exchange transactions: Services in kind	17 391 303	19 255 600

The services in kind relates to road maintenance carried out by the performed by Road Agency Limpopo during the year.

The Department of Cooperative Governance and Traditional Affairs (CoGTA) partnered with Roads Agency Limpopo through the Office of the Premier in its commitment to address service delivery backlog in the rural municipalities through mobolisation of re-prioritised MIG and other grants with the objective to ensure job creation through labour intensive methods, poverty alleviation, service delivery and simulation of local economic development.

Makhado Local Municipality was identified as one of the targeted municipalities for this intervention where the Office of the Premier and CoGTAs role was that of coordination and oversight and Road Agency Limpopo the implementing agent for the project.

20. Service charges

Sale of electricity	515 696 851	438 467 600
Refuse removal	15 366 571	15 206 536
	531 063 422	**453 674 136**

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.

Included in sale of electricity of R515 696 851 (2024: R438 467 600), is prepaid electricity of R106 220 960 (2024: R89 789 653), which is not billed on a monthly basis but purchased by consumers as and when the need arises.

The principal and agent relationship for prepaid electricity is disclosed in note 58

21. Rental of facilities and equipment

Premises		
Venue hire	302 224	296 124
Facilities and equipment		
Rental-Show Ground	129 202	129 535
	431 426	**425 659**

22. Fines, Penalties and Forfeits

Overdue Books Fines	364	466
Pound Fees Fines	119 857	84 048
Municipal Traffic Fines	6 106 535	5 306 050
	6 226 756	**5 390 564**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Agency services

Vehicle Registration & Licencing	3 196 902	3 273 967

The municipality has contractual arrangement with the Department of Community, Safety and Liason Limpopo (principal) for the motor vehicles registrations on an 80/20 commission basis. No risks or rewards in relation to the assets , expenditures and payables in terms of this agreement are applicable to the municipality.

The remittance of 80 percent of the revenues collected in terms of rendering the services on behalf of the principal occurs on a monthly basis.

The principal and agent relationship is disclosed in note 58

24. Licences and permits

Dog Licences	17 065	4 218
Trading Licences	371 851	321 041
Road and Transport	3 568 296	3 484 717
	3 957 212	**3 809 976**

25. Interest earned - outstanding receivables

Interest earned - outstanding receivables: exchange transactions	17 215 113	15 511 158
Interest earned - outstanding receivables: non - exchange transactions	27 403 856	25 943 370
	44 618 969	**41 454 528**

26. Other revenue from exchange transactions

Burial fees	158 709	153 826
Advertising	22 891	10 274
Land sales	2 333 870	2 143 793
Sundries	2 720 730	5 375 733
Sale of tender documents	17 765	27 000
Building plans	198 102	197 633
Landfill management	-	14 027 656
Reversal of impairment: VBS	11 668 601	-
	17 120 668	**21 935 915**

Included in Other revenue from exchange transactions, is a reversal of impairment amounting to R11 688 601 (2024: R02) relating to an investment made in VBS Bank that was impaired in the previous financial years. The municipality received R11 688 601 through the VBS liquidation processes in the current financial year as part of the recovery of invested funds. The investment in VBS is disclosed in Note 11 of the Annual Financial Statements.

27. Interest received from financial institutions

Interest revenue		
Interest received from primary account	3 015 509	5 456 569

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Property rates

Rates received

Residential	62 111 515	58 729 599
Commercial	34 635 208	34 762 184
Agricultural	28 356 926	27 200 714
	125 103 649	**120 692 497**

Included in the above property rates amount is revenue forgone amounting to R4 572 010 (2024: R3 832 568) relating to rebates and discounts.

Valuations R'000

Residential	6 545 939	6 606 796
Commercial	2 455 951	2 469 545
Agricultural	8 447 007	8 471 581
Municipal	648 228	589 221
Churches	124 434	118 356
Government	2 196 261	2 165 769
Public Service Infrastructure	520 337	507 058
Public Benefit Organisation	25 230	17 670
	20 963 387	**20 945 996**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. The general valuation roll is valid from 01 July 2023 to 30 June 2028. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The valuations for the current year is R20 963 387 000 (2024: R20 945 996 000).

Rates are levied monthly on property owner's accounts.

Figures in Rand	2025	2024

29. Government grants & subsidies

Operating grants		
Equitable share	509 837 000	481 943 000
Expanded Public Works Programmes (EPWP)	2 560 000	2 768 000
Finance Management Grant (FMG)	1 900 000	1 950 000
Local Government Sector for Education and Training Authority	7 605	962 404
Disaster Management Grant	10 564 461	16 941 539
	524 869 066	**504 564 943**
Capital grants		
Municipal Infrastructure Grant (MIG)	125 490 000	108 015 000
Integrated Electrification Program (INEP)	17 050 500	7 000 000
	142 540 500	**115 015 000**
	667 409 566	**619 579 943**

Capital and Operational Grants Received

Included in above are the following grants and subsidies received and transfered to revenue upon conditions being met:

Conditional grants received	142 540 500	115 015 000
Unconditional grants received	15 032 066	22 621 943
Equitable Share	509 837 000	481 943 000
	667 409 566	**619 579 943**

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 2 285 514 (2024: 1 711 665), which is funded from the grant.

Current-year receipts	509 837 000	481 943 000
Conditions met - transferred to revenue	(509 837 000)	(481 943 000)
	-	**-**

Municipal Infrastructure Grant (MIG)

Current-year receipts	125 490 000	108 015 000
Conditions met - transferred to revenue	(125 490 000)	(108 015 000)
	-	**-**

MIG Grant was used to accelerate the provision of basic service delivery through construction of capital projects. Conditions of the grant were fully met at period end - (see note 13).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Government grants & subsidies (continued)

Integrated National Electricity Programme (INEP)

Current-year receipts	21 595 000	7 000 000
Conditions met - transferred to revenue	(17 050 500)	(7 000 000)
	4 544 500	**-**

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were partially met at period end - (see note 13).

Expanded Public Works Programmes (EPWP)

Current-year receipts	2 560 000	2 768 000
Conditions met - transferred to revenue	(2 560 000)	(2 768 000)
	-	**-**

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 met at period end - (see note 13).

Finance Management Grant (FMG)

Current-year receipts	1 900 000	1 950 000
Conditions met - transferred to revenue	(1 900 000)	(1 950 000)
	-	**-**

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 met at period end - (see note 13).

Local Government Sector for Education and Training Authority

Current-year receipts	7 605	962 404
Conditions met - transferred to revenue	(7 605)	(962 404)
	-	**-**

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).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Government grants & subsidies (continued)

Disaster Management Grant

Balance unspent at beginning of year	4 558 461	3 500 000
Current-year receipts	6 006 000	18 000 000
Conditions met - transferred to revenue	(10 564 461)	(16 941 539)
	-	**4 558 461**

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The conditions of the grant was fully met at period end - (see note 13).

Figures in Rand	2025	2024

30. Employee related costs

Basic	232 203 495	220 859 194
Bonus	18 962 211	16 985 056
Medical aid - company contributions	22 595 205	20 074 050
UIF	1 553 619	1 633 328
Other payroll levies	86 458	116 038
Leave pay provision charge	3 294 670	5 763 641
Pension fund contributions	43 309 402	40 660 064
Travel, motor car, accommodation, subsistence and other allowances	21 237 071	18 631 304
Overtime payments	36 577 589	35 316 324
Employee benefits - Current service costs	6 868 000	5 460 000
Employee benefits - Past Service Costs	-	8 854 000
Acting allowances	880 626	884 359
Allowances: Non-pensionable	628 040	142 380
Housing benefits and allowances	527 959	459 583
Standby allowance	3 135 835	3 142 508
Group life insurance	2 992 445	2 681 997
	394 852 625	**381 663 826**

Remuneration of municipal manager

Annual Remuneration	1 252 897	1 219 739
Acting allowance	-	22 890
Car Allowance	377 039	345 904
Contributions to UIF, Medical and Pension Funds	263 039	249 028
Other	20 340	16 950
	1 913 315	**1 854 511**

The Municipal Manager was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of chief finance officer

Annual Remuneration	879 988	-
Acting allowance	61 708	132 269
Car allowance	270 975	-
Contributions to UIF, Medical and Pension Funds	214 327	-
Other	20 340	-
	1 447 338	**132 269**

The Chief Financial Officer was appointed with effect from 01 August 2024 and the position is currently occupied.

Remuneration of Director Technical Services

Annual Remuneration	-	277 414
Acting allowance	126 069	48 262
Car allowance	-	109 529
Contributions to UIF, Medical and Pension Funds	-	58 960
Other	11 865	15 255
	137 934	**509 420**

The position of Technical Services Director is on acting basis. The director resigned on the 30th of November 2023.

Remuneration of Director Corporate Services

Annual Remuneration	1 052 918	1 030 819
Car Allowance	290 227	262 408

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
30. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	247 686	232 941
Other	20 340	16 950
	1 611 171	**1 543 118**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of Director Development Planning

Annual Remuneration	975 839	953 949
Car allowance	387 851	355 706
Contributions to UIF, Medical and Pension Funds	227 141	212 387
Other	20 340	15 255
	1 611 171	**1 537 297**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

Remuneration of Director Community Services

Annual Remuneration	778 245	702 606
Car allowance	211 668	228 634
Contributions to UIF, Medical and Pension Funds	185 920	178 090
Other	20 340	20 340
	1 196 173	**1 129 670**

The Director was appointed with effect from 01 September 2022 and the position is currently occupied.

31. Remuneration of councillors

Mayor	1 043 478	991 011
Speaker	835 564	802 540
Councillors	28 678 011	28 196 386
	30 557 053	**29 989 937**

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 51407 of 17 October 2024.

Figures in Rand	2025	2024

31. 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 2025 **Councillors**	Emoluments	Travel allowance	Cellphone allowance	Total
Ms MD Mboyi [MAYOR]	778 193	259 394	5 891	1 043 478
Ms GT MUKWEVHO - MITILENI [SPEAKER]	622 557	207 519	5 488	835 564
MR SR BALOYI [CHIEF WHIP]	584 151	194 717	11 387	790 255
Mr NS MUNYAI	246 271	82 090	3 528	331 889
Mr MR MAGADA	584 151	194 717	7 325	786 193
Mrs TM MALANGE	348 183	116 061	9 154	473 398
Mr FN MADZHIGA	246 271	82 090	7 535	335 896
Ms MS TSHILAMBYANA	246 271	82 090	12 660	341 021
Mr ND DAVHANA	246 271	82 090	7 513	335 874
Mr TC MAMAFHA	246 271	82 090	14 744	343 105
Mrs R RALIPHADA	584 151	194 717	7 968	786 836
Mr N KUTAMA	246 271	82 090	7 231	335 592
Mrs MJ GABARA	246 271	82 090	13 776	342 137
Mr TJ MAMAFHA	246 271	82 090	18 233	346 594
Mr S MASUKA	246 271	82 090	20 052	348 413
Mr MR SELEPE	86 807	28 936	15 668	131 411
Ms NB JONES	327 941	108 533	11 257	447 731
Mr MJ MPASHE	246 271	82 090	13 861	342 222
Mr NS NEMUDZIVHADI	348 183	116 061	13 086	477 330
Ms MG FURUMELE	246 271	82 090	13 228	341 589
Ms NJ SIMANGWE	316 050	105 350	7 089	428 489
Mr MD NDOU	348 183	116 061	7 122	471 366
Mr T KUTAMA	246 271	82 090	7 596	335 957
Mr ME MULEFU	246 271	82 090	23 103	351 464
Mr NV MALIVHA	566 526	188 842	7 606	762 974
Mr ET SITHI	325 599	108 533	25 284	459 416
Mr N MUNYAI	584 151	194 717	7 349	786 217
Mr R MUKHUBA	246 271	82 090	7 573	335 934
Mr R MUKHUDWANA	246 271	82 090	17 074	345 435
Mr R BALOYI	246 271	82 090	8 864	337 225
Ms L MASHAMBA	246 271	82 090	8 168	336 529
Ms HG MALULEKE	246 271	82 090	7 635	335 996
Mr MC MALANGE	246 271	82 090	18 185	346 546
Mr DJ SEBOLA	246 271	82 090	7 337	335 698
Mr M MARAGA	316 050	105 350	12 758	434 158
Ms M RAMALIVHANA	246 271	82 090	23 090	351 451
Mr MR MAKWALA	316 050	105 350	7 984	429 384
Ms M SWALIVHA	246 271	82 090	10 590	338 951
Mr PA SMALLE	246 271	82 090	47 004	375 365
Miss TT RAMALATA	246 271	82 090	7 562	335 923
Miss TC MASHAU	246 271	82 090	8 165	336 526
Mr TR RAVELE	246 271	82 090	18 147	346 508
Mr TT MAKAMU	316 050	105 350	9 552	430 952
Mr PN MASIPA	246 271	82 090	13 147	341 508
Ms KP MAPHAKELA	246 271	82 090	8 648	337 009
Mr AS DZHIVHUHO	246 271	82 090	7 636	335 997
Mr A MADAVHA	246 271	82 090	34 419	362 780
Ms HG MABUDU	246 271	82 090	15 956	344 317
Mr MW RAMALWA	325 599	108 533	22 412	456 544

Figures in Rand			2025	2024
31. Remuneration of councillors (continued)				
Mr ME MULAUDZI	246 272	82 090	5 516	333 878
Mr K MUKHELI	246 271	82 090	7 466	335 827
Mr M MUKOSI	246 271	82 090	7 579	335 940
Mr W MABASA	246 271	82 090	7 736	336 097
Ms NS MAHOSI	316 050	105 350	13 391	434 791
Mr MD SINGO	246 271	82 090	17 421	345 782
Miss IA TSHIDAVHU	348 183	116 061	6 967	471 211
Ms B HLANGWANI	246 272	82 090	7 837	336 199
Mr FP MAKHUBELE	246 271	82 090	5 786	334 147
Mr SE BALOYI	246 271	82 090	7 585	335 946
Mr P MASHAU	246 271	82 090	8 123	336 484
Mr NA MUDUNUNGU	246 271	82 090	47 004	375 365
Mrs TT MUSHANDANA	246 271	82 090	9 173	337 534
Mr MI PHULUWA	246 271	82 090	8 063	336 424
Mr L PHANGAMI	245 911	82 090	47 364	375 365
Mr MR MUKOSI	246 271	82 090	7 004	335 365
Mr FB Hlongwani	246 271	82 090	8 709	337 070
Mrs RT MAINGO	325 599	108 533	11 848	445 980
Miss KN MANGANYE	246 271	82 090	7 633	335 994
Mr WL ESTERHUIZEN	246 271	82 090	47 004	375 365
Mr TR MATIDZA	246 271	82 090	9 942	338 303
Ms NJ MATUMBA	584 151	194 717	47 004	825 872
Mrs M MABUNDA	215 911	71 970	50 149	338 030
Ms TL MUDZWIRI	211 256	70 419	19 772	301 447
Mrs LM MATHALISE	316 050	105 350	7 962	429 362
Mr K MADZHINI	58 909	19 656	11 563	90 128
	22 121 605	**7 373 207**	**1 062 241**	**30 557 053**

30 June 2024 **Councillors**	Emoluments	Travel allowance	Cellphone allowance	Total
Ms MD Mboyi [MAYOR]	684 516	228 172	10 188	922 876
Mr NS MUNYAI	434 930	144 977	4 606	584 513
Ms GT MUKWEVHO - MITILENI [SPEAKER]	579 534	193 178	13 786	786 498
MR SR BALOYI [CHIEF WHIP]	557 001	185 667	13 681	756 349
Miss IA TSHIDAVHU	269 610	89 870	13 839	373 319
Miss TC MASHAU	235 125	78 375	17 219	330 719
Miss KN MANGANYE	230 281	76 760	14 068	321 109
Mr A MADAVHA	235 125	78 375	12 372	325 872
Miss TT RAMALATA	235 125	78 375	17 285	330 785
Mr AS DZHIVHUHO	235 125	78 375	17 313	330 813
Mr AZ MAPHAHLA	235 125	78 375	49 608	363 108
Mr K MAPHUBU	310 863	103 621	16 226	430 710
Mr K MUKHELI	235 125	78 375	12 863	326 363
Mr DJ SEBOLA	235 125	78 375	13 850	327 350
Mr L PHANGAMI	235 125	78 375	49 608	363 108
Mr ET SITHI	281 066	93 689	13 510	388 265
Mr M MARAGA	301 743	100 581	13 834	416 158
Mr FB Hlongwani	235 125	78 375	28 316	341 816
Mr FN MADZHIGA	235 125	78 375	18 036	331 536
Mr FP MAKHUBELE	235 125	78 375	16 655	330 155
Mr M MUKOSI	235 125	78 375	13 506	327 006
Mr MC MALANGE	235 125	78 375	26 584	340 084
Mr MD NDOU	269 610	89 870	17 060	376 540
Mr MD SINGO	235 125	78 375	28 677	342 177
Mr ME MULAUDZI	235 125	78 375	10 553	324 053
Mr ME MULEFU	235 125	78 375	27 375	340 875
Mr MI PHULUWA	235 125	78 375	17 167	330 667

Figures in Rand			2025	2024

31. Remuneration of councillors (continued)

Mr MJ MPASHE	235 125	78 375	26 661	340 161
Mr MR MAGADA	557 001	185 667	17 144	759 812
Mr MR MAKWALA	301 743	100 581	17 311	419 635
Mr MR MUKOSI	235 125	78 375	13 961	327 461
Mr MW RAMALWA	309 080	103 027	49 608	461 715
Mr N KUTAMA	235 125	78 375	20 784	334 284
Mr N MUNYAI	557 001	185 667	17 046	759 714
Mr NA MUDUNUNGU	235 125	78 375	49 608	363 108
Mr ND DAVHANA	235 125	78 375	28 913	342 413
Mr NF CHILILO	235 125	78 375	27 325	340 825
Mr NS NEMUDZIVHADI	269 610	89 870	27 234	386 714
Mr NV MALIVHA	540 886	180 295	17 250	738 431
Mr P MASHAU	235 125	78 375	15 308	328 808
Mr PA SMALLE	235 125	78 375	49 608	363 108
Mr PN MASIPA	235 125	78 375	17 276	330 776
Mr R BALOYI	235 125	78 375	8 384	321 884
Mr R MUKHUBA	235 125	78 375	13 559	327 059
Mr R MUKHUDWANA	235 125	78 375	17 313	330 813
Mr S MASUKA	235 125	78 375	28 916	342 416
Mr SE BALOYI	235 125	78 375	17 180	330 680
Mr T KUTAMA	235 125	78 375	17 257	330 757
Mr TC MAMAFHA	235 125	78 375	13 742	327 242
Mr TJ MAMAFHA	235 125	78 375	27 363	340 863
Mr TR MATIDZA	228 205	76 068	19 975	324 248
Mr TR RAVELE	235 125	78 375	41 585	355 085
Mr TT MAKAMU	301 743	100 581	13 840	416 164
Mr W MABASA	235 125	97 693	14 017	346 835
Mr WL ESTERHUIZEN	229 589	76 530	47 872	353 991
Mrs LM MATHALISE	301 743	100 581	16 986	419 310
Mrs MJ GABARA	235 125	78 375	11 257	324 757
Mrs MR MOKGOADI	216 223	91 393	16 679	324 295
Mrs R RALIPHADA	460 306	153 435	14 758	628 499
Mrs RT MAINGO	310 863	103 621	17 119	431 603
Mrs TM MALANGE	269 610	89 870	13 604	373 084
Mrs TT MUSHANDANA	235 125	78 375	17 275	330 775
Ms B HLANGWANI	235 125	78 375	17 295	330 795
Ms HG MABUDU	235 125	78 375	18 038	331 538
Ms HG MALULEKE	235 125	78 375	17 312	330 812
Ms KP MAPHAKELA	235 125	78 375	22 921	336 421
Ms L MASHAMBA	235 125	78 375	17 304	330 804
Ms M RAMALIVHANA	235 125	78 375	17 298	330 798
Ms M SWALIVHA	235 125	78 375	17 074	330 574
Ms MG FURUMELE	235 125	78 375	13 840	327 340
Ms MS TSHILAMBYANA	235 125	78 375	30 137	343 637
Ms NB JONES	310 863	103 621	17 196	431 680
Ms NJ MATUMBA	557 001	185 667	49 608	792 276
Ms NJ SIMANGWE	301 743	100 581	14 691	417 015
Ms NS MAHOSI	301 743	100 581	13 774	416 098
	21 294 982	**7 136 964**	**1 557 991**	**29 989 937**

32. Depreciation and amortisation

Property, plant and equipment	142 776 936	157 029 955
Investment properties	378 135	379 142
Intangible assets	479 059	608 177
Total depreciation and amortisation	**143 634 130**	**158 017 274**

Figures in Rand	2025	2024

33. Impairment loss

Impairments		
Property, plant and equipment	13 819 737	4 252 095
Investment property	40 086	-
	13 859 823	**4 252 095**

34. Finance costs

Interest cost: Actuarial valuation	14 835 000	13 440 000
Interest cost: Trade and other payables	3 209 504	915 592
Interest cost: Finance leases	278 165	224 932
Interest cost: Landfill site	2 084 879	3 338 524
	20 407 548	**17 919 048**

35. Debt impairment

Consumer debtors	34 653 681	38 548 985
Traffic Fines	3 064 500	3 051 420
	37 718 181	**41 600 405**

36. Bulk purchases

Electricity - Eskom	437 654 639	371 986 217

Included in the rand value of the bulk purchases for sale is 12% of the total units purchased R53 314 731 (2024: 12% R45 848 926) 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 the readings.

Further details is disclosed on Note 53 to the Annual Financial Statements

Electricity losses

	KWH 2025	KWH 2024		
Units purchased	206 725 520	191 623 898	-	-
Units sold	(181 577 062)	(167 764 315)	53 314 731	45 848 926
Total loss	**25 148 458**	**23 859 583**	**53 314 731**	**45 848 926**
Comprising of:				
Non-technical losses	25 148 458	23 859 583	53 314 731	45 848 926
Percentage Loss:				
Non-technical losses	12 %	12 %	12 %	12 %

Figures in Rand	2025	2024
37. Contracted services		
Outsourced Services		
Burial Services	49 485	-
Business and Advisory	2 898 300	2 654 628
Cleaning Services	387 659	708 300
Clearing and Grass Cutting Services	-	48 250
Internal Auditors	5 969 311	4 824 339
Meter Management	4 721 653	3 948 276
Security Services	35 059 331	33 216 506
Consultants and Professional Services		
Business and Advisory	27 159 844	28 076 805
Audit Committee	291 504	1 418 152
Legal Cost	37 923 770	36 706 966
Contractors		
Electrical	1 619 384	2 987 769
Employee Wellness	3 911 272	2 911 497
Maintenance of Equipment	3 845 706	3 823 674
Maintenance of other assets	64 915 386	59 963 971
	188 752 605	**181 289 133**
38. General expenses		
Cost of sales: Land	344 000	271 000
Advertising & publications	6 866 641	8 478 766
Auditors remuneration	6 748 375	6 486 983
Bank charges	2 167 649	1 934 210
Consumables	51 444 174	48 292 321
Donations	255 000	350 000
Insurance	872 997	2 267 264
Bursaries	-	25 000
IT expenses	1 260 280	813 244
Skills Development Fund Levy	3 431 505	3 241 786
Pre-paid electricity commission	2 076 620	1 754 396
Ward committees allowances	5 453 160	7 154 180
Postage and courier	2 670	207 082
Motor Vehicle Licence & Registrations	1 060 624	1 027 672
Workmens compensation	1 952 531	1 244 020
Subscriptions and membership fees	4 559 287	3 879 113
Telephone and fax	5 430 200	4 943 175
Travel and Subsistence	6 101 114	7 250 224
Uniform expenses	3 703 116	3 489 055
Indigent policy	2 285 514	1 711 665
Special programmes	228 281	572 035
Other expenses	1 915 249	3 044 267
	108 158 987	**108 437 458**
39. Actuarial gains/(losses)		
Post -Employment Medical Aid Benefits	361 936	7 075 070
Long Service Awards	52 469	(654 741)
	414 405	**6 420 329**
40. Inventories losses/write-downs		
Land	(654 968)	(596 994)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Gain/(Loss) on disposal of long term assets

Gain or loss on disposal of assets	(16 801 597)	(16 168 067)

42. Cash generated from operations

Surplus (deficit)	29 500 838	(2 643 154)
Adjustments for:		
Depreciation and amortisation	143 634 130	158 017 274
Impairment of non-cash generating assets	13 859 823	4 252 095
Loss on disposal of assets	16 801 597	16 168 067
Inventory adjustment	654 968	596 994
Gains/(losses): Actuarial valuation	(414 405)	(6 420 329)
Finance costs - Finance leases	278 165	224 932
Interest Cost: Actuarial valuation	14 835 000	13 440 000
Current Service Costs: Actuarial valuation	6 868 000	5 460 000
Past service cost - Actuarial valuation	-	8 854 000
Interest Cost: Provision for rehabilitation	2 084 879	3 338 524
Debt impairment	37 718 181	41 600 405
Movement in provision for landfill site	2 200 728	(14 027 656)
Employee benefit vesting	(5 988 595)	(6 746 456)
Other non cash items	(55 703 553)	(27 163 217)
Changes in working capital:		
Inventories	(1 093 063)	(7 430 355)
Receivables from exchange transactions	(2 094 402)	14 833 710
Receivables from non-exchange transactions	(56 550)	501 850
Consumer Debtors -Exchange transactions	(12 462 678)	(21 183 983)
VAT receivable	(3 404 164)	2 299 411
Consumer Debtors - Non -exchange transactions	12 743 681	(24 058 613)
Payables from exchange transactions	49 138 415	8 700 954
Unspent conditional grants and receipts	(13 961)	1 058 461
Consumer deposits	1 190 489	(639 216)
Deferred Income	(883)	(53 883)
Performance bonus obligation	302 849	(251 579)
	250 579 489	**168 728 236**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	224 170 191	413 323 462
Total capital commitments		
Already contracted for but not provided for	224 170 191	413 323 462

Authorised operational expenditure

Already contracted for but not provided for		
• Operational costs	93 696 470	164 322 340
Total operational commitments		
Already contracted for but not provided for	93 696 470	164 322 340

Total commitments

Total commitments		
Authorised capital expenditure	224 170 191	413 323 462
Authorised operational expenditure	93 696 470	164 322 340
	317 866 661	**577 645 802**

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.

Figures in Rand	2025	2024

44. Contingencies

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 R274.7 million (2024 : R272.9 million).The merits must still be determined and could result in a lesser or greater amount.

Contingent Liabilities

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 Geerdts: Claim for unlawful arrest and defamation of character. [Case Number: 71357/12]	680 000	680 000
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
	-	-
Tshifhiwa Jonathan Tambani: Plaintif's child drowned in sewage drain[Case Number: 1305/2019]	1 950 000	1 950 000
Khulani Timber Industries: Plaintif claiming settlement of amounts for service rendered. [Case Number: 970/2019]	144 291	144 291
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	37 535 000
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
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:1432/2020]	552 000	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	480 000
Landmark Pvt Ltd: Plaintiff is claiming for the amount which they paid their employees due to an increament imposed by PSIRA. [Case Number: 1506/21]	2 450 424	2 450 424
Muofhe Gloria: Notice to compel municipality to register property in favor of gloria muofhe and her husband. [Case Number: 3803/2022]	400 000	400 000
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
Mpho Emmanuel Mulaudzi: Claim against council [Case Number: 17/01/2022]	11 985 300	11 985 300
Northbulk Petroleum Whosalers: Claims against the Municipality for supply of fuel [Case Number: 147/2022]	5 000 000	5 000 000
Makongoza Adziambei Patrick: Land invasion at Dzanani, Makongoza [Case Number: 065/2022]	500 000	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	400 000
Rammese Thomas: Claim sounding in money and matter is pending in court. [Case Number: 838/2021]	3 000 000	3 000 000

Figures in Rand	2025	2024
44. Contingencies (continued)		
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	300 000
Daybreak Properties: Claim sounding in money for losses suffered due to municipality's failure to install services. [Case Number: 2284/2022]	151 000 000	151 000 000
Automotive Parts Exports: Application to review and set aside decision by planning tribunal. [Case Number: 20171/2022]	500 000	500 000
Sikhetho Freddy Ngobeni: Claim sounding in money for unfair labour practice. [Case Number: LP/LTT/RC/85/2022]	400 000	400 000
Duwyk Boedery cc: Notice to compel municipality to re enstate electricity of applicant untill the dispute of billing between municipality and Duwyk is settled. [Case Number: 5430/2023]	1 000 000	1 000 000
Pinkie Marry Mahlangu: Claim sounding in money against municipality.	1 000 000	1 000 000
DDP Valuers: Claim sounding in money against municipality. [Case Number:2871/2024]	1 054 203	1 054 203
Pilo GPS system: Claim sounding in money against municipality. [Case Number:6247/2024]	988 500	988 500
Frinjansuite TRD CC To compel municipality to reconnect electricity supply to applicant. [Case Number: 182/2024]	200 000	200 000
Makhokha Phumudzo Martin: Employment of service workers interdict [Case number 2949/2024]	200 000	-
Mashau Rendani Magdeline: Employment of service workers interdict [Case number 2946/2024]	200 000	-
Mamafha Naledzani: Employment of service workers interdict [Case number 2950/2024]	200 000	-
Madoba Ndivhuwo President: Employment of service workers interdict [Case number 2948/2024]	200 000	-
Khorombi Ronald Madzhie: Urgent application : electricity reconnection - finalised [Case number 39/2025]	200 000	-
Paul & Pauline Makhavhu: Interdict to compel municipality to reconnect electricity [Case number 7776/2024]	200 000	-
Tshililo Mukheli: Employment of service workers interdict [Case Number 2579/24]	300 000	-
Malange Rendani Theomazi: Employment of service workers interdict [Case number 2947/2024]	300 000	-
	274 690 545	**272 890 545**

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 R46.6 million (2024 : R58.3 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]	46 595 977	58 264 578
	-	-
	46 595 977	**58 264 578**

Figures in Rand	2025	2024

45. 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	Mr K.M Nemaname
Chief Financial Officer	Mr G. Raliphada
Director Community Services	Mr H.J Lukheli
Director Corporate Services	Mr S.G Maguga
Director Technical Services	The position is vacant
Director Planning & Development	Mr A Mabunda
Councillors	Refer to note 31

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 30 for detail of remuneration paid to Section 57 Managers and to Note 31 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.

Amounts owing to/from related parties:

There are no amounts owing to/from related parties for the period ended 30 June 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. 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 financial statements, followed by a description of each individual prior period error with the amounts involved:

Figures in Rand		2025	2024

46. Prior-year adjustments (continued)

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories	7	126 511 484	-	-	126 511 484
Receivables from exchange transactions	8	3 303 002	(19 685)	75 202 386	78 485 703
Receivables from non-exchange transactions	9	737 650	-	-	737 650
VAT receivable		779 186	88 467	(867 653)	-
Consumer debtors - Exchange transactions	10	104 387 525	(859 413)	(19 504 510)	84 023 602
Consumer debtors - Non- Exchange transactions	10	45 139 649	-	19 504 510	64 644 159
Cash and cash equivalents	11	14 661 767	8 127 480	-	22 789 247
Non-Current Assets					
Investment property	2	15 058 990	-	-	15 058 990
Property, plant and equipment	3	1 926 120 135	18 677	-	1 926 138 812
Intangible assets	4	1 728 326	-	-	1 728 326
Heritage assets	5	2 160 329	-	-	2 160 329
Current Liabilities					
Employee benefit obligation	6	(8 361 000)	-	-	(8 361 000)
Finance lease obligation	12	(1 126 839)	-	-	(1 126 839)
Unspent conditional grants and receipts	13	(4 558 461)	-	-	(4 558 461)
Rehabilitation provision	15	(1 455 387)	-	-	(1 455 387)
Deferred Income	16	(99 695)	-	-	(99 695)
Payables from exchange transactions	17	(285 535 375)	(9 346 285)	(74 334 733)	(369 216 393)
Consumer deposits	18	(14 982 222)	-	-	(14 982 222)
Non-Current Liabilities					
Employee benefit obligation	6	(118 989 000)	-	-	(118 989 000)
Finance lease obligation	12	(1 839 669)	-	-	(1 839 669)
Rehabilitation provision	15	(18 865 567)	-	-	(18 865 567)
Accumulated surplus		(1 784 774 828)	1 990 759	-	(1 782 784 069)
		-	-	-	-

Figures in Rand		2025	2024

46. Prior-year adjustments (continued)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Revenue				
Revenue from exchange transactions				
Service charges	20	454 445 770	(771 634)	453 674 136
Rental of facilities and equipment	21	425 659	-	425 659
Agency services	23	3 273 967	-	3 273 967
Licences and permits	24	3 809 976	-	3 809 976
Interest earned -outstanding receivables	25	15 511 158	-	15 511 158
Other revenue	26	21 935 915	-	21 935 915
Interest received from financial institutions	27	5 456 569	-	5 456 569
Actuarial gains	39	6 420 329	-	6 420 329
Revenue from non-exchange transactions				
Taxation revenue				
Interest earned -outstanding receivables	25	25 943 370	-	25 943 370
Property rates	28	120 692 497	-	120 692 497
Transfer revenue				
Fines, Penalties and Forfeits	22	5 390 564	-	5 390 564
Government grants & subsidies	29	619 579 943	-	619 579 943
Other revenue	19	27 163 217	-	27 163 217
Expenditure				
Employee related costs	30	(381 663 826)	-	(381 663 826)
Remuneration of councillors	31	(29 989 937)	-	(29 989 937)
Depreciation and amortisation	32	(158 017 274)	-	(158 017 274)
Impairment of non - cash generating assets	33	(4 252 095)	-	(4 252 095)
Finance costs	34	(17 919 048)	-	(17 919 048)
Debt Impairment	35	(41 600 405)	-	(41 600 405)
Bulk purchases	36	(371 986 217)	-	(371 986 217)
Contracted services	37	(180 305 404)	(983 729)	(181 289 133)
General Expenses	38	(108 202 381)	(235 077)	(108 437 458)
Inventories losses/write-downs	40	(596 994)	-	(596 994)
Loss on disposal of assets	41	(16 167 112)	(955)	(16 168 067)
Surplus for the year		**(651 759)**	**(1 991 395)**	**(2 643 154)**

Errors

The following prior period errors adjustments occurred:

Error 1

Property, plant and equipment:

In the previous financial year ended 30 June 2024, property, plant and equipment was understated by R18 731 due to misclassification of certain disposal amounts in sundry debtors.The error was identified by management during the preparation of the Interim Financial Statements for the period ended 31 March 2025 and subsequently corrected.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Increase in Property, plant and equipment [SFP]	18 731
Increase in Expenditure [SFPER]	954
Decrease in Sundry receivables [SFP]	(19 685)
	-

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

Error 2

Accounts payable:

In the previous financial year ended 30 June 2024, Accounts payable was understated by R1 218 805 due to misclassification of Contracted services (Maloka Machaba Surfacing - R983 729) and General expenditure (Travelling & subsistence expenditure - R235 076).The error was identified by management during the preparation of the Interim Financial Statements for the period ended 31 March 2025 and subsequently corrected.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Increase in Accounts payable [SFP]	(1 218 805)
Increase in Contracted Services Expenditure [SFPER]	983 729
Increase in General Expenditure [SFPER]	235 076
	-

Error 3

Accounts receivable:

In the previous financial year ended 30 June 2024, customer account number: 6003258, was incorrectly billed basic charges to the amount of R214 016, while the customer was not connected to any electricity meter. The error was discovered in the current year, when the owner wanted to sell his property.

Furthermore, in the previous financial year ended 30 June 2024, consumer debtors were misstated by R645 397.10 due to the usage of wrong tarrif for high voltage. The error was discovered in the current yea and subsequently corrected.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Increase in VAT receivable [SFP]	4 195
Decrease in Service charges [SFPER]	209 821
Decrease in Accounts receivable [SFP]	(214 016)
Decrease in Service charges [SFPER]	561 813
Increase in VAT receivable [SFP]	84 272
Decrease in Accounts receivable [SFP]	(645 397)
Increase in Accumulated Surplus [SCE]	(688)
	-

Error 4

Cash and cash equivalents:

In the previous financial year, Cash and cash equivalents was understed by R8 127 479.58, due to the inclusion of payable transactions that were processed in the Cashbook, however, were never settled through the financial institutions. These transactions represented Payables at year end but were erroneously accounted for as unreconciled transactions. During the 2024 external audit, the AG identified and recommended to management that it corrects the error, in order to fairly present the Cash and cash equivalents as well as Accounts payables for the year ended 30 June 2024.. Management anaysed the whole population of such transactions and corrected in the current financial year.

The effect of the correction of the errors is as follows:

Financial Statement Area	
Increase in Cash and cash equivalents [SFP]	8 127 480
Increase in Accounts payable [SFP]	(8 127 480)
	-

Figures in Rand	2025	2024

46. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

Consumer Debtors:

Property rates carrying amount was understated by R19 5040510, due to incorrect presentation and disclosure of consumer debtors between exchange and non - exchange transactions. Interest and VAT was erroneously disclosed as type of services on the AFS Note 10:The error was subsequently identified and corrected in the current financial year. The impact of the error correction is as follows:

Financial Statements Area	
Increase in Consumer debtors - Non exchange transactions [SFP]	19 504 510
Decrease in Consumer debtors - Exchange transactions [SFP]	(19 504 510)
	-
	-

Reclassification 2

Value Added Tax transactions:

In the previous financial year, VAT transactions were accounted for on a net basis in non compliance with the requirements of GRAP 1, GRAP 104 and GRAP 108. In terms of the mentioned GRAP(s), VAT should be presented and disclosed in the financial statements as follows:

- Input VAT accrual - disclosed as Receivable from exchange transactions
- Output VAT accrual - disclosed as Payable from exchange transactions
- VAT Payable(SARS) - disclosed as a Statutory payable

The misstatement was identified and corrected during the audit of the annual financial statements for the year ended 30 June 2025. The effect of the correction is as follows:

Financial Statements Area	
Increase in Receivable from exchange transactions [SFP]	75 202 386
Increase in Payables from exchange transactions [SFP]	(74 334 733)
Decrease in VAT receivable [SFP]	(867 653)
	-

47. 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 municipalitys' 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 Municipalitys' competitiveness and flexibility.

Figures in Rand	2025	2024

47. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(1 416 000)	(1 416 000)	(590 000)	-
Payables from exchange transactions	(426 403 075)	-	-	-
Consumer deposits	(16 172 711)	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(826 000)	(1 416 000)	(2 006 000)	-
Payables from exchange transactions	(369 216 393)	-	-	-
Consumer deposits	(14 982 222)	-	-	-

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 counterparty. 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 assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	92 032 536	78 485 703
Consumer debtors -exchange transactions	96 486 280	84 023 602
Cash and cash equivalents	19 589 034	22 789 247

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.

48. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of 1 812 284 907 and that the municipality's total assets exceed its liabilities by 1 812 284 907.

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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Going concern (continued)

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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Events after the reporting date

There were no material events that occurred between the end of the reporting period 30 June 2025 and the date that the financial statements are authorised for issue.

50. Unauthorised expenditure

Opening balance as previously reported	-	-
Add: Unauthorised expenditure - current	58 461 550	-
Closing balance	**58 461 550**	**-**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	58 461 550	-

Analysed as follows: non-cash

Depreciation, amortisation and impairments	41 659 953	-
Loss on disposal of long term assets	16 801 597	-
	58 461 550	**-**

51. Fruitless and wasteful expenditure

Opening balance as previously reported	1 097 679	426 191
Add: Fruitless and wasteful expenditure identified - current	3 209 504	915 592
Less: Amount recovered - current	-	(244 104)
Closing balance	**4 307 183**	**1 097 679**

Amount recovered

After the council committee investigations, council adopted the council committee recommendations to recover an amount of - from persons involved.

Amounts recovered for ghost ward committees	-	(244 104)

52. Irregular expenditure

Opening balance as previously reported	1 183 368	636 468
Add: Irregular expenditure - current	-	550 900
Less: Amount recovered - current	-	(4 000)
Less: Amount written off - current	(1 183 368)	-
Closing balance	**-**	**1 183 368**

53. Additional disclosure in terms of Municipal Finance Management Act

Subscription fees

Current year subscription / fee	4 559 287	3 879 113
Amount paid - current year	(4 559 287)	(3 879 113)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Additional disclosure in terms of Municipal Finance Management Act (continued)

Distribution Losses

Kilowats Hours		
Units Purchased	206 725 520	191 623 898
Units Sold	(181 577 062)	(167 764 315)
Distribution Loss (Units)	**25 148 458**	**23 859 583**
Rand Values		
Electricity	53 314 731	45 848 926
	53 314 731	**45 848 926**

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 25 148 458 (2024: 23 859 583) kilowatts per hour were lost. This represented 12% (2024: 12%) of the electricity purchases for the year, which has been included in bulk purchases.An average price per kilowatt hour of R2.12 (2024: R1.92) was used.

Further details is disclosed on Note 36 to the Annual Financial Statements.

Audit fees

Current year subscription / fee	6 748 375	6 486 983
Amount paid - current year	(6 748 375)	(6 486 983)
	-	**-**

PAYE and UIF

Current year amount - Employer	1 434 289	1 435 474
Current year amount - Employees	69 404 160	61 868 287
Amount paid - current year	(64 738 646)	(57 682 236)
	6 099 803	**5 621 525**

Pension and Medical Aid Deductions

Current year amount - Employer	68 408 836	63 413 931
Current year amount - Employees	38 079 576	34 193 975
Amount paid - current year	(97 237 819)	(89 289 412)
	9 250 593	**8 318 494**

Figures in Rand	2025	2024

53. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Phuluwa MI	8 110	233 769	241 879
Baloyi RS	3 643	89 683	93 326
Tshidavhu IA	12 158	6 489	18 647
	23 911	**329 941**	**353 852**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Phuluwa MI	10 245	204 543	214 788
Halgreen CD	229	158	387
Jones NB	158	505	663
Baloyi RS	3 321	75 805	79 126
	13 953	**281 011**	**294 964**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2025	Highest outstanding amount	Aging (in days)
Phuluwa MI	233 769	90
Baloyi RS	89 683	90
Tshidavhu IA	6 489	90
	329 941	**270**

30 June 2024	Highest outstanding amount	Aging (in days)
Councillor A	180 350	90
Councillor B	273	90
Councillor C	141	90
Councillor D	63 244	90
Councillor E	4 054	90
	248 062	**450**

54. Actual operating expenditure versus budgeted operating expenditure

Refer to **Appendix E(1)** for the comparison of actual operating expenditure versus budgeted expenditure.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the 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 2024/25 financial year in terms of the Supply Chain Management Regulations amounted to R486 176 [2024: R1 240 364].

Period		
Quarter 1	197 493	302 617
Quarter 2	143 328	400 576
Quarter 3	41 700	91 516
Quarter 4	103 655	445 655
	486 176	**1 240 364**

56. 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.

57. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and Public Services, Economic and Environmental Services and Traiding Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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**
Community and Public Services	Sports and Recreation, Housing, Health, Public Safety and Community and Social Services
Economic and Environmental Services	Environmental Protection, Road Transport, Planning and Development
Trading Services	Water and Electricity, Waste Management , Waste Water Management
Other Reportable Segments	Executive and Council, Finance and Administration, Internal Audit and Other

57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and Public Services	Economic and Environmental Services	Trading Services	Other Reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	115 479 793	173 219 690	229 975 277	57 739 897	576 414 657
Revenue from exchange transactions	169 227 667	253 841 501	338 455 335	84 613 834	846 138 337
Total segment revenue	**284 707 460**	**427 061 191**	**568 430 612**	**142 353 731**	**1 422 552 994**
Entity's revenue					**1 422 552 994**
Expenditure					
Contracted services	37 750 521	56 625 782	75 501 042	18 875 260	188 752 605
Bulk purchases	87 530 928	131 296 392	175 061 856	43 765 464	437 654 640
Depreciation and Amortisation	28 726 826	43 090 239	57 453 652	14 363 412	143 634 129
Employee Related Cost	78 970 525	118 455 788	157 941 050	39 485 262	394 852 625
Remuneration of councillors	6 111 411	9 167 116	12 222 821	3 055 705	30 557 053
Other expenses	39 520 221	59 280 331	79 040 442	19 760 110	197 601 104
Total segment expenditure	**278 610 432**	**417 915 648**	**557 220 863**	**139 305 213**	**1 393 052 156**
Total segmental surplus/(deficit)	**6 097 028**	**9 145 543**	**11 209 749**	**3 048 518**	**29 500 838**
Assets					
Segment assets:	-	-	-	-	-
Current assets	61 401 677	92 102 515	204 202 045	30 700 838	388 407 075
Non current assets	407 682 227	611 523 339	815 364 452	203 841 113	2 038 411 131
Total segment assets	**469 083 904**	**703 625 854**	**1 019 566 497**	**234 541 951**	**2 426 818 206**
Total assets as per Statement of financial Position					**2 426 818 206**

Notes to the Annual Financial Statements

Figures in Rand

	Community and Public Services	Economic and Environmental Services	Trading Services	Other Reportable Segments	Total
57. Segment information (continued)					
Liabilities					
Segment liabilities:	-	-	-	-	-
Current Liabilities	75 341 810	113 012 715	233 066 621	37 670 905	459 092 051
Non current liabilities	31 088 250	46 632 374	62 176 499	15 544 125	155 441 248
Total segment liabilities	**106 430 060**	**159 645 089**	**295 243 120**	**53 215 030**	**614 533 299**
Total liabilities as per Statement of financial Position					**614 533 299**

2024

	Community and Public Services	Economic and Environmental Services	Traiding Services	Other Reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	84 514	117 018 980	9 768 000	671 898 097	798 769 591
Revenue from exchange transactions	280 258	7 820 806	453 870 482	48 536 163	510 507 709
Total segment revenue	**364 772**	**124 839 786**	**463 638 482**	**720 434 260**	**1 309 277 300**
Entity's revenue					**1 309 277 300**
Expenditure					
Contracted Services	1 514 702	26 085 454	43 643 110	110 045 867	181 289 133
Bulk purchases	74 397 243	111 595 865	148 794 487	37 198 622	371 986 217
Depreciation and Amortisation	62 682	379 184	9 479 808	148 095 600	158 017 274
Employee Related Cost	17 433 053	134 714 752	72 443 817	157 072 204	381 663 826
Remuneration of councillors	-	-	-	29 989 937	29 989 937
Other expenses	1 326 994	32 517 136	35 440 675	119 689 262	188 974 067
Total segment expenditure	**94 734 674**	**305 292 391**	**309 801 897**	**602 091 492**	**1 311 920 454**
Total segmental surplus/(deficit)	**(94 369 902)**	**(180 452 605)**	**153 836 585**	**118 342 768**	**(2 643 154)**

57. Segment information (continued)

Assets					
Segment assets:	-	-	-	-	-
Current assets	60 571 422	90 857 133	195 477 578	30 285 712	377 191 845
Non current assets	389 017 292	583 525 937	778 034 583	194 508 646	1 945 086 458
Total segment assets	**449 588 714**	**674 383 070**	**973 512 161**	**224 794 358**	**2 322 278 303**
Total assets as per Statement of financial Position					**2 322 278 303**
Liabilities					
Segment liabilities:	-	-	-	-	-
Current Liabilities	65 093 053	97 639 579	204 520 839	32 546 526	399 799 997
Non current liabilities	27 938 847	41 908 271	55 877 695	13 969 424	139 694 237
Total segment liabilities	**93 031 900**	**139 547 850**	**260 398 534**	**46 515 950**	**539 494 234**
Total liabilities as per Statement of financial Position					**539 494 234**

58. Accounting by principals and agents

Makhado Local Municipality is a party to a principal-agent arrangement.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Accounting by principals and agents (continued)

Details of the arrangment(s) is|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 R3 196 902 (2024: R3 273 967) as disclosed in note 23.

There were no expenses paid or accrued on behalf of Limpopo Department of Transport.

Amounts paid to Limpopo Department of Transport:

During the financial period ended 30 June 2025, the municipality paid R15 148 724 (2024:R16 402 789) over to the Department of Transport.

Makhado Local Municipality as Principal and Contour Technology Pvty Ltd as agent:

The municipality entered into an agreement with Contour Technology Pvty Ltd to distribute, process and manage the sale of prepaid electricity on behalf of the municipality. The municipality acts as the principal and the prepaid electricity vendor as an agent to this arrangement in accordance with the provisions of GRAP 109, Principal Agent Arrangement.

The prepaid vendor received a commission based compensation of 1.7% from the services rendered to the municipality in terms of the arrangement.

Prepaid electricity revenue:

The aggregate revenue generated from the sale of prepaid electricity by vendor through this arrangement amounted to R106 220 960 (2024: R 89 789 653) as disclosed in note 20

Fee paid

Fee paid as compensation to the agent	2 076 620	1 754 396

MAKHADO LOCAL MUNICIPALITY
Appendix B
June 2025

Analysis of property, plant and equipment as at 30 June 2025

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	209 945 543	20 000	-	-	-	-	**209 965 543**	-	-	-	-	-	**-**	209 965 543
Undeveloped land	23 256 682	65 000	-	-	-	-	**23 321 682**	-	-	-	-	-	**-**	23 321 682
Dwellings	3 487 346	-	-	-	-	-	**3 487 346**	(1 198 769)	-	-	-	(186 895)	**(1 385 664)**	2 101 682
Nonresidential structures	96 566 682	3 045 064	-	(2 108 323)	-	-	**97 503 423**	(25 452 840)	1 568 055	-	(886 637)	(4 060 557)	**(28 831 979)**	68 671 444
	333 256 253	**3 130 064**	**-**	**(2 108 323)**	**-**	**-**	**334 277 994**	**(26 651 609)**	**1 568 055**	**-**	**(886 637)**	**(4 247 452)**	**(30 217 643)**	**304 060 351**
Infrastructure														
Electricity	1 157 610 514	42 102 416	-	(19 562 476)	-	-	**1 180 150 454**	(760 891 151)	12 784 739	-	(10 726 157)	(53 507 032)	**(812 339 601)**	367 810 853
Roads	1 487 540 769	179 058 103	-	(41 521 713)	-	-	**1 625 077 159**	(730 596 786)	33 097 373	-	(1 460 482)	(55 192 256)	**(754 152 151)**	870 925 008
Solid waste disposal	46 224 382	-	-	-	-	-	**46 224 382**	(11 072 457)	-	-	(14 183)	(1 460 721)	**(12 547 361)**	33 677 021
	2 691 375 665	**221 160 519**	**-**	**(61 084 189)**	**-**	**-**	**2 851 451 995**	**(1 502 560 394)**	**45 882 112**	**-**	**(12 200 822)**	**(110 160 009)**	**(1 579 039 113)**	**1 272 412 882**
Community Assets														
Cemetries	13 970 391	-	-	-	-	-	**13 970 391**	(5 840 855)	-	-	(322)	(577 102)	**(6 418 279)**	7 552 112
Cemetries perimeter protection	10 889 093	4 619 475	-	-	-	-	**15 508 568**	(1 949 894)	-	-	(15 187)	(510 009)	**(2 475 090)**	13 033 478
Community center	99 807 976	-	-	(32 748)	-	-	**99 775 228**	(26 662 314)	8 919	-	(164 052)	(3 963 285)	**(30 780 732)**	68 994 496
Libraries	1 238 958	-	-	-	-	-	**1 238 958**	(880 302)	-	-	-	(44 771)	**(925 073)**	313 885
Sports and recreational facilities	48 930 683	1 368 078	-	(1 538 706)	-	-	**48 760 055**	(9 715 195)	1 418 795	-	(172 820)	(2 163 601)	**(10 632 821)**	38 127 234
Library books	2 482 854	-	-	(16 041)	-	-	**2 466 813**	(2 402 695)	15 208	-	-	(28 602)	**(2 416 089)**	50 724
	177 319 955	**5 987 553**	**-**	**(1 587 495)**	**-**	**-**	**181 720 013**	**(47 451 255)**	**1 442 922**	**-**	**(352 381)**	**(7 287 370)**	**(53 648 084)**	**128 071 929**

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Analysis of property, plant and equipment as at 30 June 2025

	Cost/Revaluation							Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	217 222 280	258 921 056	(211 454 649)	-	(19 545 181)	-	**245 143 506**	-	-	-	-	-	**-**	245 143 506
	217 222 280	**258 921 056**	**(211 454 649)**	**-**	**(19 545 181)**	**-**	**245 143 506**	**-**	**-**	**-**	**-**	**-**	**-**	**245 143 506**
Other assets														
Machinery and equipment	71 956 032	3 534 003	-	(1 408 543)	-	-	**74 081 492**	(40 869 872)	1 170 492	-	(115 509)	(7 783 606)	**(47 598 495)**	26 482 997
Furniture and office equipment	20 802 007	400 634	-	(783 059)	-	-	**20 419 582**	(13 090 562)	753 846	-	(6 244)	(2 331 264)	**(14 674 224)**	5 745 358
Computer Equipment	18 342 431	5 486 123	-	(2 034 081)	-	-	**21 794 473**	(9 466 012)	1 772 105	-	(160)	(2 883 932)	**(10 577 999)**	11 216 474
Transport assets	83 473 261	-	-	(483 200)	-	-	**82 990 061**	(47 519 327)	99 163	-	(257 982)	(8 083 303)	**(55 761 449)**	27 228 612
	194 573 731	**9 420 760**	**-**	**(4 708 883)**	**-**	**-**	**199 285 608**	**(110 945 773)**	**3 795 606**	**-**	**(379 895)**	**(21 082 105)**	**(128 612 167)**	**70 673 441**

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Analysis of property, plant and equipment as at 30 June 2025

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	333 256 253	3 130 064	-	(2 108 323)	-	-	**334 277 994**	(26 651 609)	1 568 055	-	(886 637)	(4 247 452)	**(30 217 643)**	304 060 351
Infrastructure	2 691 375 665	221 160 519	-	(61 084 189)	-	-	**2 851 451 995**	(1 502 560 394)	45 882 112	-	(12 200 822)	(110 160 009)	**(1 579 039 113)**	1 272 412 882
Community Assets	177 319 955	5 987 553	-	(1 587 495)	-	-	**181 720 013**	(47 451 255)	1 442 922	-	(352 381)	(7 287 370)	**(53 648 084)**	128 071 929
Work In Progress	217 222 280	258 921 056	(211 454 649)	-	(19 545 181)	-	**245 143 506**	-	-	-	-	-	**-**	245 143 506
Other assets	194 573 731	9 420 760	-	(4 708 883)	-	-	**199 285 608**	(110 945 773)	3 795 606	-	(379 895)	(21 082 105)	**(128 612 167)**	70 673 441
	3 613 747 884	**498 619 952**	**(211 454 649)**	**(69 488 890)**	**(19 545 181)**	**-**	**3 811 879 116**	**(1 687 609 031)**	**52 688 695**	**-**	**(13 819 735)**	**(142 776 936)**	**(1 791 517 007)**	**2 020 362 109**
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
	2 160 329	**-**	**-**	**-**	**-**	**-**	2 160 329	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 329**
Intangible assets														
Computers - software	9 485 001	-	-	(143 810)	-	-	**9 341 191**	(7 756 675)	142 408	-	-	(479 059)	**(8 093 326)**	1 247 865
	9 485 001	**-**	**-**	**(143 810)**	**-**	**-**	9 341 191	**(7 756 675)**	**142 408**	**-**	**-**	**(479 059)**	(8 093 326)	**1 247 865**
Investment properties														
Developed land	4 979 659	-	-	-	-	-	**4 979 659**	-	-	-	-	-	**-**	4 979 659
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(2 561 536)	-	-	(40 086)	(173 874)	**(2 775 496)**	3 596 626
Non residential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 838 901)	-	-	-	(204 260)	**(2 043 161)**	6 064 485
	19 459 427	**-**	**-**	**-**	**-**	**-**	19 459 427	**(4 400 437)**	**-**	**-**	**(40 086)**	**(378 134)**	(4 818 657)	**14 640 770**
Total														
Land and buildings	333 256 253	3 130 064	-	(2 108 323)	-	-	**334 277 994**	(26 651 609)	1 568 055	-	(886 637)	(4 247 452)	**(30 217 643)**	304 060 351
Infrastructure	2 691 375 665	221 160 519	-	(61 084 189)	-	-	**2 851 451 995**	(1 502 560 394)	45 882 112	-	(12 200 822)	(110 160 009)	**(1 579 039 113)**	1 272 412 882
Community Assets	177 319 955	5 987 553	-	(1 587 495)	-	-	**181 720 013**	(47 451 255)	1 442 922	-	(352 381)	(7 287 370)	**(53 648 084)**	128 071 929
Work In Progress	217 222 280	258 921 056	(211 454 649)	-	(19 545 181)	-	**245 143 506**	-	-	-	-	-	**-**	245 143 506
Other assets	194 573 731	9 420 760	-	(4 708 883)	-	-	**199 285 608**	(110 945 773)	3 795 606	-	(379 895)	(21 082 105)	**(128 612 167)**	70 673 441
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
Intangible assets	9 485 001	-	-	(143 810)	-	-	**9 341 191**	(7 756 675)	142 408	-	-	(479 059)	**(8 093 326)**	1 247 865
Investment properties	19 459 427	-	-	-	-	-	**19 459 427**	(4 400 437)	-	-	(40 086)	(378 134)	**(4 818 657)**	14 640 770
	3 644 852 641	**498 619 952**	**(211 454 649)**	**(69 632 700)**	**(19 545 181)**	**-**	**3 842 840 063**	**(1 699 766 143)**	**52 831 103**	**-**	**(13 859 821)**	**(143 634 129)**	**(1 804 428 990)**	**2 038 411 073**

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Analysis of property, plant and equipment as at 30 June 2024

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	209 945 543	-	-	-	-	-	**209 945 543**	-	-	-	-	-	**-**	209 945 543
Undeveloped land	23 256 682	-	-	-	-	-	**23 256 682**	-	-	-	-	-	**-**	23 256 682
Dwellings	3 487 346	-	-	-	-	-	**3 487 346**	(1 011 362)	-	-	-	(187 407)	**(1 198 769)**	2 288 577
Nonresidential structures	56 744 752	40 427 062	-	(605 132)	-	-	**96 566 682**	(21 982 566)	454 969	-	(347 250)	(3 577 993)	**(25 452 840)**	71 113 842
	293 434 323	**40 427 062**	**-**	**(605 132)**	**-**	**-**	**333 256 253**	**(22 993 928)**	**454 969**	**-**	**(347 250)**	**(3 765 400)**	**(26 651 609)**	**306 604 644**
Infrastructure														
Electricity	1 165 825 038	45 103 415	-	(12 653 923)	-	-	**1 198 274 530**	(713 339 893)	7 660 386	-	(2 601 195)	(52 610 449)	**(760 891 151)**	437 383 379
Roads	1 373 631 591	121 750 799	-	(48 505 638)	-	-	**1 446 876 752**	(695 682 362)	37 933 951	-	(886 025)	(71 962 373)	**(730 596 809)**	716 279 943
Solid waste disposal	29 006 906	19 788 111	-	(2 570 737)	-	-	**46 224 280**	(12 527 793)	2 388 130	-	(21 369)	(911 425)	**(11 072 457)**	35 151 823
	2 568 463 535	**186 642 325**	**-**	**(63 730 298)**	**-**	**-**	**2 691 375 562**	**(1 421 550 048)**	**47 982 467**	**-**	**(3 508 589)**	**(125 484 247)**	**(1 502 560 417)**	**1 188 815 145**
Community Assets														
Cemetries	14 069 772	-	-	(99 381)	-	-	**13 970 391**	(5 295 062)	69 543	-	(35 135)	(580 201)	**(5 840 855)**	8 129 536
Cemetries perimeter protection	10 889 093	-	-	-	-	-	**10 889 093**	(1 550 558)	-	-	(16 921)	(382 415)	**(1 949 894)**	8 939 199
Community center	94 788 033	5 055 361	-	(35 418)	-	-	**99 807 976**	(22 602 631)	17 762	-	(100 837)	(3 976 608)	**(26 662 314)**	73 145 662
Libraries	1 238 958	-	-	-	-	-	**1 238 958**	(835 409)	-	-	-	(44 893)	**(880 302)**	358 656
Sports and recreational facilities	43 349 701	5 581 482	-	(500)	-	-	**48 930 683**	(7 437 831)	465	-	(243 422)	(2 034 407)	**(9 715 195)**	39 215 488
Library books	2 528 405	-	-	(44 936)	-	-	**2 483 469**	(2 385 875)	43 982	-	-	(61 390)	**(2 403 283)**	80 186
	166 863 962	**10 636 843**	**-**	**(180 235)**	**-**	**-**	**177 320 570**	**(40 107 366)**	**131 752**	**-**	**(396 315)**	**(7 079 914)**	**(47 451 843)**	**129 868 727**

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Analysis of property, plant and equipment as at 30 June 2024

	Cost/Revaluation							Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
	193 285 658	**259 109 540**	**(211 386 385)**	**-**	**(23 786 533)**	**-**	**217 222 280**	**-**	**-**	**-**	**-**	**-**	**-**	**217 222 280**
Other assets														
Machinery and equipment	64 335 166	7 711 571	-	(90 705)	-	-	**71 956 032**	(34 035 717)	85 441	-	150	(6 919 746)	**(40 869 872)**	31 086 160
Furniture and office equipment	14 439 430	6 872 339	-	(509 762)	-	-	**20 802 007**	(10 758 441)	399 007	-	19 604	(2 750 732)	**(13 090 562)**	7 711 445
Computer Equipment	15 116 560	3 939 991	-	(714 120)	-	-	**18 342 431**	(7 310 382)	585 821	-	2 758	(2 744 209)	**(9 466 012)**	8 876 419
Transport assets	83 435 258	38 003	-	-	-	-	**83 473 261**	(39 233 617)	-	-	-	(8 285 710)	**(47 519 327)**	35 953 934
	177 326 414	**18 561 904**	**-**	**(1 314 587)**	**-**	**-**	**194 573 731**	**(91 338 157)**	**1 070 269**	**-**	**22 512**	**(20 700 397)**	**(110 945 773)**	**83 627 958**

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Analysis of property, plant and equipment as at 30 June 2024

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	293 434 323	40 427 062	-	(605 132)	-	-	**333 256 253**	(22 993 928)	454 969	-	(347 250)	(3 765 400)	**(26 651 609)**	306 604 644
Infrastructure	2 568 463 535	186 642 325	-	(63 730 298)	-	-	**2 691 375 562**	(1 421 550 048)	47 982 467	-	(3 508 589)	(125 484 247)	**(1 502 560 417)**	1 188 815 145
Community Assets	166 863 962	10 636 843	-	(180 235)	-	-	**177 320 570**	(40 107 366)	131 752	-	(396 315)	(7 079 914)	**(47 451 843)**	129 868 727
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
Other assets	177 326 414	18 561 904	-	(1 314 587)	-	-	**194 573 731**	(91 338 157)	1 070 269	-	22 512	(20 700 397)	**(110 945 773)**	83 627 958
	3 399 373 892	**515 377 674**	**(211 386 385)**	**(65 830 252)**	**(23 786 533)**	**-**	**3 613 748 396**	**(1 575 989 499)**	**49 639 457**	**-**	**(4 229 642)**	**(157 029 958)**	**(1 687 609 642)**	**1 926 138 754**
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
	2 160 329	**-**	**-**	**-**	**-**	**-**	2 160 329	**-**	**-**	**-**	**-**	**-**	**-**	**2 160 329**
Intangible assets														
Computers - software & programming	8 758 278	726 723	-	-	-	-	**9 485 001**	(7 148 498)	-	-	-	(608 177)	**(7 756 675)**	1 728 326
	8 758 278	**726 723**	**-**	**-**	**-**	**-**	9 485 001	**(7 148 498)**	**-**	**-**	**-**	**(608 177)**	**(7 756 675)**	**1 728 326**
Investment properties														
Developed land	4 979 659	-	-	-	-	-	**4 979 659**	-	-	-	-	-	**-**	4 979 659
Dwellings	6 372 122	-	-	-	-	-	**6 372 122**	(2 387 213)	-	-	-	(174 323)	**(2 561 536)**	3 810 586
Nonresidential structures	8 107 646	-	-	-	-	-	**8 107 646**	(1 634 081)	-	-	-	(204 820)	**(1 838 901)**	6 268 745
	19 459 427	**-**	**-**	**-**	**-**	**-**	19 459 427	**(4 021 294)**	**-**	**-**	**-**	**(379 143)**	**(4 400 437)**	**15 058 990**
Total														
Land and buildings	293 434 323	40 427 062	-	(605 132)	-	-	**333 256 253**	(22 993 928)	454 969	-	(347 250)	(3 765 400)	**(26 651 609)**	306 604 644
Infrastructure	2 568 463 535	186 642 325	-	(63 730 298)	-	-	**2 691 375 562**	(1 421 550 048)	47 982 467	-	(3 508 589)	(125 484 247)	**(1 502 560 417)**	1 188 815 145
Community Assets	166 863 962	10 636 843	-	(180 235)	-	-	**177 320 570**	(40 107 366)	131 752	-	(396 315)	(7 079 914)	**(47 451 843)**	129 868 727
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	**217 222 280**	-	-	-	-	-	**-**	217 222 280
Other assets	177 326 414	18 561 904	-	(1 314 587)	-	-	**194 573 731**	(91 338 157)	1 070 269	-	22 512	(20 700 397)	**(110 945 773)**	83 627 958
Heritage assets	2 160 329	-	-	-	-	-	**2 160 329**	-	-	-	-	-	**-**	2 160 329
Intangible assets	8 758 278	726 723	-	-	-	-	**9 485 001**	(7 148 498)	-	-	-	(608 177)	**(7 756 675)**	1 728 326
Investment properties	19 459 427	-	-	-	-	-	**19 459 427**	(4 021 294)	-	-	-	(379 143)	**(4 400 437)**	15 058 990
	3 429 751 926	**516 104 397**	**(211 386 385)**	**(65 830 252)**	**(23 786 533)**	**-**	**3 644 853 153**	**(1 587 159 291)**	**49 639 457**	**-**	**(4 229 642)**	**(158 017 278)**	**(1 699 766 754)**	**1 945 086 399**

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Appendix E(1)
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Actual versus Budget (Revenue and Expenditure) for the period ended 30 June 2025

	Current year 2025 Act. Bal. Rand	Current year 2025 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	531 063 422	552 090 000	(21 026 578)	(3.8)	The varience is within 10%
Rental of facilities and equipment	431 426	414 000	17 426	4.2	The varience is within 10%
Property rates	125 103 649	126 606 000	(1 502 351)	(1.2)	The varience is within 10%
Interest received from debtors: Exchange transactions	17 215 113	12 409 000	4 806 113	38.7	The municipality billed more than expected
Agency services	3 196 902	2 129 000	1 067 902	50.2	The municipality received more than expected on agency services
Government grants & subsidies	667 409 566	667 388 000	21 566	-	N/A
Fines, Penalties and Forfeits	6 226 756	4 786 000	1 440 756	30.1	More traffic offenders were fined during the year surpassing the target.
Licences and permits	3 957 212	3 653 000	304 212	8.3	The varience is within 10%
Interest received from debtors: Non - exchange transactions	27 403 856	35 107 000	(7 703 144)	(21.9)	The budget short fall is reasonable. More revenue is expected to be earned in the coming three months to year-end.
Other income: Exchange transactions	17 120 668	202 783 000	(185 662 332)	(91.6)	The municipality expected to sell stands in 2024/25 which will only take place in 2025/26 financial year
Other income: Non - exchange transactions	19 994 510	20 000 000	(5 490)	-	N/A
Interest received from financial institutions	3 015 509	4 216 000	(1 200 491)	(28.5)	The municipality received less interest from the bank than expected
Actuarial gains	414 405	-	414 405	-	N/A
	422 552 994	631 581 000	(209 028 006)	(12.8)	
Expenses					
Employee related costs	(394 852 625)	(394 853 900)	1 275	-	Expenditure is within the budget.
Remuneration of councillors	(30 557 053)	(30 558 000)	947	-	Expenditure is within the budget.

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Appendix E(1)
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Actual versus Budget (Revenue and Expenditure) for the period ended 30 June 2025

	Current year 2025 Act. Bal.	Current year 2025 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Depreciation, amortisation & impairments	(157 493 953)	(115 834 000)	(41 659 953)	36.0	The budgeted amount was the best management estimate during the budgeting process. However, actual depreciation was over the budget.
Amortisation	-	-	-	-	
Finance costs	(20 407 548)	(20 408 000)	452	-	Expenditure is within the budget
Debt Impairment	(37 718 181)	(37 719 000)	819	-	Expenditure is within the budget.
Bulk purchases	(437 654 639)	(437 655 000)	361	-	Expenditure is within the budget.
Contracted Services	(188 752 605)	(188 755 000)	2 395	-	Expenditure is within the budget.
General Expenses	(108 158 987)	(108 159 100)	113	-	Expenditure is within the budget.
	375 595 591)	333 942 000)	(41 653 591)	3.1	
Other revenue and costs					
Gain or(loss) on disposal of assets	(16 801 597)	-	(16 801 597)	-	The approval to dispose assets was only done after the budget processes were completed as a result, the municiplaity did not budget for this item.
Inventory losses/write downs	(654 968)	(655 000)	32	-	Expenditure is within the budget
	(17 456 565)	(655 000)	(16 801 565)	565.1	
Net surplus/ (deficit) for the year	29 500 838	296 984 000	(267 483 162)	(90.1)	

MAKHADO LOCAL MUNICIPALITY
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2025

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Sept	Dec	Mar	Jun	Jul	Sept	Dec	Mar	Jun	Jul	Sept	Dec	Mar	Jun		Yes/ No	
Municipal Infrastructure Grant	National Treasury	-	80 490	15 000	5 618	24 382	-	41 401)	43 622)	16 085)	24 382)	-	-	-	-	-		Yes	
Integrated Electrification Program	Department of Energy	-	2 506	5 000	14 089	-	-	(569)	(7 246)	(421)	(8 815)	-	-	-	-	-		Yes	
Financial Management Grant	National Treasury	-	1 900	-	-	-	-	(617)	(437)	(429)	(417)	-	-	-	-	-		Yes	
EPWP	Department of Public Works	-	639	1 152	769	-	-	(640)	(640)	(640)	(640)	-	-	-	-	-		Yes	
Disaster Management Grant	COGTA	4 558	1 201	1 802	3 003	-	-	(3 340)	(4 247)	(515)	(2 462)	-	-	-	-	-		Yes	
		4 558	86 736	22 954	23 479	24 382	-	46 567)	56 192)	18 090)	36 716)	-	-	-	-	-			