



**OVERSIGHT REPORT OF THE MUNICIPAL  
PUBLIC ACCOUNT COMMITTEE (MPAC) ON  
THE  
2023/2024  
ANNUAL REPORT  
MAKHADO MUNICIPALITY**

*(Council Resolution A.40.11.04.25)*

*Cllr N V MALIVHA  
Office of the Chairperson, MPAC  
27 March 2025*

## 1. STRATEGIC OBJECTIVES

Good governance and Administrative Excellence.

## 2. OBJECTIVES

To submit to Council in terms of Section 129 of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Oversight Report on the Annual Report 2023/24, Makhado Local Municipality.

Section 129 of the MFMA provides for oversight on the annual report. It requires that Council consider the annual report and must within two months from the date on which it was tabled in Council in terms of Section 127, adopt an oversight report.

## 3. BACKGROUND

In terms of Section 121(1) of the MFMA and Section 46 of the Municipal Systems Act, 32 of 2000(MSA), every Municipality must prepare an Annual Report for each financial year. In addition Section 121(1) of the MFMA further stipulates that the council of a municipality must within nine (9) months after the end of the financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with Section 129. Council is vested with the responsibility to oversee the performance of their respective municipal departments. This oversight responsibility of Council is a process of considering annual reports.

The Annual Report provides the opportunity to report on the financial and non-financial performance of the Municipality. Performance of the Municipality is reported against commitments in the Integrated Development Plan (IDP), Business Plans and other supporting planning documents. The purpose of this annual report is to-

- i. provide a record of the activities of the Municipality.
- ii. provide a report on performance (i.e. service delivery) against budget;
- iii. provide information that supports the revenue and expenditure decisions made; and
- iv. promote accountability to the local community for decisions made.

The Council of the Makhado Municipality has delegated Municipal Public Account Committee (MPAC) with the responsibility of oversight role envisaged in Section 129 of the MFMA and Circular number 32 of the MFMA. The ultimate function of MPAC is to **exercise oversight** and to **promote good governance, accountability and transparency** on the use of public funds. This function is thus enabled through the analyses of the Municipality's 2023/24 Annual Report referred to MPAC by Council at its meeting held on 30 January 2025, for oversight and to table an oversight report in Council by 31 March 2025. Moreover, Circular 32 of the MFMA prescribes that the oversight report tabled in Council must include a statement indicating whether the Council has –

- i. approved the annual report, with or without reservation;
- ii. rejected the annual report; or
- iii. referred the annual report back for revision of those components that can be revised.

## 4. OVERSIGHT METHODOLOGY

a) The 2023/24 consolidated Draft Annual Report was tabled in the Council meeting held on Thursday, **30 January 2025** and was referred to MPAC for oversight and scrutiny. An advertisement was published in various local newspapers informing the public and stakeholders to submit comments and inputs on the 2023/24 Draft Annual Report.

- b) Copies of the Draft Annual Report were also posted on the Municipality's website and at all Regional offices. Moreover, MPAC developed a process plan as guideline on how to execute the activities of MPAC when considering the 2023/24 Draft Annual Report.

The Oversight Committee (MPAC) consisting of:

1. CLLR MALIVHA N V (CHAIRPERSON)
2. CLLR FURUMELE M G
3. CLLR HLONGWANE F B
4. CLLR MAPHAKELA K P
5. CLLR MABUDU H G
6. CLLR BALOYI S E
7. CLLR SEBOLA D J
8. CLLR MUKHELI K P
9. CLLR MUKOSI M
10. CLLR MULAUDZI M E

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## **1. REPORT SUPPORTED BY ALL MEMBERS OF MPAC AS OVERSIGHT COMMITTEE**

The members of the Municipal Public Account Committee (MPAC) resolved that the Final Annual Report dated 26 March 2025, is a true reflection of the business of Makhado Municipality and the Report of the Municipal Public Account Committee is a true reflection of all deliberations. The report is also submitted before the deadline of **31 March 2025** to Council (in session) for final approval.

CLLR MALIVHA N V (CHAIRPERSON)

CLLR FURUMELE M G

CLLR HLONGWANE F B

CLLR MAPHAKELA K P

CLLR MABUDU H G

CLLR BALOYI S E

CLLR SEBOLA D J

CLLR MUKHELI K

CLLR MULAUDZI M E

CLLR MUKOSI M

## **2. RECOMMENDATIONS**

THAT the Municipal Public Account Committee of Council recommends the following to Council:

### **2.1 That Council takes note of the following:**

- a. The first draft of the 2023/2024 Annual Report was assessed by the Municipal Public Account Committee (MPAC) in **Seventh (7<sup>th</sup>)** respective meetings including Inspections in Loco. Feedback was given to the Municipality.
- b. The second draft of the 2023/2024 Annual Report dated 27 March 2025 was assessed by the MPAC Committee in a final wrap-up meeting in order to have it ready for submission to Council at its scheduled meeting of 31 March 2025.
- c. The minutes of the **Seventh (7<sup>th</sup>)** respective meetings of the Municipal Public Account Committee (MPAC) are also attached hereto.
- d. The comments of the Audit Performance and Audit Committee of Council was taken into account in the oversight processing of the Final Annual Report 2023/24.
- e. The comments of the Office of the Auditor General, SA was taken into account in the oversight processing of the Final Annual Report 2023/24

### **2.2 That Council considers the following findings of the MPAC.**

- a. THAT Council must instruct the Accounting Officer to tighten the internal control measures and ensure that Annual Financial Statement is submitted in time.
- b. THAT Council must instruct the Accounting Officer to ensure that in 2024/2025 Makhado Local Municipality must attain clean audit.
- c. THAT Council must instruct the Accounting Officer to concentrate more on important Key Performance Areas.
- d. THAT the Accounting Officer implements all recommendations which were made when considering the 2023/2024 Annual Report.

e. THAT all critical vacant posts must be filled, disabled and young people must be prioritised.

**2.3 The Council is requested to consider and adopt the following:**

The Municipal Public Account Committee (MPAC) Report for the 2023/24 Financial Year.

**3. Council Resolution**

**The following Council Resolutions are required**

3.1 The Council, having fully considered the 2023/2024 Draft Annual Report of the Municipality dated 30 January 2025 and representation thereon, adopts the Municipal Public Account Committee's (MPAC's) Report dated 27 March 2025.

3.2 Council approves the Final Annual Report 2023/24 without reservation.

**4. Process Followed**

**The following is a summary of the process followed**

4.1 The process by MPAC is in accordance with the *Guide and Toolkit for MPACs*, as compiled under leading of Department of Cooperative Governance and Traditional Affairs and the National Treasury in consultation with various stakeholders in the field of operation and adopted by Council as Terms of Reference for MPAC by Resolution.

**4.2 Documentation considered**

The following documentation was submitted to the Municipal Public Account Committee as source documentation for consideration when assessing the Annual Report -

- a. Draft Annual Report 2023/2024 dated **30 January 2025**
- b. Audited Financial Statements 2023/2024, for period ending 30 June 2024
- c. Report from the Auditor General
- d. National Treasury MFMA Circular No 11
- e. National Treasury MFMA Circular No 32
- f. National Treasury MFMA Circular No 63
- g. Municipal Finance Management Act (No 56 of 2003)
- h. Municipal System Act (No 32 of 2000)
- i. Supply Chain Management Policy, 2023/2024

**4.2.1 Purpose of Report**

- To consider the Annual Report for the 2023/2024 financial year and to adopt an Oversight Report containing Council's comment on the Annual Report in terms of Section 129(1) of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA)
- To provide a record of the achievements of the Municipality during the Financial Year to which the report relates.
- To provide a report on performance against the budget of the Municipality for the Financial Year.
- To promote accountability to be made throughout the year by the Municipality.

## 4.2.2 Background

### (a) Legal Requirements

Section 121 (1), (2) and (3) of the MFMA determines as follows 121(1):

- Every Municipality must for each financial year prepare an Annual report.
- The council must with nine (9) months after the end of a financial year deal with the annual report of a municipality in accordance with Section 129.

### (b) The annual Report of a Municipality must include

- The Annual Financial Statements of the Municipality and in addition, if Section 122(2) applies consolidated Annual Financial Statements as submitted to the Auditor General for audit in terms of Section 126(1).
- The Auditor General Audit report in terms of Section 126 (3) on said Financial Year.
- The Annual Performance Report of the Municipality prepared by the Municipality in terms of Section 46 of the Municipal System Act.

### The Auditor-General's audit report in terms of section 45(b) of the Municipal system Act (Act 32 of 2000)

- An assessment by the Municipality's Accounting Officer of any arrears on municipal taxes and service charges.
- An assessment by the Municipality's Accounting Officer of the Municipality's performance against the measurable performance objectives referred to in Section 179(3) (b) for revenue from each source and for each vote in the relevant Financial Year.
- Particulars of any corrective action taken or to be taken in response to issues in the audit reports referred to in (i) and (iv).
- Any information as determined by the Municipality.
- Any recommendations as determined by the municipality and
- Any other information as may be prescribed.

In terms of Section 127 (5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the annual report and invite the local community to submit representations in connection with the Annual report, and also submit the Annual Report to the Auditor-General, the relevant provincial treasury and provincial department responsible for Local Government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual report by no later than two (2) months from the date on which the Annual report was tabled; and adopt an oversight report containing the Council's comments on the Annual report which must include a statement whether the Council has -

- approved the annual report with or without reservations.
- rejected the annual report; or
- referred the annual report back for revision of those components that can be revised.

## 4.3 Meetings held

The Municipal Public Account Committee (MPAC) met **seventh (7<sup>th</sup>)** respective times. They decided to follow the following process:

### **A. Meeting No 1: 5 February 2025 at MPAC Office, Room B031, Civic Centre, Makhado**

The committee divided themselves into five (5) working groups which consisted of five (5) and three (3) members each. The Department of Corporate Services rendered administrative assistance with arranging for secretarial support. The five (5) respective groups met and discussed their chapters, assisting one another on how to deal with different chapters. The committee then requested for a consecutive four days (4) days' session at Tshipise Forever Resort, to deal with the report on a continual basis without disturbance.

**B. Meeting No 2: 10 to 13 February 2025**

Extensive discussions took place. On Monday the Chairperson of the Audit Committee, Mrs. J Masite delivered the presentation about the role and function of MPAC, and the responsibilities of MPAC in relation to Annual and Oversight reports. The presentations are attached to these Minutes.

It was then agreed that MPAC would discuss the report with reference to the documents received, the Draft Annual Report 2023/2024 financial year. The meeting proceeded to scrutinise the document and to formulate recommendations. The meeting was strengthened by the presence of Mr. MB Madiba (COGSTA) his presentation is also attached to the minutes.

**C. Meeting No. 3: 24 February 2025:**

The Committee met to finalise the preparation of Public Participation scheduled for 26 February 2025.

**D. Meeting No 4: 26 February 2025 at Muduluni Community Hall**

The Committee met together with stakeholders and members of public where the Acting Mayor, Cllr MR Magada present the 2023/2024 Draft Annual Report and members of public were afforded opportunity to ask questions regarding the 2023/24 Draft Annual Report. Whereafter the Acting Mayor, Cllr MR Magada responds all the questions.

**E. Meeting No 5: 3 March 2025 at MPAC Office, Room B031, Civic Centre, Makhado**

- The Committee met to finalise the preparation of Public Hearing scheduled for 4 March 2025. The Committee deliberated all the responds from the Accounting Officer, wherein the Committee agreed that the follow up questions will be asked during Public Hearing.
- Separate minutes were recorded of the business of this meeting.

**F. Meeting No. 6: 4 March 2024, Makhado Showground, Makhado**

The committee presented the Public Hearing where stakeholders and different Departments were invited to. Separate minutes were recorded of the business of this meeting.

**G. Meeting No 7: 20 March 2025 at MPAC Office, Room B031, Civic Centre Makhado.**

The committee meet to prepare Oversight Report and Final Annual Report.

Copies of the **seventh (7<sup>th</sup>)** meetings held as recorded above are attached to this Oversight Report and forms part of the overall submission to Council.

#### **4.4 Conclusion**

The Municipal Public Account Committee (MPAC) wishes to extend its gratitude to the following parties:

- (i) the Municipality for the support to the Committee during its operations, and for the relevant documentation the Committee received promptly as and when requested.
- (ii) the Municipal Manager for his interventions to enable the Committee to deliver on its mandate.

## **5. CONCLUDING COMMENTS / RESOLVES FROM THE MPAC COMMITTEE ON DRAFT ANNUAL REPORT, 2023/2024 FINANCIAL YEAR**

### **General Comments/ Resolutions**

MPAC requests Council to take note of the following:

1. The Unqualified Audit Opinion which the Municipality received for 2023/24 financial year.  
  
MPAC is of the view that the Municipality can achieve a clean audit in the near future, only if various structures in the municipality can work together in addressing issues raised by the AG and if proper plans are in place to enable the municipality to obtain a clean audit.
2. The Audit Committee must play a stronger role in ensuring that the comments by the Auditor General are taken seriously and should monitor those on a quarterly basis.
3. The various municipal departments have too many different KPA's; these should be taken one level up so that the Municipality has fewer targets to pursue and on which it can deliver quality work.
4. MPAC considered the revised 2023/24 Annual Report and can recommend that Council approves the Annual Report without reservation.
5. Municipal Public Account Committee (MPAC) recommends that the Accounting Officer and Management continuously monitor and use the Audit Action Plan and other management action plans as a guiding tool to improve performance.
6. Municipal Public Account Committee (MPAC) recommends that the Accounting Officer and Management must monitor the companies who did not perform on previous jobs rendered, and that they be not appointed in future.
7. The Mayor and the Executive Committee must develop an action plan to address all the issues raised by AG.
8. The Accounting Officer must ensure that all documents regarding Annual Financial Statement are submitted to the AG before or on the 31 August of the financial year.
9. All key posts which are vacant must be filled as soon as possible, especially vacant of MPAC Coordinator and all service delivery posts.
10. The Acting Chief Financial Officer must prepare documents needed by AG in time to avoid bad audit opinion.
11. The Acting Chief Financial Officer must check all documents before submission to Treasury.

13. MPAC must receive detailed quarterly reports from the Accounting Officer on the progress of the corrective measures taken by management to resolve AG’s findings.

**6. MINUTES OF OVERSIGHT COMMITTEE MEETINGS**

Copies of the Oversight Committee (MPAC) meetings are attached hereto as follows:

1 <sup>st</sup> meeting held on 5 February 2025	Annexure 1
2 <sup>nd</sup> meeting held on 11 to 16 February 2025	Annexure 2
3 <sup>rd</sup> meeting held on 24 February 2025 (Preparatory of Public Participation)	Annexure 3
4 <sup>th</sup> meeting held on 26 February 2025(Public Participation)	Annexure 4
5 <sup>th</sup> meeting held on 3 March 2025 (Preparatory of Public Hearing)	Annexure 5
6 <sup>th</sup> meeting on 4 March 2025 (Public Hearing)	Annexure 6
7 <sup>th</sup> meeting held on 27 March 2025	Annexure 7

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Ref: 4/8/2

**MAKHADO MUNICIPALITY****OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD ON THE 5 FEBRUARY 2025 AT THE MPAC OFFICE.

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**PRESENT****Councillors**

CLLR MALIVHA N V (CHAIRPERSON)  
 CLLR MABUDU H G  
 CLLR BALOYI S E  
 CLLR MULAUDZI M E  
 CLLR MAPHAKELA KP  
 CLLR SEBOLA DJ

**OFFICIALS**

MR MD MUNYAI (MANAGER COUNCIL SUPPORT)  
 MR DK NETHENGWE (MPAC RESEARCHER)  
 MR N P MADOBA (MPAC INTERN)

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**1. OPENING**

Cllr M E Mulaudzi opened the meeting with prayer.

The Chairperson, Cllr N V Malivha officially welcomed everyone present and encouraged everyone to participate through comments and inputs in the deliberations of the meeting.

**2. APPLICATION FOR LEAVE OF ABSENCE**

RESOLVED –

THAT leave of absence been granted in respect of the Municipal Public Account Committee meeting held on 5 February 2025 to Cllr B F Hlongwane and Cllr MG Furumele.

**REMARK**

The following Councillors were absent from the meeting, K Mukheli and Cllr M Mukosi

**3. PURPOSE**

The purpose of the meeting was to prepare for the on-coming MPAC Public Participation and Hearing to be held at Muduluni Community Hall and Makhado Showground respectively.

**4. MATTERS CONSIDERED**

ITEM MPAC 1.05.02.25

**PERFORMANCE MANAGEMENT: TABLING OF DRAFT ANNUAL REPORT FOR 2022/23 FINANCIAL YEAR**  
 (10/1/2:10/1/4/1-/8)

## RECOMMENDATION (MUNICIPAL PUBLIC ACCOUNT COMMITTEE: 5 February 2025)

1. THAT the methodology of performing oversight functions be conducted by five (5) respective working groups consisting of the following members:

- 1.1 GROUP 1

CLLR MALIVHA N V (CHAIRPERSON)  
CLLR B F HLONGWANE  
CLLR FURUMELE M G  
CLLR BALOYI S E  
CLLR MABUDU H G  
CLLR MUKHELI K  
CLLR MULAUDZI M E  
CLLR SEBOLA D  
CLLR MUKOSI M  
CLLR MAPHAKELA K P

- 1.2 GROUP 2

CLLR MUKOSI M  
CLLR MABUDU H G  
CLLR FURUMELE M G

- 1.3 GROUP 3

CLLR HLONWANE B F  
CLLR MUKHELI K  
CLLR MULAUDZI M E

- 1.4 GROUP 4

CLLR BALOYI S E  
CLLR SEBOLA D  
CLLR MALIVHA N V  
CLLR MAPHAKELA K P

- 1.5 GROUP 5

CLLR MABUDU H  
CLLR BALOYI S E  
CLLR MAPHAKELA K P  
CLLR MAGADA M R  
CLLR MAKAMU T T

2. THAT Working Group 2 will deal with Chapter 2, Working Group 3 will deal with Chapter 3, working Group 4 will deal with Chapter 4, Working Group 5 will deal with Chapter 5 while all Working Groups will deal with Chapters 1 and 6.
3. THAT the session of group discussions will be on Monday, 10 February 2025 to 13 February 2025 at the venue to be confirmed.
4. THAT a representative of Limpopo Legislature (SCOPA), representative of SALGA, representatives of the Auditor General Office, COGSTA, Limpopo Provincial Treasury, and PMS Office, the Internal Audit Office, Chairperson of Risk Committee and Chairperson of APAC be invited to serve as technical assistance to the MPAC in the oversight task for 2023/2024 Financial Year.

5. THAT MPAC comments be taken into account by all working Groups in performing their oversight functions.
6. THAT the Municipal Manager approves the 4 days' working session at one of the venues mentioned in paragraph 3 above, to afford MPAC members time to work without interruption when scrutinizing the 2023/2024 Draft Annual Report.
7. THAT MPAC should prepare a covering letter that will accompany raised questions to the Office of the Municipal Manager

**5. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and adjourned at 13h15.

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CHAIRPERSON

Ref: 4/8/2

**MAKHADO MUNICIPALITY**

**OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD ON THE 5 FEBRUARY 2025 AT THE MPAC OFFICE.

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**PRESENT**

Councillors

CLLR MALIVHA N V (CHAIRPERSON)  
 CLLR MABUDU H G  
 CLLR BALOYI S E  
 CLLR MULAUDZI M E  
 CLLR MAPHAKELA KP  
 CLLR SEBOLA DJ

OFFICIALS

MR MD MUNYAI (MANAGER COUNCIL SUPPORT)  
 MR DK NETHENGWE (MPAC RESEARCHER)  
 MR N P MADOBA (MPAC INTERN)

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**1. OPENING**

Cllr M E Mulaudzi opened the meeting with prayer.

The Chairperson, Cllr N V Malivha officially welcomed everyone present and encouraged everyone to participate through comments and inputs in the deliberations of the meeting.

**2. APPLICATION FOR LEAVE OF ABSENCE**

RESOLVED –

THAT leave of absence been granted in respect of the Municipal Public Account Committee meeting held on 5 February 2025 to Cllr B F Hlongwane and Cllr MG Furumele.

**REMARK**

The following Councillors were absent from the meeting, K Mukheli and Cllr M Mukosi

**3. PURPOSE**

The purpose of the meeting was to prepare for the on-coming MPAC Public Participation and Hearing to be held at Muduluni Community Hall and Makhado Showground respectively.

**4. MATTERS CONSIDERED**

ITEM MPAC 1.05.02.25

**PERFORMANCE MANAGEMENT: TABLING OF DRAFT ANNUAL REPORT FOR 2022/23 FINANCIAL YEAR (10/1/2:10/1/4/1-/8)**

## RECOMMENDATION (MUNICIPAL PUBLIC ACCOUNT COMMITTEE: 5 February 2025)

1. THAT the methodology of performing oversight functions be conducted by five (5) respective working groups consisting of the following members:

- 1.1 GROUP 1

CLLR MALIVHA N V (CHAIRPERSON)  
CLLR B F HLONGWANE  
CLLR FURUMELE M G  
CLLR BALOYI S E  
CLLR MABUDU H G  
CLLR MUKHELI K  
CLLR MULAUDZI M E  
CLLR SEBOLA D  
CLLR MUKOSI M  
CLLR MAPHAKELA K P

- 1.2 GROUP 2

CLLR MUKOSI M  
CLLR MABUDU H G  
CLLR FURUMELE M G

- 1.3 GROUP 3

CLLR HLONWANE B F  
CLLR MUKHELI K  
CLLR MULAUDZI M E

- 1.4 GROUP 4

CLLR BALOYI S E  
CLLR SEBOLA D  
CLLR MALIVHA N V  
CLLR MAPHAKELA K P

- 1.5 GROUP 5

CLLR MABUDU H  
CLLR BALOYI S E  
CLLR MAPHAKELA K P  
CLLR MAGADA M R  
CLLR MAKAMU T T

2. THAT Working Group 2 will deal with Chapter 2, Working Group 3 will deal with Chapter 3, working Group 4 will deal with Chapter 4, Working Group 5 will deal with Chapter 5 while all Working Groups will deal with Chapters 1 and 6.
3. THAT the session of group discussions will be on Monday, 10 February 2025 to 13 February 2025 at the venue to be confirmed.
4. THAT a representative of Limpopo Legislature (SCOPA), representative of SALGA, representatives of the Auditor General Office, COGSTA, Limpopo Provincial Treasury, and PMS Office, the Internal Audit Office, Chairperson of Risk Committee and Chairperson of APAC be invited to serve as technical assistance to the MPAC in the oversight task for 2023/2024 Financial Year.

5. THAT MPAC comments be taken into account by all working Groups in performing their oversight functions.
6. THAT the Municipal Manager approves the 4 days' working session at one of the venues mentioned in paragraph 3 above, to afford MPAC members time to work without interruption when scrutinizing the 2023/2024 Draft Annual Report.
7. THAT MPAC should prepare a covering letter that will accompany raised questions to the Office of the Municipal Manager

**5. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and adjourned at 13h15.

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CHAIRPERSON

Ref: 4/8/2

**MAKHADO MUNICIPALITY****OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE ONE HUNDRED AND THIRTY NINTH (139<sup>TH</sup>) MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD FROM MONDAY, 10 FEBRUARY 2025 TO THURSDAY, 13 FEBRUARY 2025 AT 09:00 TSHIPISE FOREVER RESORT

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**PRESENT**Councillors

CLLR MALIVHA N V (CHAIRPERSON)  
 CLLR FURUMELE M G  
 CLLR MABUDU H G  
 CLLR BALOYI S E  
 CLLR SEBOLA D J  
 CLLR MUKHELI K  
 CLLR MULAUDZI M E  
 CLLR MUKOSI M (Joined the meeting on the Tuesday, 11 February 2025)  
 CLLR MAGADA M R  
 CLLR MAKAMU T T

OFFICIALS

MR M MABALA (ASSISTANT MANAGER COMMITTEES)  
 MR K SIGIDI (MANAGER PMS)  
 MR T MAPHANGWA (MANAGER RISK)  
 MR A M KGOPA (MANAGER INTERNAL AUDIT)  
 MR K N TSHIKOSI (ASSISTANT MANAGER PMS)  
 MS M MANYUMA (ASSISTANT ADMINISTRATIVE CLERK)  
 MR N P MADOBA (INTERN)

OTHER GUESTS

MRS J MASETE (AUDIT COMMITTEE CHAIRPERSON)  
 MR M B MADIBA (COGHSTA)  
 MS NKOANA (AGSA)  
 MS C GROOVE (AGSA)  
 MS L MATHAVHA (AGSA)

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**1. OPENING**

Cllr M E Mulaudzi opened the meeting with prayer.

The Chairperson, Cllr N V Malivha officially welcomed everyone present and encouraged everyone to participate in all the sessions. She wished the MPAC well

**2. APPLICATION FOR LEAVE OF ABSENCE**

RESOLVED –

THAT leave of absence been granted in respect of the Municipal Public Account Committee meeting held on 10 February 2025 to 13 February 2025 to Cllr B F Hlongwane.

### 3. PURPOSE

The Chairperson, Cllr N V Malivha indicated that the purpose of the session is to scrutinize the Draft Annual Report 2023/24 Financial Year.

### 4. MATTERS CONSIDERED

#### **DAY ONE: MONDAY, 10 FEBRUARY 2025**

#### **REMARK:**

At the commencement of the business on 10 February 2025, MPAC members agreed on the approach to be followed during the meeting. The Chairperson of the Audit Performance Audit Committee, Mrs. J Masite delivered the presentation on the role and function of MPAC, while Mr M B Madiba from Coghsta delivered the presentation on the Purpose of the Annual Report. The presentations are attached to these minutes.

The discussions held are recorded.

#### **ITEM 1.10.02.25**

#### **MPAC: DRAFT ANNUAL REPORT 2023/2024 FINANCIAL YEAR (10/1/2; 10/1/4/1-/8)**

#### **REMARK:**

After the presentations on 10 February 2025, MPAC members agreed that MPAC would discuss the report with reference to the documents received of the Draft Annual Report 2023/24 Financial Year. The meeting proceeded to scrutinize the documents and formulated recommendations.

### 1. **CHAPTER ONE**

#### **MAYORS'S FOREWORD AND EXECUTIVE SUMMARY**

#### Findings

- Bullet No. 1 of the MFMA Circular No. 63 is covered in paragraph twelve (12).
- Bullet No. 2 of MFMA Circular No. 63 is not covered (Unpack the services rendered)
- Bullet No.3 of the MFMA Circular No. 63 is covered with paragraph 2, 5 and 6. Include activities such as Imbizos. Indicate how many Imbizos was held in 2023/2024 financial year, challenges must be addressed.
- Bullet No.4 of the MFMA Circular No.63 is missing. (Statement of corrective actions whereby service delivery can be improved).
- The picture of the Mayor must be replace and insert the clear picture.

#### RECOMMENDATIONS\_

1. THAT the office of the Mayor should consider re-working paragraph 3 to include corrective action taken to ensure that strategic of the IDP were achieved.
2. THAT the number of Imbizos held during the year under review should find its expression in the Mayors Foreword.

## **1.2 COMPONENT B: MUNICIPAL MANAGER'S FOREWORD**

### Findings

- Bullet No.1 of MFMA Circular No.63 is covered in paragraphs 2 and 5.
- Bullet No.2 of MFMA Circular No.63 we don't have entities.
- Bullet No.3 of MFMA Circular No.63 we don't share Sector departments as Makhado Local Municipality.
- Bullet No.4 of MFMA Circular No.63 is missing. (A statement on the previous financial years audit opinion must be included).
- Bullet No.5 of MFMA Circular No.63 is covered on the last paragraph of the Municipal Managers Foreword.
- Bullet No.7 of MFMA Circular No.63 is covered by paragraph 5.
- Bullet No.8 of MFMA Circular No.63 is covered by paragraph 4, please mention the top five (5) risks.

## **1.3 COMPONENT C: MUNICIPAL OVERVIEW**

Component C the MFMA Circular 63 is aligning with the Municipal Overview of the 2023/2024 Draft Annual Report.

## **CHAPTER TWO**

### **COMPONENT A: GOVERNANCE STRUCTURES**

#### **2.1 POLITICAL GOVERNANCE STRUCTURE**

##### Findings

- That the Political structure on Figure two (2) under the Speaker must align reflecting drawn lines proceeding to Council members (75) and Section 79 Committees.
- That the political structure on figure two (2) reflects that the Makhado Municipality has 30 Ward Committees instead of 38 Ward Committees.
- The initials of Executive Committee member Cllr Sithi are ET not SA (Initials error).
- Remove dark colors on the Political structure diagram.
- The dots which are next to the Executive Committee Members must be deleted
- **Table 10 under Section 79 Oversight Committee Special Programs, the name of Cllr MG Furumela must be replaced with the name of Cllr MJ Mpashe.**

### **COMPONENT B INTERGOVERNMENTAL RELATION**

#### Finding

Component B is aligned with MFMA Circular No.63

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

### **Finding**

Component C is aligned with MFMA Circular No.63

### **RECOMMENDATIONS –**

1. THAT the media coverage on MPAC session must be prioritize at all times and the communication section must deploy delegate to MPAC Session.
2. THAT MPAC Researcher must be provided with a camera as a working tool.

## **COMPONENT D**

### **Finding**

Component D is aligned with MFMA Circular No.63

## **DAY TWO: TUESDAY, 11 FEBRUARY 2025**

### **CHAPTER 3**

#### **3.1. SERVICE DELIVERY PERFORMANCE**

##### **3.1.1. OVERVIEW OF SERVICE DELIVERY**

### **Findings**

- Page 53, Paragraph 2 under Road infrastructure and other infrastructure the paragraph should be re-worked.
- Page 49, the first line reflects double closing brackets.
- Page 54, Under Electricity Connection provided by Makhado Municipality Ward 33 must be included.
- Page 57, Table 18: Tshivhuyuni and Watervaal projects are omitted.
- Table 18, Item No. 5 the status of the project should be changed from construction to complete.
- Page 65, Under Community & Social Service Tshikota Community Hall must be included.
- Page 67, Paragraph 2 under Disaster Management Services numbers in words and numbers in brackets are not the same.
- Page 67 on Disaster Management Services paragraph number 1 and Table Number 27 on Disaster Incidents should be reworked
- Page 67, under Sports, Arts and Culture, the first line of the sentence must be deleted (constructed Kutama-Sinthumule sport facility).
- Page 67, Under Protection Service sentence number two canters must be Centers (spelling error).
- Page 75 Table 34 on Capital Expenditure 2023/2024: Road Services, the statement and the table do not talk to each other
- Page 76 table number 36 and its first paragraph on page 77 do not talk to each other

- Page 77 on Local Economic Development paragraph 1, the last sentence should read The Municipality is in the process.

## **CHAPTER 4**

### **DAY THREE: WEDNESDAY, 12 FEBRUARY 2025**

#### **4.1. MUNICIPAL PERSONNEL**

##### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE**

###### **Findings**

- Page 79, Table No. 38 must be re-calculated.
- Page 80 and 81, the statement about succession plan is not talking to Table 41 under human resources.

##### **COMPONENT B: MANAGING MUNICIPAL WORKFORCE**

- Page 82, Table 42 insert the column of the break down of injury on duty costs.
- Page 83, On the paragraph Sick Leave, second last sentence, **his** must be changed to **this**.
- Page 84, the statement which is below the table must be moved to the top of the table.

##### **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

- Page 86, Table 47 on training provided for councillors the total number of females is 18 not 19 and males is 37 not 38. (arithmetic error)
- Page 87, Table No 48 the training provided to female councillors is 49 not 50.
- Page 87, Table No 48 the training provided to male councillors is 100 not 101.

## **CHAPTER 5**

###### **Findings**

The discussion was held with the Acting Chief Financial Officer and the MPAC Committee find that all the calculation were done properly.

###### **RECOMMENDATION –**

1. THAT the Municipality must implement debts collections policies.
2. THAT the Municipality must have a system which encourages community to pay debts

**DAY FOUR 13 FEBRUARY 2025****CHAPTER 6****6.1 QUESTIONS TO ACCOUNTING OFFICER****QUESTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)  
ON THE REPORT OF THE AUDITOR GENERAL SOUTH AFRICA ON THE MAKHADO  
LOCAL MUNICIPALITY (MLM) ON THE FINANCIAL STATEMENTS AND  
PERFORMANCE INFORMATION FOR FINANCIAL YEAR ENDING 30 JUNE 2024****Question 1**

Executive Authority, on Chapter 1 of the Draft Annual Report for the financial year ending 30 June 2024, on page 21 the Municipal Manager has reported the vacancy of Director Technical Services and Chief Financial Officer.

- a) The Municipal System Act supported by amendment requires the post of Section 56 to be filled within three months from the date which the vacancy was declared. What has the Municipality done to comply with the requirements of the Municipal System Act?
- b) The Municipality achieved 70% of its target contained in service delivery and Budget Implementation Plan for 2023/2024 Financial Year which is a decline of 15% compared to the previous years (2022/23 financial year). Why has the Municipality recorded a decline in achievement of the target for the year under review?
- c) What are the measures that the Municipality will put in place to ensure that all targets are achieved in future?

**Question 2**

Executive Authority, on Chapter 1 of the Draft Annual Report for the financial year ending 30 June 2024, on page 22 the Municipality managed to close the 2023/24 financial year with a total amount of R14,7 million. Over the two previous financial years of 2021/22 and 2022/23 the reported closing balance were **R201 million and R146 million.**

- a) Why is the Municipality continuously declining on the closing balance as compared to the previous financial years, while the achievement of the targets is always declining?
- b) What will the Municipality do to ensure that it remains financially sound in future years?

**Question 3**

Executive Authority, on Chapter 2 of the Draft Annual Report for the financial year ending 30 June 2024, on page 44 Management reported that all employees of Municipality has signed their performance agreements.

- a) Did the Municipality develop a report on the implementation on Municipal Staff Regulations, particularly chapter 3?
- b) When were the employees evaluated or assessed and what were the outcomes?
- c) Was the report on the outcomes of the report tabled to Council?

**The 2006 Local Government: Municipal Performance Regulations for Municipal Manager and Managers directly accountable to the Municipal Manager require Section 54a and 56 managers to sign performance agreement annually and be assessed.**

- d) Did the Section 54a and 56 Managers signed performance agreement?
- e) Did the Municipality conduct formal assessments (mid-year 2023/24 and annual) of Senior Managers as required by the regulations? If yes, was the report tabled before the municipal council? If no, why is the municipality failing to comply with the regulations? What plans are therefore put in-place to comply with the regulations?

#### **Question 4**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 62 Makhado Local Municipality continuously registered electricity loses against the acceptable 10% norm by NERSA, the total loss of electricity registered in 2021/22 was 11%, 2022/23 was 11% and in 2023/24 is 12%.

Does the Municipality have a system or strategy in place to ensure the reduction of electricity loses incurred over the three previous financial years? if yes is the strategy yielding the desire results? If no, how does the Municipality plan to turn around the situation?

#### **Question 5**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 56 & 57 the Municipality reported on projects implemented during 2023/24 financial year. The projects implemented they have recorded the significant progress as outlined on table 17 and 18; however, they are three projects namely, Construction of Dzanani Taxi Rank, Waterval Stadium and Tshivhuyuni Stadium which are under performing.

- a) Why is the Municipality failing to complete the projects mentioned above?
- b) Is this not hindering service delivery in our communities?

#### **Question 6**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 61 the Municipality reported the total number of electricity cases reported under the year review.

- a) What is the turnaround time to attend and resolve all reported electrical cases?
- b) Does the Municipality have a reliable system to record all the cases reported and resolved, if yes can the Municipality provide the proof of report.

#### **Question 7**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 68 the Municipality reported the total of 8996 written notices issued amounting to R5 214 320.00, a collection of R1 958 040.00 was made.

- a) Why is the Municipality unable to collect all the money issued from the notices?
- b) What is the status of all outstanding written notices?

**Question 8**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 71 the Municipality reported the total number of 3854.60km of gravel roads has been maintained during the year under review.

- a) Did the Municipality achieve the target regarding the maintenance of gravelling and grading as planned? If not, do they have a turnaround strategy?
- b) Is there any long-term plan that is formally adopted regarding the maintenance of gravel roads?

**Question 9**

Executive Authority, on Chapter 4 of the Draft Annual Report for the financial year ending 30 June 2024, on page 80 the Municipality reported that out of 592 employees, 70 are between the ages of 61-65, 178 are between the ages of 50-60, 185 are the ages of 41-50, 139 are between the ages of 31-40, and 20 are between the ages of 21-30, including 45.44% vacancy rate.

- a) Why is the Municipality having such a high vacancy rate at 45.44% and what is the impact on service delivery?
- b) The aging municipal workforce is becoming a concern. What is it that the Municipality is doing to ensure that young people are employed?
- c) The Municipality has an employment equity plan adopted by Council however, there is no equity balance on the current employed staff. Is the Municipality implementing the equity plan as adopted by Council at what extent in order to change the status quo?

**Question 10**

Executive Authority, on Chapter 4 of the Draft Annual Report for the financial year ending 30 June 2024, on page 87 the Municipality reported that various training provided to fifty-five (55) Councillors under the year review.

1. What type of training was provided to fifty-five Councillors?
2. Did the training provided to Councillors respond to the needs and making any impact?

**Question 11****Material impairments**

Executive Authority, on paragraph 8 in note 37 of the annual report, the Auditor-General reports that material losses of R41 600 405 were incurred as a result of an impairment of irrecoverable debtors.

- a) Does the Municipality have a debtors register?
- b) Does the Municipality have a system in place to track debtors and collect revenue?
- c) Please provide an updated revenue collection system and its ability to collect all revenue which is due to the municipality.
- d) Please provide a plan to arrest the scourge of non-payment of municipal services by consumers since this is a repeat finding: (2022-23).

**Question 12****Litigations**

Executing Authority, on paragraph 9 in note 46 of the AG's report, the Auditor-General reports that the Municipality is the defendant in various law claims. 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.

- (a) Why is the Municipality opposing the claims?
- (b) How much are the litigants claiming?
- (c) What is the status of the litigation?
- (d) Does the Municipality have the indomitable attorneys and the wherewithal to win the cases?
- (e) Please provide a breakdown of litigations and their status with the Municipality?
- (f) Does the Municipality have a leg to stand on and win the cases?
- (g) How much did the Municipality budget for litigations?

**Question 13****Annual financial statements: Material misstatements**

Executive Authority, on paragraph 31 of the report, the AG reports that financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 121 (1) of the MFMA. Material misstatements of disclosure item identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

- a) Why did the municipality submit financial statements which were not prepared in accordance with the requirements of section 121 (1) of the MFMA?
- b) What action has the Municipality taken against the responsible official for this anomaly? Which is in contravention of MFMA section 126 (1)a?
- c) Please provide a detailed plan to arrest these scourge since is a repeat finding: (2022-23 financial year)?

**Question 14****Late Submission of financial statements**

Executive Authority, on paragraph 30, the Auditor-General reports that financial statements were not submitted to the Auditor-General for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

- (a) Why did the Municipality fail to submit financial statements within two months to the Auditor-General after the end of the financial year, as required by section 126(1)(a) of the MFMA?

- (b) What action has the Mayor taken against the Accounting Officer for submitting financial statements which were not prepared in accordance with the requirements?

### **Question 15**

#### **Internal Control Deficiencies**

Executive Authority, on paragraph 37 of the annual report, the Auditor-General reports that the Accounting Officer did not implement adequate internal controls to ensure the preparation of accurate financial statements as material misstatements were identified, though subsequently corrected.

- a) Why did the Accounting Officer fail to implement adequate internal controls to ensure the preparation of accurate financial statements?
- b) What action has been taken against the Accounting Officer for this anomaly?
- c) Please provide a plan to prevent a recurrence of this anomaly.

### **Question 16**

Executive Authority, on paragraph 38 & 39, of the report, the Auditor-General reports that the Accounting Officer failed to review and monitor compliance with applicable laws and regulations. Furthermore, the Accounting Officer did not sufficiently exercise oversight responsibility regarding financial and compliance reporting and related internal controls.

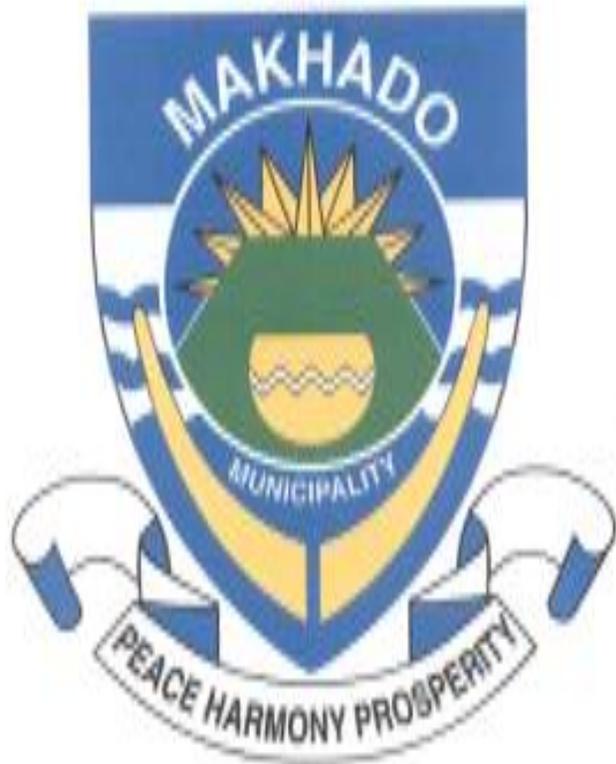
- (a) Why did the Accounting Officer fail to review and monitor compliance with applicable laws and regulations?
- (b) Why did the Accounting Officer fail to exercise oversight responsibility regarding financial and compliance reporting and related internal controls?
- (c) What action has been taken against the Accounting Officer for this anomalies? Please provide an action plan to prevent this anomaly?

## **5. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and it adjourned at 16:15.

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CHAIRPERSON



**REVIEW AND COMMENTS OF APAC –  
OVERSIGHT REPORT ON THE ANNUAL REPORT  
2023-24 AUDIT COMMITTEE**

10<sup>th</sup> February 2025

**S J MASITE – for CHAIRPERSON OF  
APAC**

# Background

- ✓ In terms of section 121 of the MFMA, every municipality and municipal entity **must** for each financial year prepare an annual report.
- ✓ Annual Report is comprehensive document designed to provide readers with information about a municipality's performance in the preceding year.
- ✓ The purpose of the annual report is:
  - To provide a record of the activities of the municipality or entity;
  - To provide a report on performance in service delivery and budget implementation; and
  - To promote accountability to the local community.
- ✓ The IDP and budget are *forward-looking*, they set out what the municipality intends to do and the funds it will raise and spend.
- ✓ The annual report, on the other hand, is *backward-looking* as it reports on actual performance at the end of the financial year, reporting on how the IDP and budget were implemented.

## Role of the MPAC- Annual Report

The functions of the MPAC are: (a) **to consider and evaluate the Annual Report as tabled to Council, and thereafter make recommendations to Council in this regard.** The Committee must receive the report no more than two weeks after tabling to Council.

# Functions Added iro of the Amended Structures Act

The municipal council must determine the functions of the committee, which must include the following—

- (i) review the Auditor-General reports and comments from the Management and the Audit Committee and make recommendations to the municipal council;
  - (ii) review internal audit reports together with comments from the Management and Audit Committee and make recommendations to the municipal council;
  - (iii) initiate and develop the oversight report contemplated in terms of section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
  - (iv) attend to and make recommendations to the municipal council on any matter referred to it by the municipal council, executive committee, a committee of the council, a member of this committee, a councillor and the municipal manager; and
  - (v) on its own initiative but subject to the direction of the municipal council, investigate and report to the municipal council on any matter affecting the municipality.
- (4) Reports of the Committee must be submitted to the speaker who must table such reports in the next meeting of the municipal council.



## MPAC SCOPE OF WORK

### The following are the objectives of MPAC during oversight process:

- a) Financial and Non-financial information (financial statements, performance reports, annual reports) provided is accurate and conforms to standards for reporting
- b) Probes and clarifies any deviations in form or the information contained in these statements, where such a deviation may amount to a potential for risk to the municipality
- c) That performance information is clear and unambiguous and properly explains any deviations from the performance standards agreed to in the SDBIP and performance agreements.**
- d) Probes and clarifies any deviations in performance or the expenditures incurred in relation to performance, where such a deviation may amount to a potential for risk to the municipality**



## MPAC SCOPE OF WORK cont...

The following are the of MPAC during oversight process:

- e) That reporting in relation the *Supply Chain Management* processes within the municipality is clear and unambiguous and properly discloses any deviations from the municipal policies and procedures relating to Supply Chain Management
- f) Probes and clarifies any deviations within the Supply Chain Management processes and procedures, where such a deviation may amount to a potential for risk to the municipality
- g) The reports properly and accurately identify and quantify any instances of unauthorised, irregular, wasteful and fruitless expenditure, as well as maintaining a register with actions and timelines.



## MPAC SCOPE

### The following are the objectives of MPAC during oversight process:

- h) Probes and clarifies all instances of unauthorized, irregular, wasteful and fruitless expenditure.
- i) Seeks to identify responsible parties in the case of deviations from any process or policy and ensure consequence management is followed
- j) Makes appropriate and timely recommendations to Council to address shortcomings in Oversight Reports, and matters relating to unauthorized, irregular, wasteful and fruitless expenditure.

# OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the municipality is a unqualified with findings. This is the same as the previous year's audit outcome.

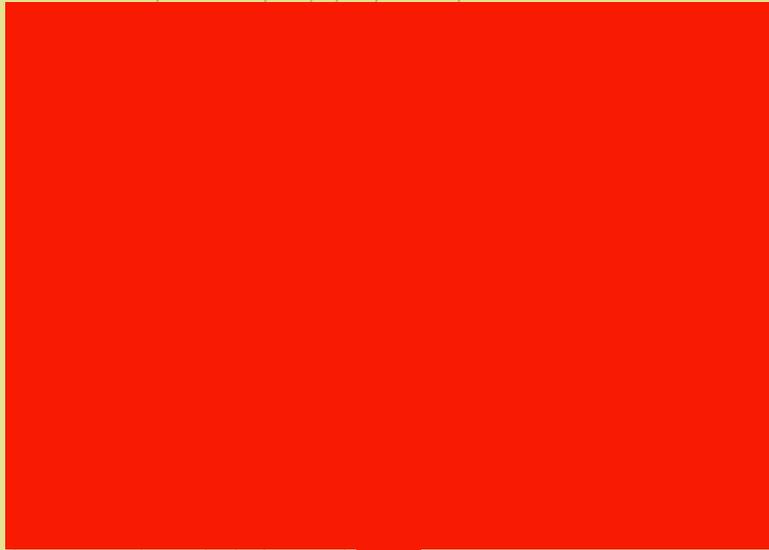
## Audit results per outcome area

Outcome area	Movement	2023-24	2022-23	2021-22
<b>Financial statements</b>	▶	Green	Green	Green
<b>Annual performance report</b>				
• Basic services	▶	Green	Green	Red
• Local economic development	▶	Green	Green	Black
<b>Compliance with legislation</b>				
• Annual financial statements	▶	Red	Red	Red
• Strategic planning and performance management	▶	Green	Green	Green
• Consequence management	▶	Green	Green	Red
• Asset management	▶	Green	Green	Red
• Human Resource Management	▶	Green	Green	Green
• Conditional grants		Green	Green	Green
• Expenditure management	◻	Red	Green	Green
• Revenue Management	▶	Green	Green	Green
• Procurement and contract management	▶	Green	Green	Green

Green	Unqualified / No material findings	Blue	Qualified	Purple	Adverse	Red	Disclaimed	Light Red	Material findings	Black	Not audited
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Green Up Arrow	Improvement	Red Down Arrow	Regression	Yellow Right Arrow	Unchanged
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## Audit Outcomes 2023/24





# AGSA -Overall Message

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The audit outcome on the financial statements remained unchanged on an unqualified opinion with findings, the performance reporting remains unchanged with no material findings. In the previous year we recommended that in order to improve the overall audit outcomes, **leadership and oversight must instill a culture of good governance, monitor preventative controls** that will strengthen daily financial disciplines, and ensure swift implementation of consequence management for effective accountability.



# AGSA -Overall Message cont

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- ❖ The municipality **did not prepare credible financial statements** as adjustments were effected in order to avoid a modification.
- ❖ **Compliance with laws and regulation remains a concern due to adjustments to the annual financial statements as well as late submission of those annual financial statements.** The audit outcome



# AGSA -Overall Message cont

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- ❖ The budget for roads and infrastructure for the current year was R110 768 000 and the entire R110 768 000 was spent mainly on road infrastructure, although the money was spent, there is still a greater need for the prioritisation of maintenance of deteriorating roads.
- ❖ **Basic service delivery, the municipality was able to achieve 65% of their targets, which is less than that of the prior year of 75%.** The reasons for non-achievement of targets as stated by the municipality are mainly due to delays caused by contractors.
- ❖ AGSA urge the municipality to prioritise the timely completion of projects in order for services to be delivered to citizens in a timely manner.

**Improvements 2023-204**

**Findings on Contract Management  
0%**

Area	Findings		
	2023-24	2022-23	2021-22
Audit limitations	Green	Green	Green
Deviations	Green	Green	Green
Conflict of interest	Green	Yellow	Yellow
Non-compliance: competitive bidding process	Green	Yellow	Green
Non-compliance: quotation process	Green	Green	Green
Contract management	Green	Green	Green

Material non-compliance with legislation	Findings	No findings
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# FINANCIAL STATEMENTS

## Audit results

20. The financial statements were submitted to us for auditing on 1 September 2024. The late submission of the financial statements constitutes non-compliance with the Municipal Finance Management Act 56 of 2003 (MFMA). The non-compliance will be reported as a material finding in the auditor's report.
21. We identified material misstatements in the financial statements submitted for auditing. The material misstatements constitute non-compliance with the MFMA. The non-compliance will be reported as a material finding in the auditor's report.

### Material misstatements to be corrected

Accounting standard / legislation	Nature	Value	Description	Prior-year misstatements	
				2022-23	2021-22
<b>Commitments</b>					
GRAP1- Commitments	Understatement	R13 837 896.38.	Identified commitments were not recorded in the annual financial statements for the period 30 June 2024.		
GRAP1 - Commitments	Understatement	R7 996 251.38.	Recalculated the commitment amount as at 30 June 2024 and identified the differences between the commitment schedule and supporting information.		
<b>Expenditure</b>					
GRAP1 - Expenditure - Bulk Purchases	Understatement	R10 640 527	The Annual financial statements: Bulk Purchases are understated by R10 640 527. Further, the VAT pertaining to this amount is understated by R1 596 079  The corresponding payable is understated by the collective amount of R12 236 606		
<b>Disclosures</b>					
GRAP 18- Segment information	Understatement	-	Material differences between the amounts reported in the segment information when compared to the amounts reported in the statement of financial performance.		

Financial Statement  
Area Requiring Attention



# ANNUAL REPORT – 2023-24

**The Audit Committee considered the Annual Report (the AC Annual Report is incorporated in the council pack for consideration)**

In terms of the Annual Report the Committee recommended that the council to consider and approve the Draft Report Annual Report and refer it to the MPAC for oversight process.

Further all APAC recommendations to be considered by MPAC during the oversight processes.



1

Chapter 1: Mayor' Foreword and Executive Summary

5

Financial Performance

2

Governance

6

Auditor General s Findings

3

Service Delver Performance

7

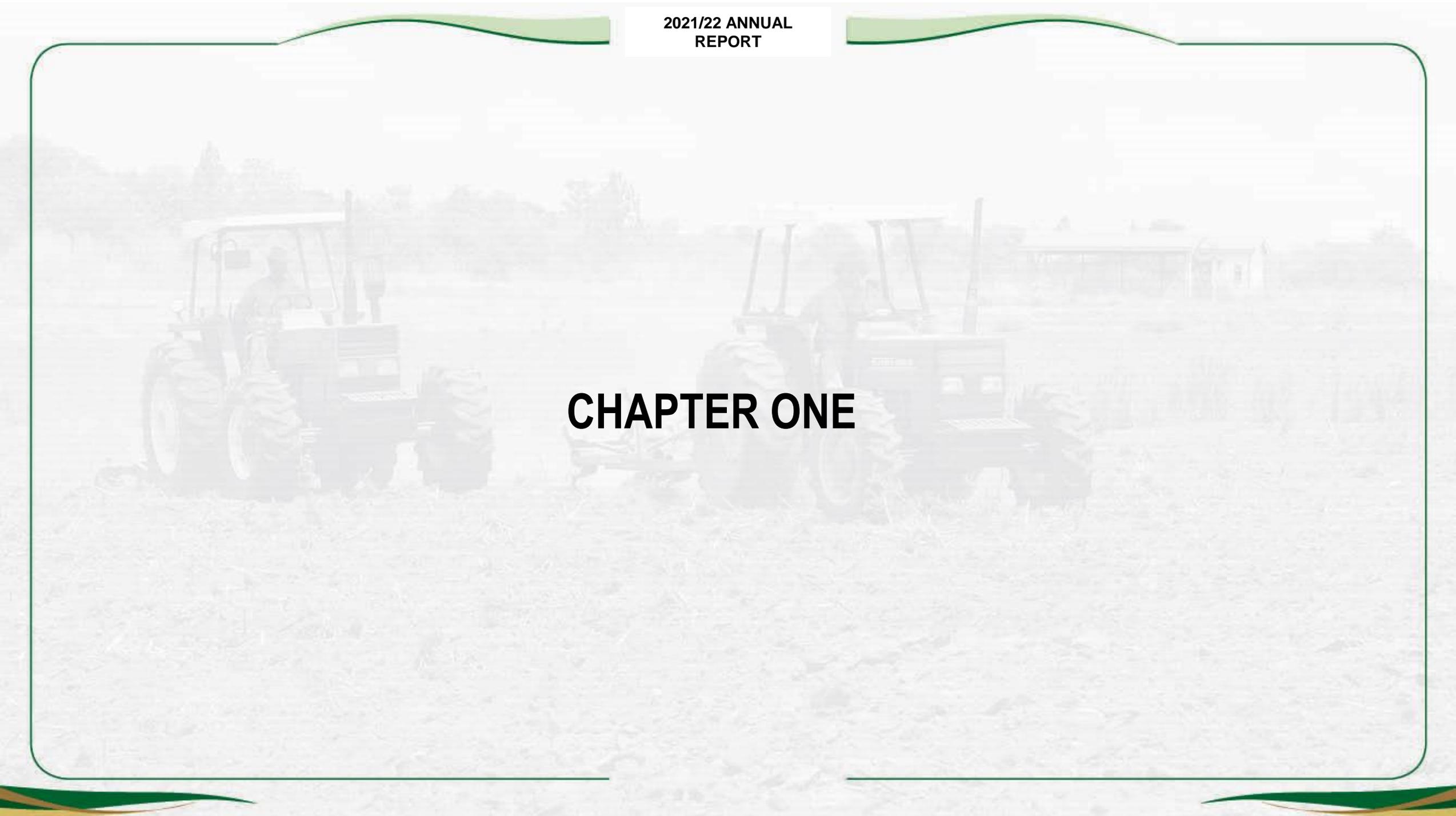
Appendices

4

Organizational Development Performance

8

Volume 11: AFS

A faded background image of two tractors in a field. The tractor on the left is a smaller model, and the one on the right is a larger model. Both are being operated by people. The field is filled with crops, and there are trees and a building in the background.

# CHAPTER ONE

# Chapter 1

## **1.1.Mayor's Foreword**

The foreword compiled by the Mayor / Executive Mayor should include information related to the following topics:

- ✓ Strategic alignment to Provincial and Growth and Development Strategy.
- ✓ Corrective actions taken to ensure that strategic objectives as stipulated in the IDP were achieved.
- ✓ Methods used / implemented to improve public participation and accountability.
- ✓ Statement of corrective actions whereby service delivery can be improved risks

# Chapter 1 cont...

## **Municipal Manager Foreword**

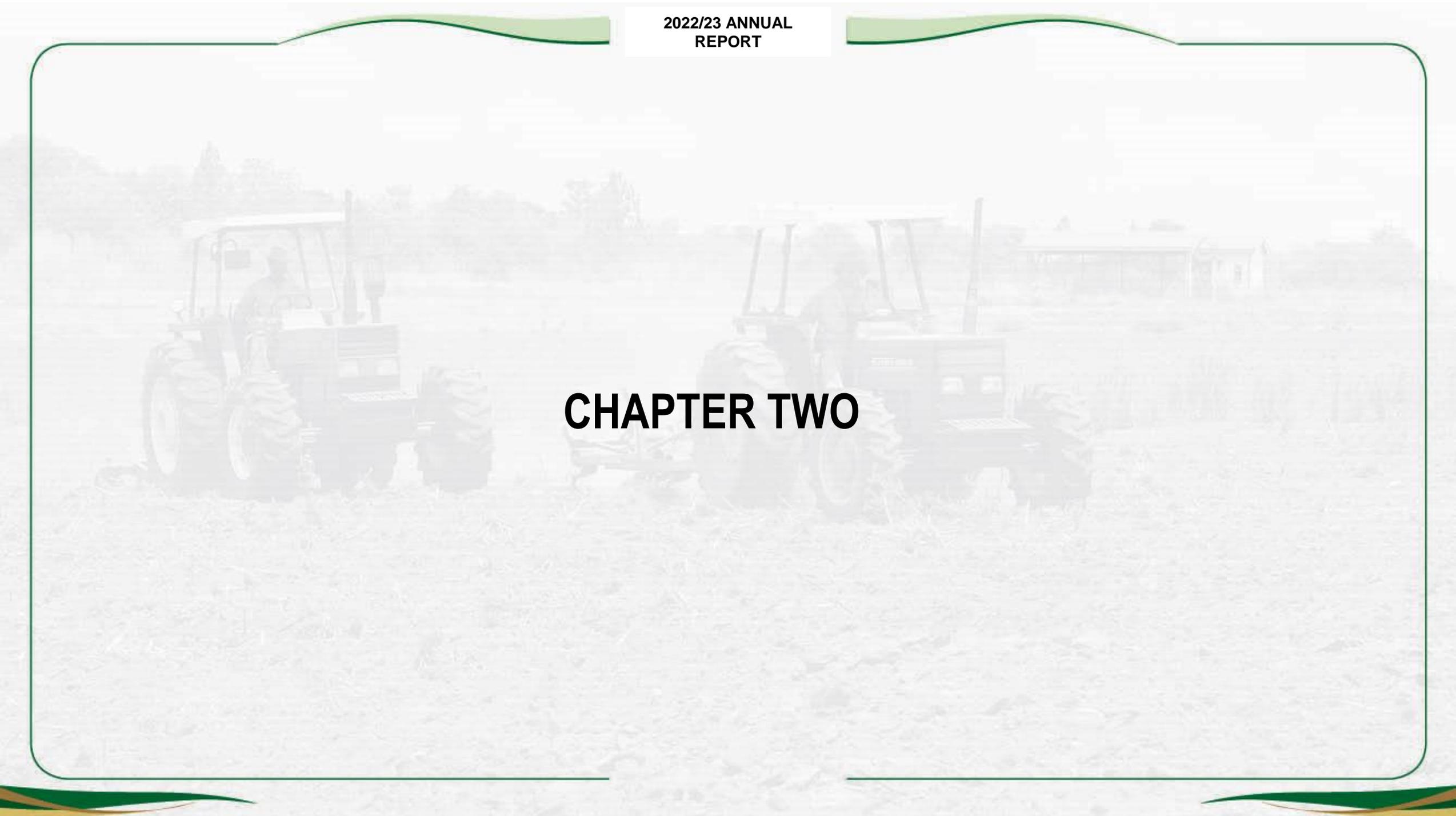
The Municipal Managers foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality / entity. Inclusive in this foreword should be information pertaining to:

- ✓ Functions and Powers of the municipality / entity in relation to Section 155/156 of the Constitution and Chapter 3 of the MSA.
- ✓ Entities related to the municipality and the sharing of power with these entity/ies.
- ✓ Sector departments and the sharing of functions between the municipality / entity and sector departments.
- ✓ A statement on the previous financial year's audit opinion.
- ✓ A short statement on the current financial health of the municipality / entity based on new budget formats as required by Treasury Regulations No 31804.
- ✓ Information related to the revenue trend by source including borrowings undertaken by the municipality.
- ✓ The internal management changes in relation to Section 56/57 managers.
- ✓ Risk assessment, including assessment, including the development and implementation of measures to mitigate the top 5 risks.

## Chapter 1 cont.....

### **Municipal Overview**

This section provides an overview on how municipalities as separate legal entities function based on its relationship with other political structures, office bearers, administration and the community. Information on the demographics, economic growth, population, growth and development structure of the municipality should be reported including the outcomes both success and not so successful initiatives embarked upon.

A faded background image of two tractors in a field. The tractor on the left is a smaller model, and the one on the right is a larger model. Both are being operated by people. The field is filled with what appears to be harvested crops or hay. In the background, there are trees and a building.

## CHAPTER TWO

# Chapter 2

## **Component A: Governance Structures**

- ✓ Political Governance Structure
- ✓ Administrative Governance Structure

## **Component B: Intergovernmental Relations**

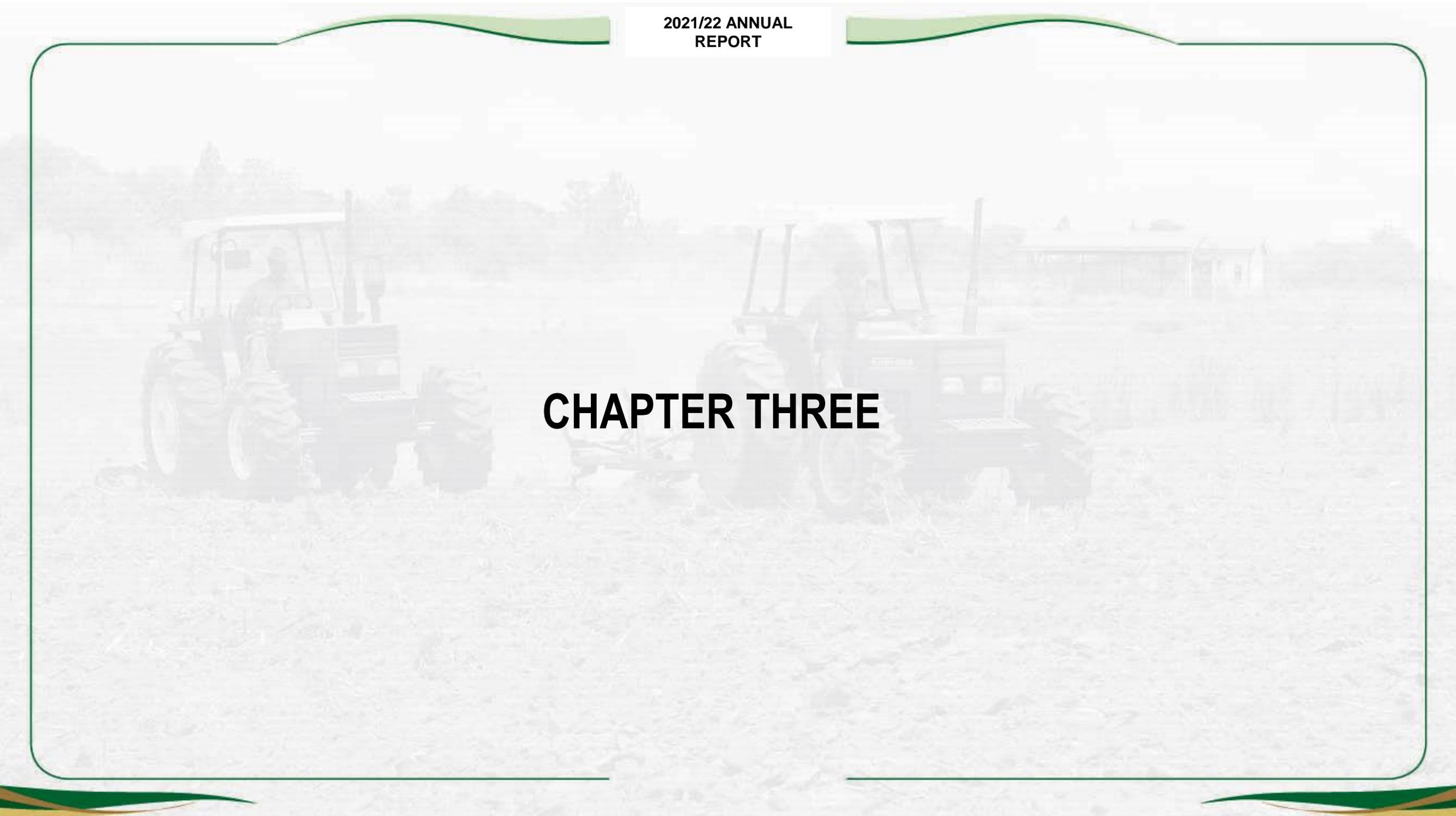
- ✓ Intergovernmental Relations\

## **Component C: Public Accountability and Participation**

- ✓ Public Meetings
- ✓ IDP Participation and Alignment

## **Component D: Corporate Governance**

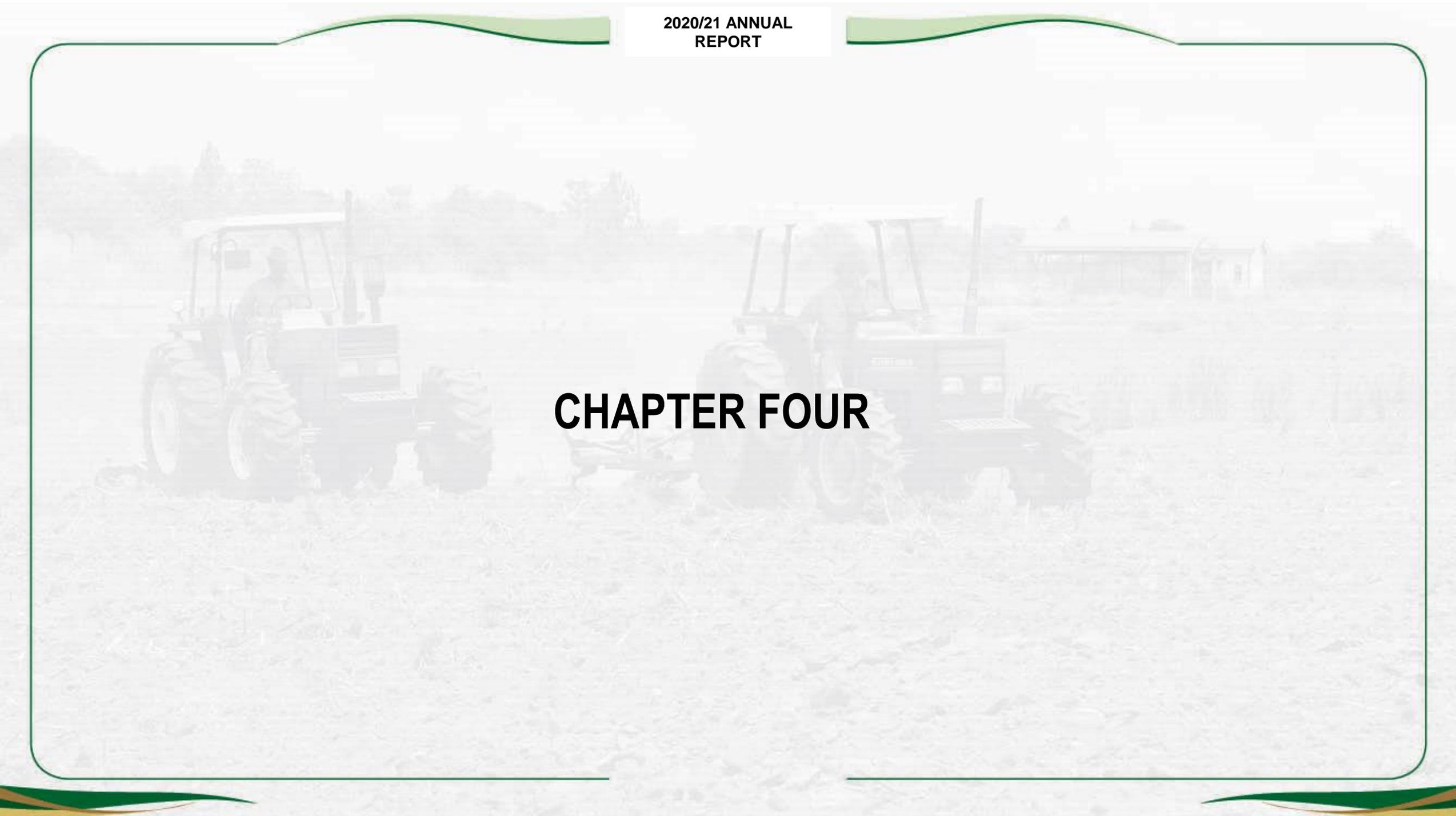
- ✓ Risk Management
- ✓ Internal Audit
- ✓ Anti-corruption and fraud
- ✓ Supply Chain Management
- ✓ By-laws
- ✓ Websites
- ✓ Public Satisfaction on Municipal Services
- ✓ All municipal oversight committees

A faded background image of two tractors in a field. The tractor on the left is a smaller model, and the one on the right is a larger model. Both are being operated by people. The field is filled with what appears to be harvested crops or hay. In the background, there are trees and a building.

# CHAPTER THREE

## Chapters 3-Service Delivery Performance (Performance Report Part I)

- ✓ Some of the material in the Annual Report format set out at Chapter 3 will not apply to all municipalities but there will be very many variations. It is, therefore, left to individual municipalities to delete aspects in Chapter 3 that is not relevant to the municipality.
- ✓ Some Municipalities are using performance scorecard to manage performance of different functions. These must be aligned to the SDBIP requirements that provide a standardized mechanism to enable comparisons and benchmarking. This information must be captured in this chapter to enhance the service level information.

A faded background image of two tractors in a field. The tractor on the left is a smaller model, and the one on the right is a larger model. Both are pulling implements and appear to be in the middle of a field operation. The background shows a line of trees and a building under a bright sky.

# CHAPTER FOUR

## Chapters 4- Organisational Development Performance (Performance Report part 2

This chapter addresses information pertaining to the implementation of an effective performance management system, organizational development and performance of a municipality / municipal entity. Such information is required to identify skills gaps and plans for the development of such skills. In order to measure the outcome of effective organizational development the following is highlighted:

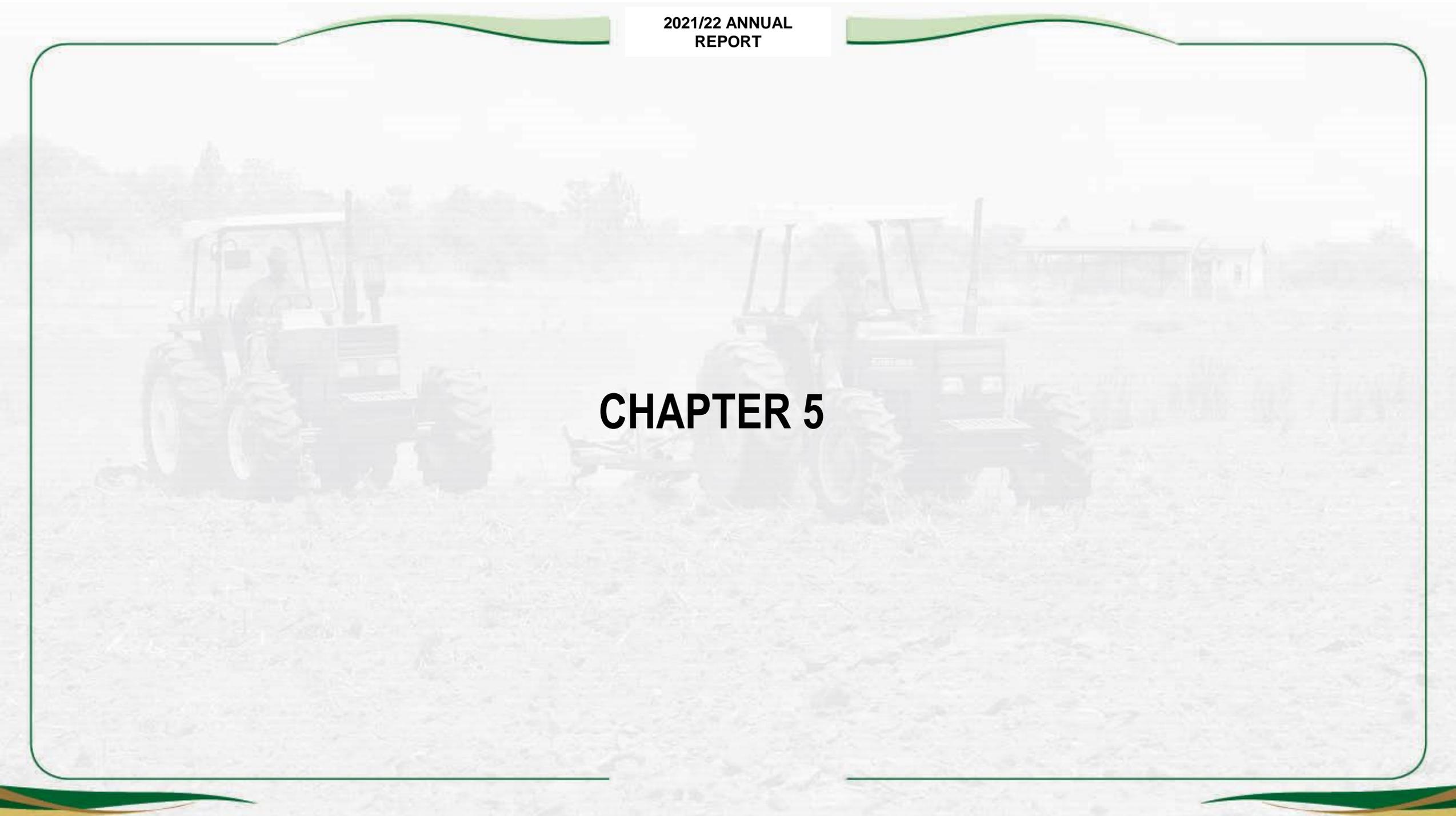
- ✓ organisational structure enhancement;
- ✓ increased accountability;
- ✓ increased participation in problem solving, goal setting and new ideas; and
- ✓ identifying and development of skills needed to perform

## Chapters 4 – Service Delivery Performance (Performance Report )

- ✓ Some of the material in the Annual Report format set out at Chapter 3 will not apply to all municipalities but there will be very many variations. It is, therefore, left to individual municipalities to delete aspects in Chapter 3 that is not relevant to the municipality.
- ✓ Some Municipalities are using performance scorecard to manage performance of different functions. These must be aligned to the SDBIP requirements that provide a standardized mechanism to enable comparisons and benchmarking. This information must be captured in this chapter to enhance the service level information.

## Chapters 4 cont....

- Improving an organizational performance has a number of positive spin-offs. Changed attitudes bring with it a higher awareness of responsible use of municipal / municipal entity assets. Changed employee attitudes may further lead to the reduction in absenteeism and monies lost due to absenteeism. A skilled workforce will lead to enhanced processes and procedures which may cause less injuries and subsequent limits on financial loss as well as improve productivity.
- In relation to the above, the content of this chapter include:
  - ✓ **Component A:** Introduction to the municipal workforce (Total Employment, to include staff turnover. This could indicate a stable or unstable institution).
  - ✓ **Component B:** Managing the municipal workforce Levels on reporting should be broken down to MM & Section 56, top management, assistant managers, supervisors, etc and not pay levels as there is no consistency among municipalities.
  - ✓ **Component C:** Capacitating the municipal workforce.
  - ✓ **Component D:** Managing the municipal workforce expenditure.

A faded background image showing two tractors in a field. The tractor on the right is pulling a piece of agricultural machinery. The scene is set in a rural area with trees and a building in the distance.

## CHAPTER 5

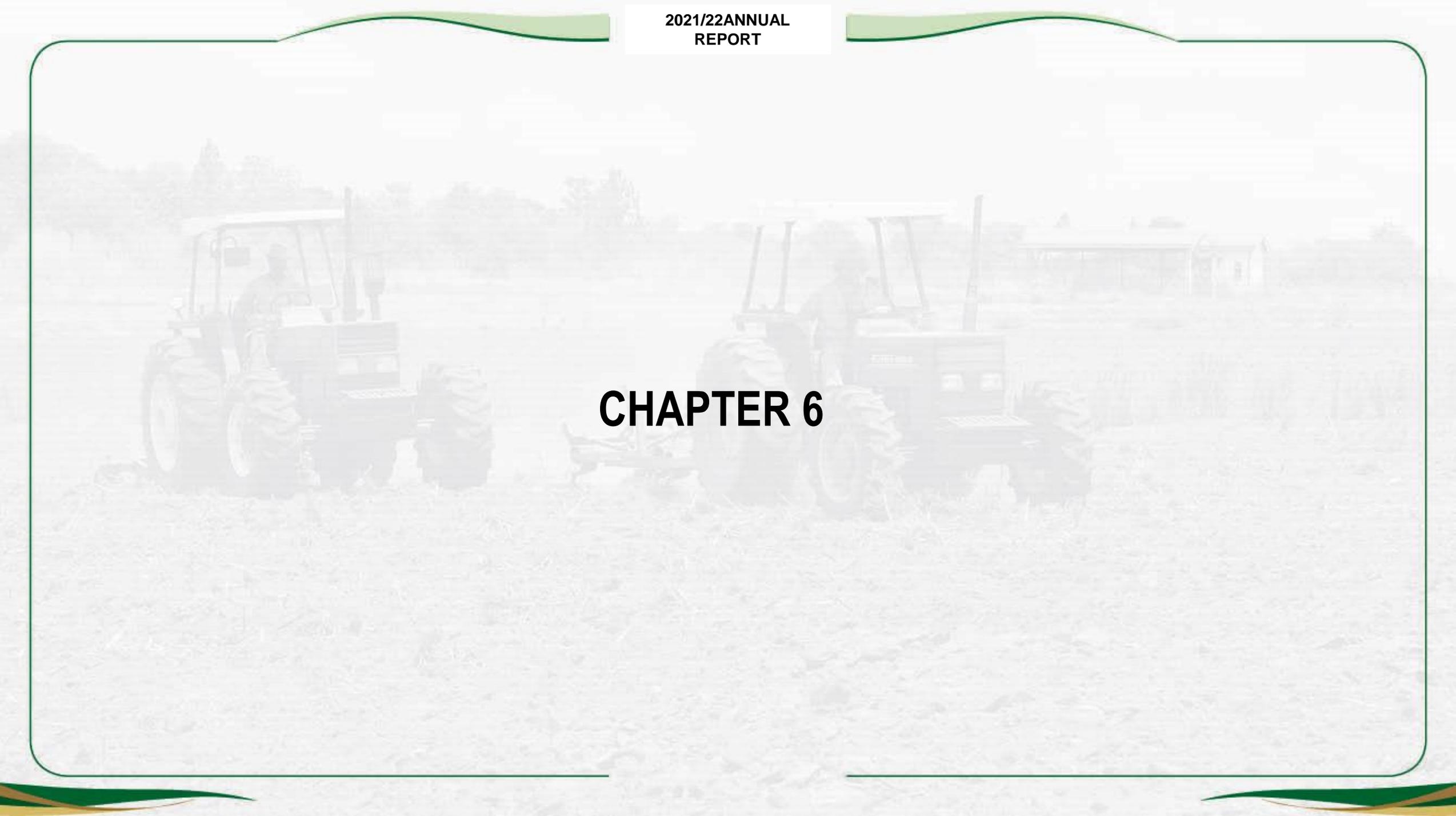
# Chapters 5- Financial Performance

Effective municipal financial management has interrelated components:

- ✓ planning and budgeting
- ✓ asset and liability management
- ✓ revenue and expenditure management
- ✓ supply chain management
- ✓ other financial management
- ✓ accounting and reporting, and
- ✓ oversight & operational continuity

## Chapters 5 cont...

- Information included in this chapter is divided into the following framework:
  - ✓ Component A: Statement of Financial Performance
  - ✓ Component B: Spending against Capital Budget
  - ✓ Component C: Cash flow Management and Investment
  - ✓ Component D: Other Financial Matters

A faded background image showing two tractors in a field. The tractor on the left is a smaller model, and the one on the right is a larger model with a front loader. Both are being operated by people. The field is filled with harvested crops, and there are trees and a building in the background.

# CHAPTER 6

## Chapters 6

This chapter provides an overview of the Auditor-General Report of the previous financial year. Specific topics that should receive attention include:

- ✓ Detail on issues raised during the previous financial year
- ✓ Remedial action taken to address the above and preventative measures



# APPENDICES DESCRIPTIONS

# Appendices Descriptions

Information relating to the following was not explicit in the report;

Appendix E: Ward reporting

Appendix F: Ward Information

Appendix G: Recommendations of the Municipal Audit Committee

Appendix F : Service Provider Performance Schedule

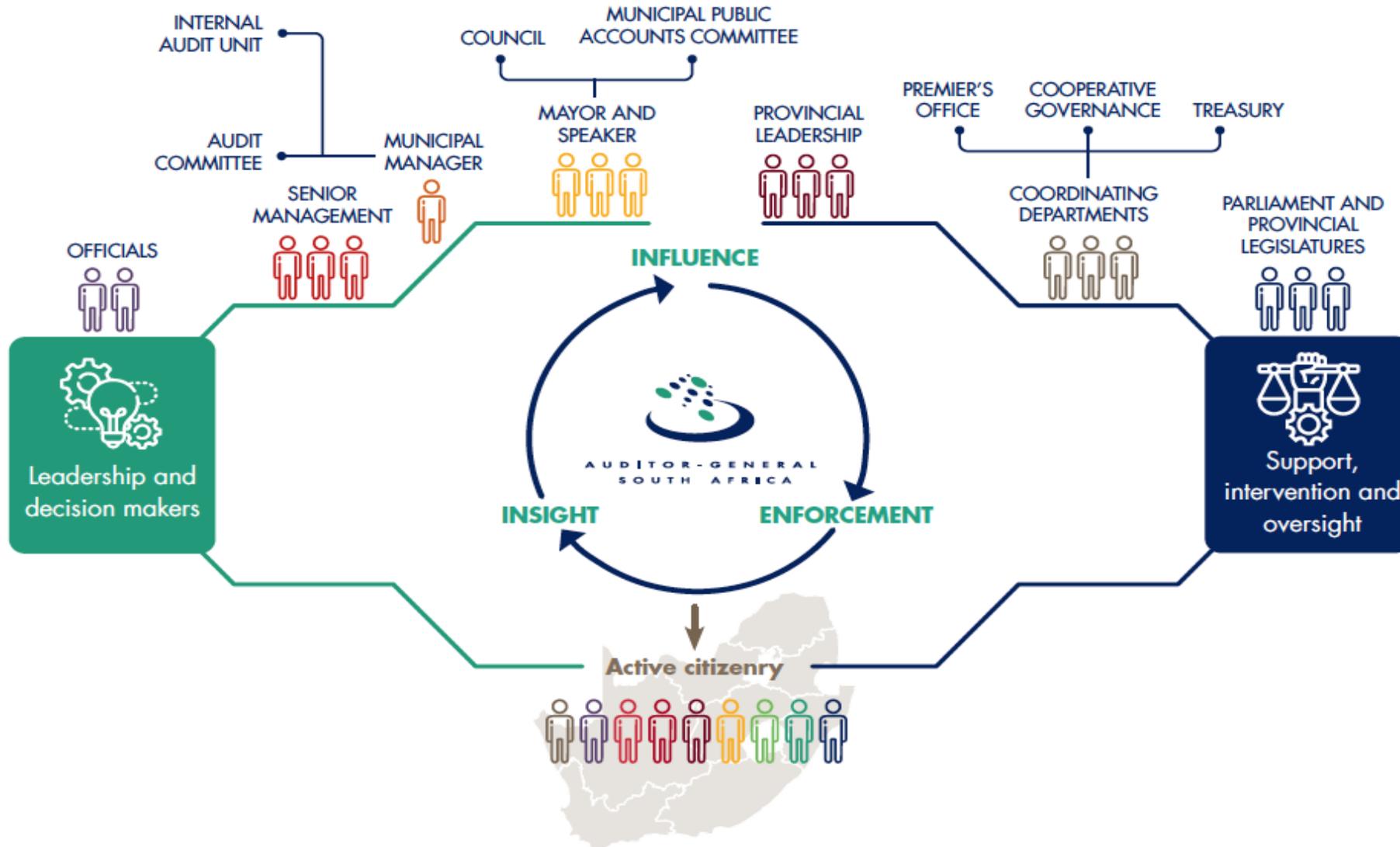
Appendix J: Disclosure of Financial Interest of senior managers

# Oversight Reports on annual reports(MFMA s129)

- The Council must consider the annual report by no later than two months from the date on which it was tabled in the council
- Adopt an **oversight report** containing the council's comments on the annual report which **must** include a statement whether the council-
  - ✓ **has approved the annual report with or without reservations**
  - ✓ **has rejected the annual report; or**
  - ✓ **has referred the annual report back for revision of those components that can be revised**

# 8. ACCOUNTABILITY ECO SYSTEM-KEY COMMITMENTS FRAMEWORK

*Accountability ecosystem*



# Accountability Ecosystem

“All role players in the accountability ecosystem must instil a sense of urgency to shift the culture within the municipality to achieve the desired outcomes and restore the confidence of the people. A culture of accountability and transparency involves clear expectations, specific goals and strong leaders with a clear direction to pave the way for better service delivery and continuous reporting on achievements. Municipal administration can achieve this culture by implementing and maintaining basic controls throughout the year to ensure they can submit good-quality financial statements within the legislated deadlines.”



**Accountability  
Ecosystem-  
/Cultural Shift- Key  
Commitment By All  
Assurance  
Providers-Towards  
Clean Governance/  
Clean Audit**

- Section 131(a) of the MFMA compels the Mayor to ensure that recommendations of the Auditor General are implemented.
- **Key Commitments must be obtained from** :-Mayor (Service Deliver Performance ) & Compliance
  - Speaker ( Compliance with Laws) Service Performance Management
  - Council (appointment of Senior Mangers & Compliance)
  - MPAC Compliance ( **OVERSIGHT ON THE ANNUAL REPORT**, Compliance, UIFW Budget Monitoring )
  - Audit Committee ( Audit Action Plans, UIFW, Compliance, Risk Man, internal Controls & IA)
  - Accounting- Officer-Internal Controls, Audit Action Plans, Performance, Compliance Reporting, Budget and Service Delivery Monitoring)
  - Senior managers, Compliance, Risk management, Internal Controls and performance.
- **The committee congratulates the Mayor, Speaker, MPAC , Council, MM ,CFO and Management on the attainment of an qualified Audit Outcome.**
- **A special Appreciation to internal Audit for all their Efforts in this regard**

**ACCOUNTABILITY**  
IS THE GLUE  
THAT TIES  
**COMMITMENT**  
TO RESULTS.

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**Thank you &  
Follow up  
Questions**



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# **MAKHADO MPAC ANNUAL AND OVERSIGHT REPORT**

## **VENUE: TSHIPISE FOREVER RESORT**

### **DATE: 10 FEBRUARY 2025**

BROUGHT TO YOU BY MULTI-AWARD WINNING DEPARTMENT



**Integrated Sustainable Human Settlements**

# Presentation Outline

- Purpose
- Legislative Background
- Municipal Annual Report
- Key MPAC Functions on Annual Report
- Oversight Report
- Information for consideration ( Probing of Annual Report)

# PURPOSE

- *To support and capacitate the committee on the legislative requirements pertaining to MFMA-sec 121, 127 & 129*
- *To provide an update on the responsibilities of MPAC in relation to Annual & Oversight reports*

# Key Legislations in LG

Municipal Structures Act 117 - 1998

Municipal Systems Act 32 - 2000

Municipal Finance Management Act 56 – 2003

Municipal Planning and Performance Regulations - 2006

MfMA circulars and other related Regulations

# LEGISLATIVE BACKGROUND

## Issues stimulating this presentation – Annual and Oversight report

- ❑ MFMA 121(1) requires municipalities to prepare an annual report of the municipality in accordance with MFMA 121(1)(2) and (3)
- ❑ MFMA 127(2) prescribes that “A mayor of a municipality must, within seven months after the end of the financial year, table in municipal council the annual report of the municipality
- ❑ MFMA 129 (1) prescribes that The council of a municipality must consider the annual report of the municipality by no later than 02 months from the date on which the annual report was tabled in council in terms of sec 127, adopt an oversight report containing council’s comments on the annual report

# LEGISLATIVE BACKGROUND

## **Municipal Public Accounts Committee (MPAC) is established in terms of Sec 79a of the Municipal Structures Act**

- The primary function of Mpac is to performs an oversight on behalf of council
- This functions/responsibilities (Mpac) are provided for in the Mpac Terms of Reference adopted by the municipal council as well as MPAC Annual Work Programme
- The committee is not a duplication of other committees of council e.g Finance Committee or the Audit Committee.
- The committee has the responsibility to undertake and manage similar functions and responsibilities (for municipalities), as undertaken by the SCOPA in the National and Provincial legislatures, except for certain powers regarding subpoena of individuals.

# MUNICIPAL ANNUAL REPORT

**Municipal Annual Report is compiled in-line with the provision of Sec 121 of Municipal Finance Management Act**

- The report is aimed at providing a record of the activities of the municipality (particular financial year) and report of progress made by the municipality in fulfilling its objectives as reflected in the IDP and SDBIP.
- Provides a report on performance of service delivery and budget implementation
- Promotes accountability to the local communities for decisions made through-out the year
- The annual report is back-ward looking and Illustrates measures taken and needed to improve performance.

**N.B. An annual report must provide a two-year comparative analysis.**



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# FORMAT OF THE ANNUAL REPORT:

**MFMA Circular(11&63) provides guidelines of what an Annual Report should contain (*Financial & Non-Financial*)**

Chapter 1: Mayor's Foreword and Executive Summary

Municipal Manager Foreword

Municipal Overview

Chapter 2:Governance

Chapter 3: Service Delivery Performance (Performance Report Part 1)

Chapter 4: Organizational Development Performance (Performance Report Part 11)

Chapter 5: Financial Performance

Chapter 6: Auditor General's report

Appendices: Audited AFS



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# Process leading to the Annual report

PROCESS	COUNCIL OVERSIGHT
IDP-strategic direction and goals set by council	Council adopts IDP and undertakes annual review and assessment of past performance outcomes
<p><b>BUDGET-IDP</b> informs the annual budget which must be approved by council . OPMS developed. Mayor then approves the SDBIP. Service delivery targets linked to performance contracts for senior managers</p>	<p><b>IN-YEAR REPORTS-</b> Council approves annual budget and monitors financial and non-financial performance through quarterly and mid-year reviews.(MPAC)</p>
<p><b>AFS and APR</b> submitted to the AG who issues an audit report.</p>	<p><b>AUDIT COMMITTEE-</b> Provides independent specialist advice on financial &amp; non financial performance, efficiency &amp; effectiveness, performance management and compliance with legislation.</p>
<p><b>ANNUAL REPORT-Reports</b> on financial and non-financial performance. Links to the strategic goals in the IDP.</p>	<p><b>OVERSIGHT REPORT-</b> Report from Council adopting or rejecting the Annual Report. Key oversight role ensuring executive and administration accountable for performance</p>

.

# CONSULTATION PROCESS of ANNUAL REPORT

- a) The Annual Report is tabled at an open Council Meeting in January ; the same report is further referred to MPAC for consideration and recommendation
- b) An official notice advising where the annual reports could be viewed and inviting representation from the public should be placed in the newspaper. Further the notice should be displayed in the municipal buildings. Copies of the Annual Reports should placed at the Municipal administration buildings including libraries as well as Thusong Centres
- c) Copies of the report should be forwarded to the following stakeholders as required by the MFMA: Provincial Treasury, National Treasury, Provincial COGHSTA, Provincial Legislature, and Auditor General
- d) The Municipal Public Accounts Committee can hold consultation meeting with the AG , to clarify on matters of Audit
- e) The committee can conduct a project inspection visits
- f) MPAC should conduct Public hearings and responding to questions concerning the report

# KEY FUNCTIONS OF MPAC IN RELATION TO ANNUAL REPORT

- To consider and evaluate the content of the Annual Report as well as to make recommendations to the municipal council
- Track the implementation of past recommendations
- To examine financial statements and Audit reports of the municipality and municipal entities
- To recommend any investigation in its area of responsibility.
- Perform other function or resolutions refer to it by the municipal council e.g sec 32 (expenditure investigations).
- Co-opt members of public (who are not councilors) with expertise in specific fields to assist and advice in deliberations where necessary, (provided that due considerations are given to the cost implication of such co-option i.e Sec79(2)d Structures act)
- Consider public comments when received and will be entitled to request documents or evidence from Accounting Officer of municipality or municipal entity

# BENEFITS OF FUNCTIONAL MPAC AND REPORTING REQUIREMENTS

- MPAC reports to Municipal Council through the Speaker on activities of the Committee
- MPAC must discuss and adopt its report for Council in accordance with procedures for tabling matters in council defined in standard rules for council
- MPAC should report to Council at-least quarterly and may bring items before Council as and when necessary
- Council must evaluate performance of MPAC on annual basis
- MPAC number of meetings held; membership of the committee; key resolutions taken in the annual report.
- Meetings of MPAC should be included in the annual calendar of Council

## Benefits of Functional MPAC

*To improve the efficiency, ensure economic/prudent use of public funds and effectiveness of municipal operations*

*Promote transparency, accountability and good governance*

## For MPAC to be functional the following tools/reports are critical:

*Quarterly reports, Annual report – Which includes AG report, Investigation reports, Strategic Plan/IDP, SDBIP and budget, Audit Committee reports, Conduct site Visits*

# OVERSIGHT REPORT

- ❑ Final major step in the annual report process of the municipality
- ❑ MFMA requires the municipal council to consider the annual report and adopt an oversight report. MFMA Sec 129
- ❑ This report (oversight report) is a report of the municipal council and follows consideration and consultation on the annual report
  
- ❑ **The Oversight report must include a statement whether the council:**
  - *Has approved the annual report, with or without reservations*
  - *Has rejected the annual report*
  - *Has referred the annual report back for revision of those components that can be revised*
  
- ❑ **For MPAC to be functional the following tools/reports are critical:**  
*Quarterly reports, Annual report – Which includes AG report, Investigation reports, Strategic Plan/IDP, SDBIP and budget, Audit Committee reports, Conduct site Visits*



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# STRUCTURE AND CONTENTS OF THE OVERSIGHT REPORT

- Title and reference to the year under review.
- Resolutions and statement required by MFMA s129(1)
- Summaries of comments and conclusions on the municipal annual report
- Summaries of comments and conclusions on municipal entity's annual report
- Annexures to the report should provide the following-
  - Summary of process followed in the review
  - Copies of minutes of meetings of committee
  - Summary of written representations submitted by public, AG and other spheres of government
  - Responses to questions provided by the accounting officer
- Other information as may be needed to support the conclusions in the resolutions e.g. outcomes of large infrastructure projects.
- Resolutions and Statement- the statement should be in a form of a council resolution to record both the adoption of the oversight report and comments of council on the report.

## PROBING QUESTION Example:

**Question 1: Inadequate review of reported performance information against approved Integrated Development Plan/Service Delivery and Budget implementation Plan.**

**Page 6 of the Auditor General's report 2021/22, item .....indicates that "The Accounting officer did not ensure that ensure proper review of reported information is consistent with the Approved IDP and SDBIP of the municipality.**

Why did the municipality fail to adequately review reported performance information against the approved planning documents as required in accordance with section 40 of Municipal Systems Act? Who are officials responsible?

What plans/corrective measures are being implemented to ensure that municipality fully complies with chapter 6 as required by Municipal Systems Act (as Amended) and Municipal Planning and Performance Management Regulations?

# PROBING QUESTIONS:

- **Examples:**
  - **Question 1: Reported Information not consistent with plan objectives, indicators and targets.**
  - **Municipal Manager, on paragraph 20 , page 165 of the Auditor General’s report, the municipality has not reported on its performance against predetermined indicators which is consistent with approved Integrated Development Plan.**
- Why has the municipality failed to report its performance against predetermined indicators which is consistent with the approved integrated plan?
  - Who are responsible officials?
  - What corrective measures are being implemented to ensure that the municipality performance reporting is aligned with the approved integrated development plan?



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# THE END

# THANK YOU

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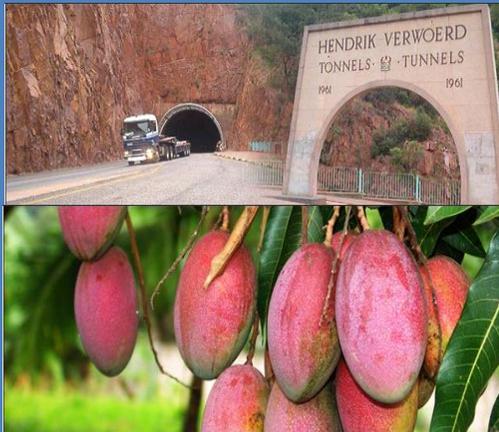


Integrated Sustainable Human Settlements

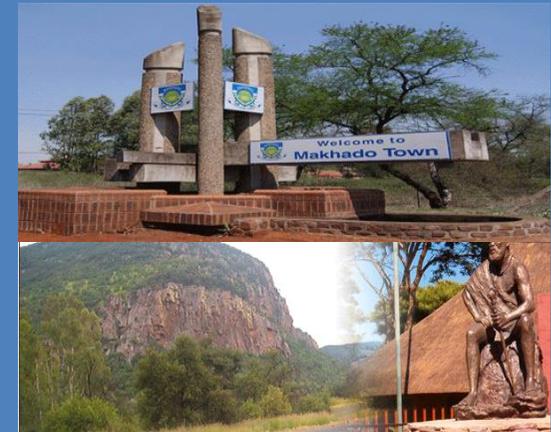


# MAKHADO LOCAL MUNICIPALITY

## ACCOUNTING OFFICER'S RESPONSE TO MPAC QUESTIONS



### 2023/2024 ANNUAL REPORT



### **Question 1**

Executive Authority, on Chapter 1 of the Draft Annual Report for the financial year ending 30 June 2024, on page 21 the Municipal Manager has reported the vacancy of Director Technical Services and Chief Financial Officer.

a) The Municipal System Act supported by amendment requires the post of Section 56 to be filled within three months from the date which the vacancy was declared. What has the Municipality done to comply with the requirements of the Municipal System Act?

#### **Answer:**

**i) There is no provision in the local government Municipal system act that says the position of senior manager must be filled within three months .in terms of the regulation the following steps which must adhered to when filling the vacant position of Senior Managers:**

**i. The post must be advertised within 14 days after the declaration of vacancy.**

**ii. The advert must be in the newspapers for 30 days.**

**iii.Shortlisting must be finalised within 30 days after the closing of the advert.**

**iv. Screening of the shortlisted candidates must take place within 21 days after the finalisation of the shortlisting.**

**v. Interview must take place after 21 days of the screening of candidate.**

b) The Municipality achieved 70% of its target contained in service delivery and Budget Implementation Plan for 2023/2024 Financial Year which is a decline of 15% compared to the previous years (2022/23 financial year). Why has the Municipality recorded a decline in achievement of the target for the year under review?

#### **Answer:**

**- 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.**

- Poor performance of contractors due to the financial constrain by contractors.**
- Delays by the community demanding for subcontracting**

- **Ral took over some of streets projects and do it on behalf of the municipality**
- **12% Electricity loss which is above the norm of 10% due to Technical and non- Technical loss.**
- **88% revenue collection rate which was less that the targeted of 90% in the year 2023/2024.**

c) What are the measures that the Municipality will put in place to ensure that all targets are achieved in future?

**Answer:**

- **Effective and efficient in –year performance reporting, continues to assist the municipality in accurately tracking progress thereby identifying early warnings and activities that are lacking behind, thereby helping in determining the interventions required and practical corrective actions to be implemented to remedy the anomaly. The following will be done to improve the performance:**
  - **Introduction of Revenue protection committee which meets on the regular basis to deal with collection of revenue.**
  - **By replacing traditional meters with smart meters to reduce inaccuracies and detect theft or tampering.**
  - **By increasing vigilance on unauthorized connections through regular field inspections.**
  - **By conducting regular audits of both technical and commercial losses, focusing on identifying and eliminating sources of inefficiency and theft.**
  - **Regular monitoring of approved procurement plan which align to SDBIP to ensure that all targets set are being met.**
  - **By training community about supply chain management process**

## **Question 2**

Executive Authority, on Chapter 1 of the Draft Annual Report for the financial year ending 30 June 2024, on page 22 the Municipality managed to close the 2023/24 financial year with a total amount of R14,7 million. Over the two previous financial years of 2021/22 and 2022/23 the reported closing balance were **R201 million and R146 million.**

a) Why is the Municipality continuously declining on the closing balance as compared to the previous financial years, while the achievement of the targets is always declining?

### **Answer**

**The municipality for the past years implemented many projects for service delivery that are funded from own income to ensure that service delivery reach all 38 wards using approved IDP and budget and the municipality is doing well.**

b) What will the Municipality do to ensure that it remains financially sound in future years?

### **Answer**

- **Continue implementing Cost containment measures to non-core expenditures**
- **To minimise overtime monthly basis.**
- **To ensure that all internally generated funded projects are ring-fenced using cash balance at the end of financial year. (To have cash on hand to fund own funded projects in the beginning of each financial year).**
- **To ensure that credit control is done without compromising to ensure that collection rate is between 90 to 95% on the monthly basis.**
- **To ensure that Electricity distribution losses are below 10%**

### **Question 3**

Executive Authority, on Chapter 2 of the Draft Annual Report for the financial year ending 30 June 2024, on page 44 Management reported that all employees of Municipality has signed their performance agreements.

a) Did the Municipality develop a report on the implementation on Municipal Staff Regulations, particularly chapter 3?

**The Municipality developed a plan on the implementation on Municipal Staff Regulation and all Human Resource polices were amended in line with Staff Regulation during 2021/22 financial year.**

b) When were the employees evaluated or assessed and what were the outcomes?

**All employees signed Performance Agreement which started in the year under review, but assessment is done in the next financial year on which the Municipality is busy with.**

c) Was the report on the outcomes of the report tabled to Council?

**The 2006 Local Government: Municipal Performance Regulations for Municipal Manager and Managers directly accountable to the Municipal Manager require Section 54a and 56 managers to sign performance agreement annually and be assessed.**

**The report is supposed to be tabled to Council during 2024/25 financial year.**

d) Did the Section 54a and 56 Managers signed performance agreement?

**Both the Municipal Manager and Directors have signed performance agreements as required by as required by the Local Government: Regulations on the Appointment and Conditions of Employment of Senior Managers**

e) Did the Municipality conduct formal assessments (mid-year 2023/24 and annual) of Senior Managers as required by the regulations? If yes, was the report tabled before the municipal council? If no, why is the municipality failing to comply with the regulations? What plans are therefore put in-place to comply with the regulations?

**Answer**

**No. The 2023/24 assessment of Senior Managers will be conducted at Information Centre's on the 27 March 2025 at 08h00 and 10h00 respectively.**

**Question 4**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 62 Makhado Local Municipality continuously registered electricity losses against the acceptable 10% norm by NERSA, the total loss of electricity registered in 2021/22 was 11%, 2022/23 was 11% and in 2023/24 is 12%.

Does the Municipality have a system or strategy in place to ensure the reduction of electricity losses incurred over the three previous financial years? if yes is the strategy yielding the desire results? If no, how does the Municipality plan to turn around the situation?

What steps have been taken to address the problem of Electricity losses?

**Answer:**

**Technical Loss Reduction**

- **These losses occur due to the inherent resistance in power lines, transformers, and other system components.**
- **Upgrading Infrastructure: Replace aging equipment to reduce resistance and enhance capacity.**
- **Improve Network Design: Increasing the number of feeders e.g. Mara feeder split**

### **Non-Technical Loss Reduction**

- **Non-technical losses (NTLs) arise from theft, fraud, metering errors, and other administrative inefficiencies.**
- **Smart Metering and Advanced Metering Infrastructure (AMI): we are replacing traditional meters with smart meters to reduce inaccuracies and detect theft or tampering.**
- **Theft Prevention: Increased vigilance on unauthorized connections through regular field inspections.**
- **Energy Auditing: We are conducting regular audits of both technical and commercial losses, focusing on identifying and eliminating sources of inefficiency and theft.**

### **Operational Strategies**

- **Maintenance and Upkeep: Regular inspection and maintenance of distribution assets to ensure that they are operating optimally, thus minimizing losses.**
- **The municipality has a strategy in place to ensure the reduction of electricity losses such as the following:**
- **The meter readers have been tasked to assist the technical department in the identification of illegal connections. Disconnections are made with regards to illegal connections which include fines.**
- **Regular monitoring illegal connection through meter audits.**
- **Furthermore, the municipality has a detailed plan in place to reduce the electricity losses:**
- **Implementation of the recommendation under the project of Revenue Enhancement by the Development Bank of South Africa (DBSA).**
- **Low meter consumption (prepaid electricity) is being identified, and a list is sent to the Electrical Section of the Technical Department for investigations and take the necessary steps where possible.**
- **Conventional meters are also being audited to ensure that proper billing is exercised.**

- **Conventional meters are also being converted to the prepaid ones in cases where community members are willing to have them converted.**

### **Question 5**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 56 & 57 the Municipality reported on projects implemented during 2023/24 financial year. The projects implemented they have recorded the significant progress as outlined on table 17 and 18; however, they are three projects namely, Construction of Dzanani Taxi Rank, Waterval stadium and Tshivhuyuni Stadium which are under performing.

a) Why is the Municipality failing to complete the projects mentioned above?

### **Answer:**

a) **Three projects**

- **Construction of Dzanani Taxi Rank**

**Intervention meetings were held with both the engineer and contractor after noticing slow progress on site. Since the contractor didn't complete the work as per the construction during, the contractor is currently on penalties. Further on, the contractor has been issued with the letter for Internation to Terminate.**

**The contractor has recently reported that he has been stopped from extract gravel material from the borrow pit situated at Dzanani (Ha- Matshinge); meeting is arranged to resolve the matter on the 28th February 2025 between the contractor and the representatives from Tribal Authority or Tribal Council.**

- **Waterval Sports Facility**

**The intervention meetings were held with both the engineer and contractor including sub-contractors in order to mitigate the challenges on site. Additional materials for rubberising were procured and delivered on site and we are planning to complete the rubberising on**

**the 14th April 2025. Maintenance of grass is a continues activity and this will done by end of June 2025. The recent rain is contributing to the delays however there is a plan to catch-up on dry days and weekends.**

- **Tshivhuyuni Sports Facility**

**The contractor has been issued with the Termination Letter on the 30<sup>th</sup> January 2025. The tender was readvertised on the 07 February 2025 and is closing on the 04<sup>th</sup> March 2025.**

b) Is this not hindering service delivery in our communities?

**Answer:**

**The delays to complete the projects hinders the service delivery hence we are closely monitoring the projects in order to provide the intended services to the communities.**

**Question 6**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 61 the Municipality reported the total number of electricity cases reported under the year review.

a) What is the turnaround time to attend and resolve all reported electrical cases?

**Answer**

**Turnaround time depends on the number of references we have, so if we have fewer calls we respond quicker, but when they are many, it takes longer and as the municipality we do not have any rule governing this.**

b) Does the Municipality have a reliable system to record all the cases reported and resolved, if yes can the Municipality provide the proof of report.

**Answer**

**Yes, the Municipality has a reliable 24/7 call centre Management system called O-Connect which is cloud based( meaning that is accessible through the internet). The system is operated by 6 Agents who work on a shift-based system to ensure that members of the public can report their Electricity related problem anytime of the day by calling the number 087 350 2764.**

- **All calls are recorded and stored for future reference**
- **When a caller reports an issue, the agent would capture all the details of the caller such as Address, Contact number, nature of the problem, and etc**
- **At the end of the call a reference number will be sent to the caller and a call will be assigned to the Senior Electrical Superintendent on Standby so that it can further be allocated to the electrician.**
- **Members of the community can call back to get the status of their reported problem by using the same reference number that they received via sms.**
- **There are continuous updates between the Call Agents/Call Centre operators and Superintendent on standby to ensure that all calls logged are closed after they are resolved and those not resolved are escalated or handed over to the next shift team.**
- **We have attached a screenshot of the System we are using(O-Connect), and the report of all calls logged and resolved throughout the 2023/2024 Financial year. Thus: 01 July 2023 to 30 June 2024.**

**SEE ATTACHED ANNEXURE A**

### **Question 7**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 68 the Municipality reported the total of 8996 written notices issued amounting to R5 214 320.00, a collection of R1 958 040.00 was made.

a) Why is the Municipality unable to collect all the money issued from the notices?

**The Major natural challenge amongst others is that most of the offenders does not resides within Makhado and or Limpopo and that alone, unable us to trace them.**

b) What is the status of all outstanding written notices?

**All outstanding written notices are on the warrant of arrest status and penalty fee is charged and payable immediately and also these notices are registered on Enatis system.**

### **Question 8**

Executive Authority, on Chapter 3 of the Draft Annual Report for the financial year ending 30 June 2024, on page 71 the Municipality reported the total number of 3854.60km of gravel roads has been maintained during the year under review.

Did the Municipality achieve the target regarding the maintenance of gravelling and grading as planned? If not, do they have a turnaround strategy?

### **Answer**

**The municipality didn't achieve its target for grading and gravelling projects. Reasons for not achieving the target - the appointed service provider for ward 37 and 38 was terminated, and ward 28 and 29 community didn't want blading; instead, they wanted re-gravelling only. The number of loads couldn't cover the whole Ward areas catered in the order.**

Is there any long-term plan that is formally adopted regarding the maintenance of gravel roads?

**Answer**

**In future, the Municipality will conduct a Visual Condition Assessment (VCA) on all roads and determine the proper scope of work per each road and will be done in consultation with Ward Cllrs. With the assistance of DBSA, the municipality is also finalising the Roads Master Plan, which will assist the Municipality in future planning as it provides road priorities that need urgent attention.**

**Question 9**

Executive Authority, on Chapter 4 of the Draft Annual Report for the financial year ending 30 June 2024, on page 80 the Municipality reported that out of 592 employees, 70 are between the ages of 61-65, 178 are between the ages of 50-60, 185 are the ages of 41-50, 139 are between the ages of 31-40, and 20 are between the ages of 21-30, including 45.44% vacancy rate.

a) Why is the Municipality having such a high vacancy rate at 45.44% and what is the impact on service delivery?

**The Municipal Organizational Structure is a 5 year strategic document which will be filled in phases depending on the need, financial resources and acceptable norm of 35% of salary bill of the Municipality. 45.44% of vacancy rate represent vacancy rate that will be reduced in the 5 years period.**

b) The aging municipal workforce is becoming a concern. What is it that the Municipality is doing to ensure that young people are employed?

**As and when the aging employee retired, we are recruiting the young people.**

c) The Municipality has an employment equity plan adopted by Council however, there is no equity balance on the current employed staff. Is the Municipality implementing the equity plan as adopted by Council at what extent in order to change the status quo?

**The Municipality is implementing equity plan as adopted by Council to change the status quo.**

**Question 10**

Executive Authority, on Chapter 4 of the Draft Annual Report for the financial year ending 30 June 2024, on page 87 the Municipality reported that various training provided to fifty-five (55) Councillors under the year review.

1. What type of training was provided to fifty-five Councillors?

**Answer:**

**1. TABLE FOR TRAINING PROVIDED FOR COUNCILLORS**

Demography	Field of study	Female	Male
African	Talent Management	1	0
African	Municipal governance	4	2
African	Municipal Finance Management	1	4
African	Professionalization	3	5
African	Governance & performance management	1	3
African	Integrated councilor’s Development Programme phase 1 (ICDP)	1	2
African	Advancing culture shift to achieve clean audit	0	1
African	Basic computing	0	2
African	Integrated Councilors Development Programme Level 3	1	3
African	Integrated Councilors Development Programme Level 5	3	9
African	Indigent Workshop	3	6
Total		19	36

2. Did the training provided to Councillors respond to the needs and making any impact?

**Yes**

## **Question 11**

### **Material impairments**

Executive Authority, on paragraph 8 in note 37 of the annual report, the Auditor-General reports that material losses of R41 600 405 were incurred as a result of an impairment of irrecoverable debtors.

a) Does the Municipality have a debtors register?

### **Answer**

**Yes**

b) Does the Municipality have a system in place to track debtors and collect revenue?

### **Answer**

**Yes. Makhado Local Municipality has long adopted, maintains, and implements a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the Local Government: Municipal Systems Act 32 of 2000 and is also compliant to Section 62(1)(f)(iii) of the MFMA.**

c) Please provide an updated revenue collection system and its ability to collect all revenue which is due to the municipality.

### **Answer**

- **Chapter 9 of the Local Government: Municipal Systems Act 32 of 2000 provides the basis upon which the Municipality is required to formulate its own policy on Credit Control and Debt Collection.**
- **Based on this policy community members who are supplied with electricity by the Municipality, either it be prepaid or conventional electricity, they are limited or are cut from the supply once they default.**
- **Non-responsive community members and those that electricity cannot be used as a means of debt control, are handed over to Debt Collectors.**

d) Please provide a plan to arrest the scourge of non-payment of municipal services by consumers since this is a repeat finding: (2022-23).

**Answer:**

- **Chapter 9 of the Local Government: Municipal Systems Act 32 of 2000 provides the basis upon which the Municipality is required to formulate its own policy on Credit Control and Debt Collection.**
- **Based on this policy community members who are supplied with electricity by the Municipality, either it be prepaid or conventional electricity, they are limited or are cut from the supply once they default.**
- **Non-responsive community members and those that electricity cannot be used as a means of debt control are handed over to Debt Collectors.**

**Question 12**

**Litigations**

Executing Authority, on paragraph 9 in note 46 of the AG's report, the Auditor-General reports that the Municipality is the defendant in various law claims. 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.

(a) Why is the Municipality opposing the claims?

**The claims are regarding unlawful use of Municipality property and damage claims due to potholes**

(b) How much are the litigants claiming?

**The total claim amount is R232 495 433.94**

(c) What is the status of the litigation?

**The matters are still ongoing legislative processes in litigation.**

(d) Do the Municipality have the indomitable attorneys and the wherewithal to win the cases?

**The Municipality has appointed a panel of attorneys that are competent and experienced to succeed in matters assigned to them.**

(e) Please provide a breakdown of litigations and their status with the Municipality?

*See attached the annexure B legal case register as at 30 June 2024*

(f) Does the Municipality have a leg to stand on and win the cases?

**The Municipality has a leg to stand on in terms of Municipality by -laws, statutes and Jurisdiction.**

(g) How much did the Municipality budget for litigations?

**The municipality has budgeted R 15million**

### **Question 13**

#### **Annual financial statements: Material misstatements**

Executive Authority, on paragraph 31 of the report, the AG reports that financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 121 (1) of the MFMA. Material misstatements of disclosure item identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

a) Why did the municipality submit financial statements which were not prepared in accordance with the requirements of section 121 (1) of the MFMA?

#### **Answer:**

- **The annual financial statements were prepared in accordance with the requirements of section 122(1) of the MFMA EXCEPT that there were certain non-compliance issues that arose during the audit which were subsequently corrected.**

- **Management has taken note of these non-compliance issues and has prepared an action plan to avoid future re-occurrence of the non-compliances.**

b) What action has the Municipality taken against the responsible official for this anomaly? Which is in contravention of MFMA section 126(1)a?

**Answer: None**

c) Please provide a detailed plan to arrest this scourge since is a repeat finding: (2022-23 financial year)?

**Answer: See attached audit Action plan**

#### **Question 14**

##### **Late Submission of financial statements**

Executive Authority, on paragraph 30, the Auditor-General reports that financial statements were not submitted to the Auditor-General for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA,

(a) Why did the Municipality fail to submit financial statements within two months to the Auditor-General after the end of the financial year, as required by section 126(1)(a) of the MFMA?

**Answer**

**This was due to the late submission of the assets management component.**

(b) What action has the Mayor taken against the Accounting Officer for submitting financial statements which were not prepared in accordance with the requirements?

**Answer**

**The asset management officials were taken to DC for the late submission of the assets management component. The DC still in progress.**

## **Question 15**

### **Internal Control Deficiencies**

Executive Authority, on paragraph 37 of the annual report, the Auditor-General reports that the Accounting Officer did not implement adequate internal controls to ensure the preparation of accurate financial statements as material misstatements were identified, though subsequently corrected.

a) Why did the Accounting Officer fail to implement adequate internal controls to ensure the preparation of accurate financial statements?

### **Answer**

**The annual financial statements were prepared in accordance with the requirements of section 122(1) of the MFMA EXCEPT that there were certain non-compliance issues that arose during the audit which were subsequently corrected.**

**Management has taken note of these non-compliance issues and has prepared an action plan to avoid future re-occurrence of the non-compliances.**

b) What action has been taken against the Accounting Officer for this anomaly?

**Answer: None**

c) Please provide a plan to prevent a recurrence of this anomaly.

### **Answer**

**The MM has put in place the following strategies to ensure the adequacy and effectiveness of internal controls:**

- **Review of policies and procedures**
- **Performing reconciliations regularly**
- **Maintaining adequate supporting documentation**
- **Providing adequate training to staff members**
- **Performing a self-evaluation of the municipal internal controls.**

### **Question 16**

Executive Authority, on paragraph 38 & 39, of the report, the Auditor-General reports that the Accounting Officer failed to review and monitor compliance with applicable laws and regulations. Furthermore, the Accounting Officer did not sufficiently exercise oversight responsibility regarding financial and compliance reporting and related internal controls.

(a) Why did the Accounting Officer fail to review and monitor compliance with applicable laws and regulations?

#### **Answer**

**The accounting officer has managed to put in place all applicable mechanism or control processes to ensure that AFS are being monitored and reviewed on time and complies with applicable legislation. However, the late submission of the assets management section affected the process of final reviews.**

a) Why did the Accounting Officer fail to exercise oversight responsibility regarding financial and compliance reporting and related internal controls?

#### **Answer**

**The Accounting Officer did exercise oversight responsibility regarding financial and compliance, however the late submission of the assets management section affected the process of final reviews.**

c) What action has been taken against the Accounting Officer for these anomalies? Please provide an action plan to prevent this anomaly.

#### **Answer**

**None, the accounting officer has made sure that the Finance department is capacitated and that is why there is consequence management taking place through DC to the officials who courses these anomalies.**

**SEE ATTACHED ANNEXURE C**

Ref: 4/8/2

**MAKHADO MUNICIPALITY**

**OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE PREPARATORY MEETING FOR THE PUBLIC PARTICIPATION OF THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD ON MONDAY, 24 FEBRUARY 2025 AT 09:00 IN THE MPAC OFFICE NO C001, FIRST FLOOR, CIVIC CENTRE, 83 KROGH STREET,

**PRESENT**

Councillors

CLLR MALIVHA N V (CHAIRPERSON)  
 CLLR F B HLONGWANE  
 CLLR BALOYI S E  
 CLLR MUKHELI K  
 CLLR MULAUDZI M E  
 CLLR SEBOLA D J  
 CLLR MUKOSI M  
 CLLR K P MAPHAKELA  
 CLLR M G FURUMELE

Official

D K NETHENGWE (MPAC RESEACHER)  
 M MANYUMA (MPAC SUPPORT STAFF)  
 N P MADOBA (INTERN)

\*\*\*\*\*

**1. OPENING**

The Chairperson, Cllr N V Malivha welcomed everyone present and declared the meeting officially opened.

**2. APPLICATION FOR LEAVE OF ABSENCE**

THAT leave of absence be granted to Cllr H G Mabudu.

**3. APPROVAL OF PREVIOUS MINUTES**

**4. MATTER CONSIDERED**

**ITEM MPAC.1.24.02.25**

**MPAC: PREPARATION FOR PUBLIC PARTICIPATION TO BE HELD ON 26 FEBRUARY 2025 AT MUDULUNI COMMUNITY HALL (6/1/1(16/17))**

**AGENDA OF PUBLIC PARTICIPATION**

The agenda was discussed and compiled as follows:

PROGRAMME DIRECTOR : Cllr N V MALIVHA: MPAC Chairperson

1. Opening - National Anthem
2. Welcome Address - Madam Speaker, Cllr G T Mukwevho-Mitileni
3. Acknowledgement - MPAC Member, Cllr D J Sebola

4. Purpose of session - MPAC Member: Cllr S E Baloyi
5. Introduction of her worship MAYOR - Cllr R Raliphada
6. Presentation of 2022/2023 Draft Annual Report - Her Worship Mayor, Cllr M D Mboyi
7. Input Community Members and Stakeholders
8. Clarity - Her Worship Mayor, Cllr M D Mboyi
9. Vote of thanks - MPAC Member, Cllr M G Furumele
10. Announcements - Mr D K Nethengwe, MPAC Researcher
11. Closing prayer - Cllr M E Mulaudzi

## **5. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and it adjourned at 10:20.

Ref: 4/8/2

**MAKHADO MUNICIPALITY**

**OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE PUBLIC PARTICIPATION BY THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD AT MUDULUNI COMMUNITY HALL ON WEDNESDAY, 26 FEBRUARY 2025 AT 10:00

\*\*\*\*\*

**PRESENT**

**COMMITTEE MEMBERS**

CLLR N V MALIVHA	(CHAIRPERSON)
CLLR S E BALOYI	
CLLR H G MABUDU	
CLLR D J SEBOLA	
CLLR M MUKOSI	
CLLR M G FURUMELE	
CLLR M E MULAUDZI	

**APPLICATION FOR LEAVE OF ABSENCE**

RESOLVED –

THAT leave of absence be granted to Cllrs K Mukheli, K P Maphakela and B F Hlongwane.

**OFFICIALS**

K M NEMANAME	(MUNICIPAL MANAGER)
N DAGADA	(ACTING DIRECTOR CORPORATE SERVICES)
N G RALIPHADA	(CHIEF FINANCIAL OFFICER)
A MABUNDA	(DIRECTOR DEVELOPMENT PLANNING)
L THULARE	(ACTING DIRECTOR TECHNICAL SERVICES)
H J LUKHELI	(DIRECTOR COMMUNITY SERVICES)
K SIGIDI	(MANAGER PMS)
M MAKWAKWA	(MANAGER EVENTS MANAGERMENTS)
N F CHILOLO	(MANAGER DZANANI REGIONAL OFFICE)
M P RAMAHLO	(MANAGER PROTECTION SERVICES)
M G RATHANDO	(MANAGER COMMUNICATION)
M D MUNYAI	(MANAGER COUNCIL SUPPORT)
K C MATHOMA	(MANAGER OFFICE OF THE MAYOR)
Z E THARINI	(MANAGER ICT)
M B MUROTOBA	(MANAGER WASTE)
MAPHANGWA	(MANAGER RISK)
M M SEBE	(MANAGER OFFICE OF THE SPEAKER)
P MUTHAMBI	(COMMUNICATION OFFICER)
R PHAWENI	(PA MAYOR'S OFFICE)
D K NETHENGWE	(MPAC RESEACHER)
M MANYUMA	(ASSISTANT ADMIN)

**Makhado Local Municipality**

CLLR M R MAGADA	(ACTING MAYOR)
CLLR G T MUKWEVHO-MITILENI	(SPEAKER)

CLLR R RALIPHADA	(EXECUTIVE COMMITTEE MEMBER)
CLLR E SITHI	(EXECUTIVE COMMITTEE MEMBER)
CLLR B HLANGWANI	(PR COUNCILLOR)
CLLR M I PHULUWA	(WARD COUNCILOR)
CLLR MASHAU T C	(PR COUNCILLOR)
CLLR M J MPASHE	(WARD COUNCILLOR)
CLLR M E MULEFU	(WARD COUNCILLOR )
CLLR T T RAMALATA	(PR COUNCILLOR)
CLLR NEMUDZIVHADI N S	(WARD COUNCILLOR)

### **Other Institutions**

SAPS

DEPARTMENT OF TRANSPORT AND COMMUNITY SAFETY

### **Other Members Presents**

#### **REMARK:**

See the attached attendance register.

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#### **1. OPENING**

The meeting was officially opened with the National Anthem.

#### **2. WELCOME ADDRESS**

The Speaker, Cllr G T Mukwevho-Mtileni welcomed everyone present for attending the Public Participation, making mention of the Acting Mayor, Cllr M R Magada, Executive Committee members and municipal departments, members of public and Traditional Affairs, the Chiefs and all other stakeholders present.

She also encouraged stakeholders to interact with the report which would be presented by the Acting Mayor for Draft Annual Report 2023/2024 Financial Year.

#### **3. INTRODUCTION AND ACKNOWLEDGEMENTS**

Cllr D J Sebola introduced all the guests.

#### **4. PURPOSE OF THE PUBLIC PARTICIPATION**

Cllr S E Baloyi indicated that the purpose of the participation was to listen to our Acting Mayor, His worship Cllr M R Magada who was going to present a Draft Annual Report 2023/2024 Financial Year of the Makhado Municipality, while members of public would be granted time to ask questions and the Mayor would respond to all questions.

#### **5. MATTERS FOR CONSIDERATION**

##### **PRESENTATION OF DRAFT ANNUAL REPORT 2023/24 FINANCIAL YEAR**

The Acting Mayor Cllr M R Magada presented the Draft Annual Report for the 2023/24 Financial Year. Thereafter members of public asked questions based on the presentation while the Acting Mayor was introduced to respond to each question, one after another.

**Questions raised by members of the public**

1. Why is the sign language not taken serious at the Municipality?
2. When is Muduluni grave yard not fenced in Ward 25?
3. Why is the Municipality grading streets only when there are funerals?
4. When is the Municipality going to install Apolo light at Ha-Kutama Midoroni?
5. Why is the Municipality not maintaining the roads?
6. When is the Municipality going to establish Muduluni community hall?
7. When is the Municipality going to demarcate the residing stands at Ward 23?
8. Why is the Makhado Local Municipality not grading the sports ground in all wards?

**RECOMMENDATION-**

1. THAT the Municipality must assist Ward 25 with a proper football ground.
2. THAT the Municipality must grade all the streets in a way that community members are satisfied.
3. THAT the Municipality must grade all streets always.
4. THAT the Municipality must prioritise the disabled people when they appoint.
5. THAT the Municipality must make sure that Midoroni apollo light is installed.
6. THAT the Municipality must continue to interact with stakeholders to avoid unnecessary strikes with community members.
7. THAT the Municipality must upgrade all community halls around Makhado.

**6. VOTE OF THANKS**

Cllr M G Furumele thanked the Acting Mayor, Cllr M R Magada, the Executive Committee members, all Councilors, the Accounting Officer, Directors and all members for participating, and all the guests who managed to attend the Public Participation. She also thanked other stakeholders and sector Departments for attending the Public Participation.

She further expressed thanks and appreciation to MPAC Committee members for the good work performed and commitment to the Municipality.

**7. ANNOUNCEMENT**

The MPAC member, Cllr M G Furumele announced that the Speaker, Mayor, Councilors present, Accounting Officer and all invited guests would follow the MPAC Chairperson, Cllr N V Malivha for refreshments, while all other stakeholders would remain at the community hall for refreshments. She further announced that the MPAC Public Hearing will be on Tuesday, 4 March 2025 at Makhado Showground at 10:00.

## **8. CLOSURE**

The Chairperson, Cllr N V Malivha declared the public participation officially closed and requested Cllr M E Mulaudzi to close the meeting by prayer where after the meeting adjourned at 14:35.

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CHAIRPERSON

TES/mm/MinutesMPAC(PublicParticipation)260225

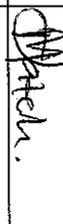
# MAKHADO MUNICIPALITY

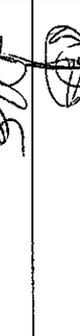
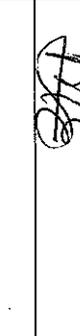
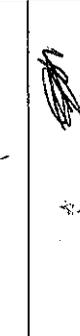
ATTENDANCE REGISTER OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025  
 TIME: 08:00

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Makwagang Jlong	Tshikotey	06471937261	
Popi Mqagatzi	IShikotey	0660373351	
mauwa Irene	madabani	0796060334	
Ramatapana T	muduluni	071057169	
Josephina Ramera	Muduluni	0798275830	
Mabasa Irene	muduluni	0716992979	
Makoukoro Sonara	muduluni	0648372046	
Mulibana Rachel	Matshyhuwe	0608875587	
Nemugili Sebani	Matshya huwe	0660261556	
Koywaia Gumani	Matshya huwe	0607060025	
Rambau Livhuwa	Matshya huwe	0712652831	
Litunyane Shereen	Mergeru	0714173888	L.S
Mphof' Evans	Mqgatu	0722945693	
Ndlovu m.p	ward 16	0721898273	
Ndlovu L	ward 16	0626514785	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Malamu T.C	Ward 16	0735885744	T.C. Malamu
Mkuna M.A	Ward 16	0711503165	
Mlunga P.S	Ward 15	0792317115	Mlunga P.S
Mafhe J	Naldodzor	0722298622	
Mufshingafu F.M	Ward 31	0812937930	
Motsoko S.R	Madalbani	0765893781	Motsoko
Mutony M.J	Madalbani	0723234826	Mutony
Mpndyi T.B	Madalbani	0606637859	T.B. Mpndyi
Penphe M.C	Ward 24 Madalbani	06492520	
Machaba S.M	Ward 24 Madalbani	0818655978	S.M. Machaba
M. Lewis/ F.M	Madalbani Ward 24	0718572439	
Siphah N	Madalbani Ward 24	0713416951	
LEBOKA NDIISHENI ERICK	Ward Committee 25 MIDORON	0829228208 0768419522	
Kabekani Samson	Madalbani Ward 25	0647020667	
Mantaga L.J	Madalbani Ward 24	07114667575	
Mausela A.A	Madalbani Ward 24	0996060364	
Mudau T.V	Event C Wenke	0722325571	Mudau
Mabanda C.T	old Mutual	0764538797	
Mwampanzi M	old mutual	0716084839	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mosluada Rarvosha	0648964742		
MAHWAI TEKO	MADABANS	0791 8597 8561	
Samakulucusha M.A	Vavua	076 55 66152	
MasSine U	7SH/OZUW	079 503 7683	
MAMEIJA MATOMG,	Muduhani	076 516 7636	
ETIY ROLANDI	<del>PP</del> Mubani	0626563530	
MASHANHA EISE	Mubani' Cup	0762870905	
Thasena Martha	Mubani' Cup	0781736339	
Magnusie	Madabani, cup	0609494910	Magnusie
MUSINA A.E	Muduhani Cup	0768695796	<del>PENUSIE</del>
KUAMA TR	muduhani cup	0793886314	KUAMA TR
Sime D	Ranpe	0714469711	Sime D.
Eiima Ei.	Muuhani	062 601 300 55	E. Eiima
Mudru - Engela	Muduhani		m Ei
Mudloka Edezo	Wane 4	6835627221	
ISHUTSUVI SANOVA	Ward 4	0729161878	
Nagei, Neimuelia	Ward 4	0711792502	Nagei N.
Masiadi, Mudzunga	Ward 4	0818330342	
Nethanonda mbangisani	Ward 04	0637843243	
Mumyanganani Joyce	Ward 03	0636714884	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mathubeye Sarah	ward 29	0720801277	—
Pambani Samuel	ward 257	0790787802	—
Musandina Deborah	ward of 019	0722302824	M
Mavalewele Patsick	ward 03	0769898158	Mavalewele P
mpokwe Phosphus	WARD 04	0822571221	Phosphus
Mulachete Rinat	WARD 04	0661383690	Rinat
Smyke Ndlovos	ward 04	0724192232	Smyke
Nedzingane Ishidizi	ward 29	0609236075	N.T
Mabada I	ward 29	0732652859	I
Mhlangale T I	ward 3		
marumba A.T.	ward 28	082230861	
Luurenga J.B	ward 28	0825862814	
Machungu Lal	ward 27	0725858818	Machungu Lal
Maswina mn	ward 30	0791950806	Maswina
Kaungedzanu	WARD 30	0722458219	Kaungedzanu
Makudamato - S-J	ward 30	0729985485	S-J
Ichekhu M	ward 30	0728458984	Ichekhu M
Raputani M I	ward 11	0727956386	Raputani M I
Mhlangane T.P	ward 11	0763863764	Mhlangane T.P
Ndlovu Mkhuvane	ward 11	0609385995	Ndlovu Mkhuvane

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mubiru F.D	Ward 11	067 045 7857	Mubiru F.D
Munyah E.M	Ward 12	082 596 846	<i>[Signature]</i>
T.R. GUMA	W.R.B 11	0637874831	<i>[Signature]</i>
Mubwaha F.M	Ward - 05	0707804853	Freddy
Akhaide M.C	Ward 05	0661331018	Akhaide M.C
Netshiozi S.E	Ward 05	0715906369	<i>[Signature]</i>
Faladzi Lenda	Ward 05	0739882040	<i>[Signature]</i>
Maphah Livuwani	Ward 34	079484404	<i>[Signature]</i>
Mafumba NARIA	Ward 38	0804573536	<i>[Signature]</i>
Muibana J	Ward 32	0111323151	<i>[Signature]</i>
Mubwaga F	Ward 38	0768619708	Mubwaga F
Mutshona F	Ward 38	0807621713	<i>[Signature]</i>
Khadamisi R.	34	0762682160	K.P.
Makha Berek	Ward 24	0753123289	<i>[Signature]</i>
Muvura T	Ward 38	0768568610	<i>[Signature]</i>
Mudavira H.C	11 17	0721255654	<i>[Signature]</i>
Ravele C.O	Ward 28	0762487265	<i>[Signature]</i>

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025  
TIME: 08:00

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
1. Makungu Bhandu	Elim Ward 2	071 438 4463	2 Makungu
2. Mukhari MR	Ward 2	076 196 5406	MR Mukhari
3 Muflihi WS	Ward 14	077 444 95 872	Bengwen
4. Chavani MS	Ward 13	072149948	MSD
B Dambere TE	Ward 14	0820672750	TE Dambere
E.T Mburgelhe	Ward 13	0727271687	EE
N.L msengy	Ward 13	0729474582	N.L. msengy
P.D MESSORA	Ward 13	0822207930	PD MESSORA
Tshikang Tms	Ward 14	0726923064	Tshikang
Musimaki SE	Ward 13	072704433495	Musimaki
Munang P.P	Ward 23	076702 8881	PP
STYI E.I	Ward 12	0791413705	STYI
Mangotto SK	Ward 18	0232372567	SK
WENNER ESTHER	PR. CLR.	071 582 9277	WENNER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Magnala E	CWP	0609199494	Magnala E
Segrada P	24	0792315064	Segrada P
Kutana Mlamela	"	060 080 2480	Kutana Mlamela
Bakayi R.X	DSAC	0764538807	Bakayi R.X
Kpanyaga PE		07228884987	Kpanyaga PE
Sediba C		066344460	Sediba C
MBulchani A.M.		0765461022	MBulchani A.M.
Isinkangamwenzhe TH	ward committee 03	0662095168	Isinkangamwenzhe TH
Melamande E	ward 27	072340157	Melamande E
Mufameli B	ward 03	0763705523	Mufameli B
RA Tlalezi ad	27	076300482	RA Tlalezi ad
Nemankhanyo M	ward 28 Luvuvu	079 20 5875	Nemankhanyo M
ABABA ABIRHENI	ward 28 Luvuvu	076 549 7010	ABABA ABIRHENI
Ndou Ishamand	ward 29	0798427441	Ndou Ishamand
SKwale Jennifer	29	0712112624	SKwale Jennifer
Pendani 'amkhawesindl'	29	0766 714 375	Pendani 'amkhawesindl'
Thouas KOPANA	29	078 613 8086	Thouas KOPANA
Kwamei Ishilidei	29	076 1124 710	Kwamei Ishilidei
Ndou THILHELMICA	29	064 883 3256	Ndou THILHELMICA
MADAU WACIEK	27	0721973 325	MADAU WACIEK

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
MUSA F	WARD 17	072 422 5438	
KUTUMA V	WARD 24	079 4133527	
MUPHOPH Z D	<del>WARD 38</del>	0713193276	
MUSA E	WARD 25	0760707969	
Ramphala Machado	WARD 24	0721870888	
FAMULELA AT	WARD 24	0761643930	
Heguyani Joyce	WARD 30	0795541866	
Makhaule Christine	WARD 30	072 466 4668	
Netshisaulu witness	WARD 30	072 743 2011	
NDOR. MARDINATI	WARD 38	0798386614	
THEONOR KANGRET	WARD 20	071250875	
MEDABO UROLO	WARD 30	0765592233	
THANQAVHHELO T.S.	WARD 38	079 290 5269	
KHOTOZANI HTJ	WARD 30	079 257 3253	
Mafinga Mm	WARD 17	0767158731	
Mbezi N	WARD 35	0727017260	
SIMUGWANA BUDZANI	WARD 33	0712226363	
LUNUWANI MULENGA	WARD 34	0796779262	
FZU MASHANANI	WARD 24	0722721148	
MUSA M		07644851339	



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025  
TIME: 08:00

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mabena Mufondi Florence	Madombidzhe zone 2	06149980785	
Matshidzi Patricia	Madombidzhe zone 2	0798425867	Matshidzi L.P.
Mufonedi Mashudu	Madombidzhe zone 2	0728941365	
Kamabala F.C.	Ambassadors	07220328823	
Sidga Peggy	Madombidzhe zone 2	07201149853	
Mukondeleli Masudu	Madombidzhe zone 1	0714587666	
Makima M.T.	Tshikwanda	0608883134	
Nquna T.L.	Panale	0606573794	
Nahaihai M.P.	Ravele	0768859630	Nahaihai M.P.
Mukweho S.C.	Ward committee of	07023929371	C. Mukweho
Radzuma M.S.	Ward committee of	0712673047	Radzuma M.S.
Mabedzha S.M.	Ward committee of	0704450026	S.M. Mabedzha
Mama Beant	Ward committee of	0795662363	
Makaka D.T.	Ward committee of	0724506692	D.T. Makaka
Khrombi T.J.	Ward committee of	0726964373	Khrombi

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Thoshapere L.S	Rathidilli	0797626601	
PJ Ravase Dand	Ward 14	0799146407	mab039
Neguyuni A.P	Ward comm wt 4	0760660718	
Pambau N.S	Ward comm/ward 16	0769086675	N.S. Pambau
Mbungu M.S	Ward 15	0793983549	M.S. Mbungu
Rambulana P.O	ward 24	0649607987	<del>Rambulana</del>
Rambulubi M.A	ward 24	0607505181	Rambulubi
Rambulo M.S.	Ward 28	0767177402	<del>Rambulo</del>
Ravastha T.C	ward 20	0797819814	Ravastha T.C
Mamuchba T.A	ward 25	0818108122	<del>Mamuchba</del>
Matshira G.N	ward 25	0728092112	Matshira N.G
Nqobeni J.	ward 15	0793803050	<del>Nqobeni</del>
Mufemeli C	ward 31	0721923059	
Mahaweni M	ward 31	0724897402	M.M.
Makwe S	ward 31	0722998622	Mothye S
Makwe S	ward 24	0712632480	<del>Makwe</del>
Makwe T	ward 24	0605996866	M.M.
Munthambi T	ward 24	0665996263	T.M.
Ramafeni	ward 24	07944802748	<del>Ramafeni</del>
Makwe	PO	072244452	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
MARSA M.D		0922221830	M.D
MARMO L	MAJELAL MABO	079 849 1389	<del>MAJELAL</del>
MARUSE R.	WARD 24	0660343571	M. Maruse
MASUONOPUNJI E	WARD 02	066 514 28887	<del>MASUONOPUNJI</del>
KONE F.G.	WARD 02	076 891 4379	<del>KONE</del>
MUSIMEKI S.P	WARD 13	07270143345	MUSIMEKI
KAMME SIMON	WARD 04	076 710 0434	KAMME S
MARANO TALEGANI	WARD 24	066077 4181	<del>MARANO</del>
SIKHWARI TALEGANI	24		S.I
PHADZIRI TSHILOLE	WARD 24	0665927060	T. Phadzi
MABASA X.B	WARD 15	076 4800426	<del>MABASA</del>
KAMUNGA H	WARD 07	079 102 8036	<del>KAMUNGA</del>
MATKONO B.P	WARD 27	0792292126	MATKONO
MALAUPLU E	WARD 05	076 3181346	E MALAUPLU
KAMUENQA D BARUNGU	WARD 04	0660786086	KAMUENQA
KHONGANI VERONICA	WARD 24	0720049502	KHONGANI F.V.
DANETSIG PLATODI	WARD 24	066 556 3800	DANETSIG M.V.
SAMUEL MUKUMU	W	0646864122	<del>SAMUEL</del>
LI 22 MULAUDI	WARD 20	0792232995	M.L. Mulaudi
KUINDA VIOLET	WARD 28	082 7919702	<del>KUINDA</del>

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Ramukhuda Chitizi	ward 29	0792835546	<i>[Signature]</i>
Gurusuma Tairiwid	ward 24	0606581376	Sureswari T
Mabitata Mavis	ward 24	0762850864	<i>[Signature]</i>
Mudau T	ward 28	0760769986	Mudau T
Lishiva E	ward 24	0637199024	<del>[Signature]</del>
Pedrignik	ward 28	0825262649	<del>[Signature]</del>
Kapuluw f.g	ward 28	0731410363	Philippine
Modulu F	ward 29	0725310834	<del>[Signature]</del>
Sugo S	ward 29	079448998	S
Mkungwe J	ward 27	0 —	<del>[Signature]</del>
Nunawisi A	ward 27	0725761755	Boris'
Melisi E	ward 27	0769108492	R
Makloda S	ward 29	0720955898	<del>[Signature]</del>
Dwombore A	ward 21	0793872016	A
Neshingani F.F.	ward 27	0607823733	<del>[Signature]</del>
Kwamagala	27	0225594292	<del>[Signature]</del>
Inelusa A.S	ward 35	0748299237	<del>[Signature]</del>
Mabhai Z	ward 35	0607698904	<del>[Signature]</del>
Shiraro Thomas	ward 24	0763036176	<del>[Signature]</del>
Mphangwahaq Phillip	ward 24	0791304120	mp

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Magulykatz Daniel	Ward 24	076 42 86 870	Danz
NDOU Mprariseni	Ward 12	076 014 3124	<del>Mprariseni</del>
Sekose ELISAZ	Ward 5	076 058 87 81	SE
Nemelomboni ANNITA	Ward 12	076 04 89 76	NINA
Mbezi, Seari Claudine	Ward 12	079 2323 204	Mbezi, SC Seari
Mambusu Juonng	Ward 35	060 722 6089	T. T.
BLESKOP IAKELAN.	Ward 35	0725 990558	T. T.
Nshihuka Grace	Ward 10	071 515 59 53	T. T.
Ramathale E	Ward 21	076 388 6182	Rama AE
Tammani Steje	Ward 38	07235 04291	T. T.
Siphuma Arhaptani	Ward 38	072 2133 738	S. F.
IShemano Misiwody	Ward 38	071 309 9079	S. F.
Nethehla ENGADANI	Ward 35	076 54 2038	Nethehla
Maramo Samuel	Ward 17	079 566 0456	M. Maramo
Mphaphu Daniel	Ward 38	0713193276	Mphaphu
Buliga M	Ward 12	06080 95766	B. M.
Mauwezi Benham	Ward 30	076 5178 747	Mauwezi

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025  
 TIME: 08:00

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Makusa S	ward 18	063 602 9716	<i>Sony</i>
Ralebona L B	ward 18	071 519 1871	R.L.B
MATHEBU	WARD 24	060 959 2041	<i>[Signature]</i>
Kedibone	WARD 24	07926-15970	<i>[Signature]</i>
Radzigi N.K	MAKHADO	0609673903	<i>[Signature]</i>
Matswene C.A	WARD 24	0824077062	<i>[Signature]</i>
Kopomo S	WARD 24	06149270456	M.K
Madaa AT	WARD 24	0609171 2449	
Kutona Ting	WARD 24	0893985977	M.T
Mobai Seipela	WARD 24	0663440096	S.P
Pamphiheli Mashudu	WARD 24	0896783059	<i>[Signature]</i>
Murwino - HOPE	WARD 24	072 R 26 803	Murwino (X)
Nengwala M.E	WARD 24	07165762931	M.E. Maswene



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER: OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025

TIME: 10:00

## ATTENDANCE REGISTER

### MANAGEMENT & STAKEHOLDERS

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
DUNYAI P.T.D	Manager Council Support	064 7522 730	
SAHLO N.F	Manager BZANANT RES.	060 986 0441	
KAMEHLO M.P	Manager Folehin, service	078 802 9408	
MABOKOBA M.B	Manager Waste Removal	076 765 0943	
TULANE L.A	ACTING DIRECTOR TECH.SERV	060 7644 955	
MOBUNDA AUBREY	Director DDP	066 485 8888	
FALEKOE GADRAY	CFO	082 523 9305	
JYKSEL JOHNSON	Director / DEONUS	08524 1539	
MATIKWA ECPHUS	KiC councillor	0723316908	
MATIKWA TERRY	Member	0713849221	
MAKHATHANA L.L	Chairman	07833922607	
MOROPHO SHIP	Deputy C. Makhathana	0729294508	
MENANCANE LEM	Municipal manager	0824536180	
MAGADA W.W	Portfolio head	072581243	
SELLE M.M	Manager office of the speaker	071 640 0757	

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER - BRIEFING SESSION FOR MPAC PUBLIC PARTICIPATION

DATE: 26 February 2025

TIME: 09:30

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION	CONTACT NO.	GENDER	SIGNATURE
Mooete M.G.	CIK	060739 8453	M	
Phucwa M.I	MAs ab CIK	082421 9968	M	
Kutsoya M.P	Musanda	482093419	M	
Ramabulana N.P.	Musanda	06379 12614	M	
Ramabulana B.N	Musanda	0728480774	M	
Mogobela H.P	Musanda	0729294508	M	
Kutsoya V.P.	KHOSI	0820516841	M	
Makhele S.P.	Musanda	0713849221	M	
Ramabulana M.S	Musanda	09270727037923	M	
Sikwama T.P.	Musanda	0665886750	M	
Munyehana M.P.	Musanda	0792587439	M	
C.T. MoeKhanisa	CIK	07928140688	M	
Kutsoya N.R	CIK	0716137025	M	
Ramabulana M.P.	CIK	0723194187	F	
Ramabulana M.P.	CIK	0723824088	F	
Malabi Sapa L.B	CIK	0696714775	F	

SURNAME AND INITIALS	DESIGNATION	CONTACT NO.	GENDER	SIGNATURE
MATHURU K.A.	COUNSELLOR	0723216908	Male	
Manjunath T.S	Ward Committee	0826850391	Female	
MATHALA TILK	Ward Committee	0796810671	Female	
Manager K.M	Council	0763037351	Male	
<del>MATHALA</del> P.S	<del>MATHALA</del>	<del>0686559965</del>	Male	
Khalid V.P.	C/S member	0823636378	Male	
Moplahyath TE	Manager Rustic	0769833959	Male	
KC MATHOMA	HEAD OF OFFICE MADRS OFFICE	0726985247	Male	
PANATHA T.T.	PR CUR	0726664262	Female	
Smangur M.S	Ward CUR	0790581023	F	
Mulethi ME	Ward CUR	0725285585	M	
Mashau T.C	CUR	0792306437	F	
Dabara M.S	CUR	0825856464	F	
FURUMELLE M.G	CUR	0791197072	F	
Dattabasha F.P	Ward CUR	0767779823	R	
MASUD H.G.	PR CUR	0721349496	F	
Neerusathani N.S	Ward CUR	0652622998	M	
MWALLI D.S	Ward CUR	0728869967	M	
Metheryu DK	MLM	0825141120	M	
Mpassie M.S	UDM	0824938413	M	

SURNAME AND INITIALS	DESIGNATION	CONTACT NO.	GENDER	SIGNATURE
Mufesi N. E.	Kisumu / Mombasa	N/A.	Male	
Batoyi S E	MLM	0646152040	Male	
Rainphada R	Wachado PM	011 6747287	F	
Magada M. R	MLM	0725812431	M	
Machila M. V	MLM	0781007743	M	
Sabola D T	MLM	066957 8608	M	
Muthema G E	CLM	0660716698	F	
Mg. Rathando	MLM Commissioner	0765217667	Male	
Makobora K	MLM	07625352914	M	
Pholombar R. V	MLM	0825299939	m	
Mukosi J J	Lead Clerk	0859467849	M	
MArguma M	ASS AGENT	076 138 0942	Female	
Mamatha R.B	Master Driver	082 8409564	F.	
Audrey Kulukeni Tubene	Acting Director TS	0609644551	F	
Aubrey Mabunda	Director DDP	0664858882	M	

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER: OF THE MPAC PUBLIC PARTICIPATION AT 10:00 AT MUDULUNI COMMUNITY HALL

DATE: 26 FEBRUARY 2025

TIME: 10:00

## ATTENDANCE REGISTER

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Meluhani M.H.	17 ward	0761644486	
SERGEANTIC J.N.C	WARD 20	078 8678335	
JOLAGORD B.E	WARD 19	060 898 7247	
JULIATA J.A	WARD 20	071 274 2577	
JABATS B	WARD 20	0607226554	
Mahatma Mwendeni	ward 18	0693191678	
Mukwesho D	ward 17	076 453 1436	
MPILO M.J	ward	076 187 9711	
NDOU NKHUMBULENI	ward 04	083 2233886	
Ndau A	ward 04	0728201697	
Mudau E	WARD 24		
Nesquithwe Duthuzeni	WARD 24	0112530200	
<del>Beseza M.Y</del>	<del>WARD 24</del>	<del>0727659725</del>	<del></del>
Kombani Joyce	ward 28	0723304291	
Matumba Mafiq	WARD 38	08244573536	
Mambury Yvonne	ward 35	0607226089	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Tengnanno Mestudly	ward 38	0713099079	Mm
Siphuma Alhaphani	ward 38	07222133738	SAN
Bleskop Takalani	ward 35	0725990558	T.T
Ramugeli - Mavis	ward 35	07998255660	Ramugeli m-m
Belle Nancy	ward 24	0715799910	N Belle
Kamehala Tshauralo	ward 24	0673169652	T. Kamehala
R. Mawete Tshigwisa	ward 24	0797819814	T.R.
Maphoto Frieda	ward 24	0722366028	F.M.
Makwena Meriam	ward 24	0715690592	Makwena m
Mawula Luambo	ward 24	082411585	Mawula Luambo
Mweshi NP Ndikwizany	ward 24	06664545103	Mweshi
Mushwa T. Helen	ward 24	0713795387	Mushwa T.H
Sereto Maitedi	ward 24	082243525	Sereto
Maba Mofeny	ward 24	0794720502	Maba Mofeny
Sempika Phumudzo	ward 24	0762498908	Sempika Phumudzo
Raphasha Kedibone	ward 24	0724413416	Raphasha K
Sinthumule Ndibukho Bule	ward 24	0781702457	Sinthumule Ndibukho Bule
Ether Sintumule	ward 24	0648306169	Ether Sintumule
Machona Mavula	"	0823135563	Machona Mavula

Ref: 4/8/2

**MAKHADO MUNICIPALITY**

**OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE PREPARATORY MEETING FOR THE PUBLIC HEARING OF THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD ON MONDAY, 3 MARCH 2025 AT 09:00 IN THE MPAC OFFICE NO C001, FIRST FLOOR, CIVIC CENTRE, 83 KROGH STREET, MAKHADO

**PRESENT**

Councillors

CLLR MALIVHA N V (CHAIRPERSON)

CLLR M G FURUMELE

CLLR BALOYI S E

CLLR MUKHELI K

CLLR SEBOLA D J

CLLR MUKOSI M

Official

D K NETHENGWE (MPAC RESEACHER)

M MANYUMA

\*\*\*\*\*

**1. OPENING**

The Chairperson, Cllr N V Malivha welcomed everyone present and declared the meeting officially opened.

**2. APPLICATION FOR LEAVE OF ABSENCE**

THAT leave of absence be granted Cllrs B F Hlongwane, K P Maphakela, H G Mabudu and S E Mulaudzi.

**3. APPROVAL OF PREVIOUS MINUTES**

**4. MATTER CONSIDERED**

**ITEM MPAC.1.03.03.24**

**MPAC: PREPARATION FOR PUBLIC HEARING TO BE HELD ON 4 MARCH 2025 AT MAKHADO SHOWGROUND  
(6/1/1(16/17))**

**ACCOUNTING OFFICER'S RESPONSE TO MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC) QUESTIONS ON THE REPORT OF THE AUDITOR GENERAL TO THE MAKHADO LOCAL MUNICIPALITY (MLM) ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024**

All members were given tasks to deal with on the day of the Public Hearing.

- Cllr M G Furumele will ask questions 1 and 14
- Cllr D J Sebola will ask questions 7 and 12
- Cllr K P Maphakele will ask question 9

- Cllr S E Baloyi will ask questions 5 and 15
- Cllr H G Mabudu will ask questions 8 and 16
- Cllr K Mukheli will ask questions 2 and 13
- Cllr B F Hlongwane will ask questions 6 and 11
- Cllr M Mukosi will ask questions 3,4 and 10

RECOMMENDATION (MUNICIPAL PUBLIC ACCOUNT COMMITTEE: 3 MARCH 2025)

THAT the follow up questions will be asked during the Public Hearing.

### **AGENDA OF PUBLIC HEARING**

The agenda was discussed and compiled as follows:

PROGRAMME DIRECTOR : Cllr N V MALIVHA: MPAC Chairperson

1. Opening- national Anthem
2. Welcome Address - Madam Speaker, Cllr GT Mukwevho-Mitileni
3. Acknowledgement - MPAC Member, Cllr K Mukheli
4. Purpose of session - MPAC Member: Cllr M G Furumele
5. Presentations by - IEC Mr H B Mobbie
6. Introduction of her worship Mayor - Cllr R Raliphada
7. Questions and response 2023/2024 Draft Annual Report - Accounting Officer, Mr K M Nemaname
8. Vote of thanks - MPAC Member, Cllr K P Maphakela
9. Announcements - MPAC Member, Cllr H G Mabudu
10. Closing prayer - Cllr B F Hlongwane

### **5. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and it adjourned at 17:10.

Ref: 4/8/2

**MAKHADO MUNICIPALITY**

**OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE PUBLIC HEARING BY THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE OF THE MAKHADO MUNICIPALITY WHICH WAS HELD IN THE SHOWGROUND, MAKHADO ON TUESDAY, 4 MARCH 2025 AT 10:00.

\*\*\*\*\*

**PRESENT**

**COMMITTEE MEMBERS**

CLLR N V MALIVHA	(CHAIRPERSON)
CLLR M G FURUMELE	
CLLR S E BALOYI	
CLLR H G MABUDU	
CLLR K MUKHELI	
CLLE SEBOLA D J	
CLLR M MUKOSI	
CLLR B F HLONGWANE	

**APPLICATION FOR LEAVE OF ABSENCE**

**RESOLVED**

Leave of absence was granted to Cllr M E Mulaudzi.

**OFFICIALS**

K M NEMANAME	(MUNICIPAL MANAGER)
M G RALIPHADA	(CHIEF FINANCIAL OFFICER)
H J LUKHELI	(DIRECTOR COMMUNITY SERVICES)
S G MAGUGA	(DIRECTOR CORPORATE SERVICES)
A MABUNDA	(DIRECTOR DEVELOPMENT PLANNING)
L A THULARE	(ACTING DIRECTOR TECHNICAL SERVICES)
M P RAMAHLO	(MANAGER PROTECTION SERVICES)
T I LIPHARAMA	(MANAGER DEVELOPMENT PLANNING)
T E MAPHANGWA	(MANAGER RISK)
N F CHILOLO	(MANAGER DZANANI REGIONAL OFFICE)
M G RATHANDO	(MANAGER COUNCILLORS AFFAIRS)
K N TSHIKOSI	(ASSISTANT MANAGER PMU)
M MANYUMA	(ASSISTANT ADMIN)
P MUTHAMBI	(MAKHADO MUNICIPALITY)
Z E THARINI	(MAKHADO MUNICIPALITY)
M MADUWA	(MAKHADO MUNICIPALITY)
N LUVHIMBI	(MAKHADO MUNICIPALITY)
S MULAUDZI	(MAKHADO MUNICIPALITY)
M MATAMBUYE	(MAKHADO MUNICIPALITY)
R B MAMAFHA	(MAKHADO MUNICIPALITY)

**GUESTS PRESENT**

MR M B MADIBA	(COGHSA)
SAPS	

**Makhado Local Municipality**

CLLR M D MBOYI	(MAYOR)
CLLR G T MUKWEVHO-MITILENI	(SPEAKER)
CLLR R S BALOYI	(CHIEF WHIP)
CLLR T T MAKAMU	(SECTION 79 FINANCE CHAIRPERSON)
MUNYAI N	(PORTFOLIO DEVELOPMENT PLANNING)
CLLR R RALIPHADA	(PORTFOLIO HEAD TECHNICAL HEAD)
CLLR E T SITHI	(EXECUTIVE COMMITTEE MEMBER)
CLLR BALOYI R	(WARD COUNCILLOR)
CLLR L MASHAMBA	(WARD COUNCILLOR)
CLLR F P MAKHUBELE	(WARD COUNCILLOR)
CLLR L PHANGAMI	(WARD COUNCILLOR)
CLLR T C MASHAU	(WARD COUNCILLOR)
CLLR M MARAGA	(WARD COUNCILLOR)
CLLR M RAMALIVHANA	(WARD COUNCILLOR)
CLLR M E MULEFU	(WARD COUNCILLOR)
CLLR P MASIPA	(WARD COUNCILLOR)
CLLR T LMUDZWIRI	(WARD COUNCILLOR)
CLLR HLANGWANI B	(PR COUNCILLOR)

**Other Institutions****Other members present**

See the attached attendance register.

\*\*\*\*\*

**1. OPENING**

The meeting was officially opened with the National Anthem.

**2. WELCOME ADDRESS**

The Speaker, Cllr G T Mukwevho-Mtileni welcomed everyone for attending the Public Hearing, including the municipal departments present, and all other stakeholders. She encourage all members of public to listen attentively when MPAC members asking questions to the Accounting Officer.

**3. INTRODUCTION AND ACKNOWLEDGEMENTS**

Cllr K Mukheli introduced all the guests present including members of MPAC.

**PURPOSE OF THE HEARING**

Cllr M G Furumele indicated that the purpose of the public hearing was for the executive to respond and account to questions posed to them by MPAC on how municipal finances were spent.

She further indicated that each and every Municipality must prepare an annual performance report which forms part of the Annual Report for each Financial Year in accordance with Municipal System Act of 2003 section 121.

She also further indicated that this gathering is a Public Hearing on 2023/2024 Annual Report. The Report shows the Municipality's performance during the past financial year, so that we, together with our valued stakeholders, move progressively to the current financial year.

#### **4. MATTERS DISCUSSED**

##### **4.1 Questions raised by MPAC**

- a. The members of MPAC read out each question, while the Accounting Officer and the Mayor respond to each question, one after the other.
- b. Multiple documents were requested, a list of documents are as follows:

##### **Question 1**

Detailed report on the recruitment process since October 2023 when the vacancy of the Director Technical services was declared vacancy.

##### **Question 3**

Proof of all performance agreement signed by all employees.

##### **Question 4**

1. Detailed plan to reduce electricity loses.
2. Detailed report for the months of February, March, May and June 2024.

##### **Question 5**

Progress report on Tshivhuyuni sports facility.

##### **Question 6**

Detailed report of majors put in place to address language barrier.

##### **Question 8**

1. Detailed report of payment made to all service providers for Tshivhuyuni sport facility, Watervaal Stadium and Dzanani Taxi Rank.
2. A detailed list of all operators including the plants.

##### **Question 9**

Detailed report of staff hired in 2023/2024 and their physical address.

##### **Question 10**

Detailed list of all Councilors who have been trained and Councillors not yet trained.

##### **Question 11**

1. To submit Council Resolution to support the Municipal Manager actions with regarded litigations.
2. Detailed report on the R15 million budgeted for litigation.

##### **Question 14**

Progress report of on ongoing Disciplinary hearing (Assets staff).

**Question 15 & 16**

Names of officials who caused the anomalies.

- c. A copy of the questions together with the responses is attached to this minute.

**5. VOTE OF THANKS**

Cllr K P Maphakela thanked the Mayor, Cllr M D Mboyi, the Executive Committee members, all Councilors, the Accounting Officer, Directors and all members for participating, and all the guests who managed to attend the public Hearing.

She further expressed thanks and appreciation to MPAC Committee members for the good work performed and commitment to the Municipality.

**6. ANNOUNCEMENT**

The MPAC member, Cllr H G Mabudu announced that the Speaker, Mayor, Councilors present, Accounting Officer and officials and all invited guests would follow the MPAC Chairperson, Cllr N V Malivha for refreshments at Makhado Council Chamber, while all other stakeholders would remain at the Showground hall.

**CLOSURE**

The Chairperson, Cllr N V Malivha declared the Public Hearing officially closed and requested Cllr B F Hlongwane to close the meeting by prayer where after the meeting adjourned at 13:50.

TES/mm/MinutesMPAC(PublicHearing)4March2025

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING  
 VENUE: MAKHADO SHOWGROUND  
 DATE: 4 MARCH 2025

TIME: 10:00

## MANAGEMENT & STAKEHOLDERS

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
CHUO N.F	Deputy Reg. Mook	060 9860441	
Mogaya B.G	Director: Corporate	0663016280	
THURE L.O.A	ACTING DIRECTOR T.S	0609644455	
MADIBA M.B	COASTA Manager Risk	0728426044	
Maphonyo T.E	Director DAP	0609286372	
Mabudala T.	Manager DBP	066 485 8888	
Diphema T.J	CFD	082 612 7092	
Falchada H.G	MM	082 522 9305	
Nemene km	Mayor	019 514 9745	
MBOH M.B.	EXCO	0791413705	
SITHI E.T	Portofid local technical services	011 676767	
Faiphacka R	Portofid head DBP	019 051 9531	
Muyayi N	Portofid dir	0766748583	
Maba M.	Word clerk	0720332262	



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING

VENUE: MAKHADO SHOWGROUND

DATE: 4 MARCH 2025

TIME: 10:00

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
1. Isobuse T	Lubutu	022 844 9201	TI
2. Mutshakindi R	Lubutu	076 6714 375	M.R
3. Mudasu Coenen	Lubutu	060 9071 084	M.D
4. Mahlasela M. T.	Shirley	065 9425 670	<i>[Signature]</i>
5. Edward Rantumbulu	Ker-Madisa	079 8530 632	<i>[Signature]</i>
6. Mkhumbo T.V	Sundqun	066 1525 448	T.M.M
7. <del>Terrence J.</del>	<del>SAAD</del>		
8. Joy Godwin	Waterfall	072 572 2370	J.G.
9. Khonko Ishli Sanani		076 6088 989	<del>TS</del>
0. Redlenderi Lodyan	Waterfall	075 988 2040	Car
1. Isangweni Tsumedza	Dzanani w/committee	076 796 2414	T.C. Isangweni
2. Ramageli - Mavis	Lubutu makhado	079 8255 660	Kanyanda M.M.
3. MAFASA T.J	WATERFALL	0999138066	M.
4. Intsoni Mafaka	WARD 10	0791252873	<i>[Signature]</i>
5. Makwar elgi T. SUZAN	WARD 18	072 450 6001	T.S. Makwar elgi
6. Staveland Shetele	WARD 18	0727660022	S. M. Staveland



SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Shiringane D	Ward Committee 29	0794745875	Shiringane
Neguyuni A.P	Ward Committee 14	0760662118	Neguyuni
Mabasa D	Ward Committee 14	0799444607	Mabasa
Muremela R.D	Ward 24 Modderani	0661550263	Muremela
Siphugu H	Ward 24 Modderani	0713416951	Siphugu
Mpho Mabatwa	Ward 25 Modderani	0660056032	Mpho Mabatwa
Makwalo Dorah	Ward 03	0818360604	Makwalo
Makwalo Dorah	Ward 03	0763705523	Makwalo
Makwalo Muzungu	Ward 14	0818330342	Makwalo
ISHUTSHUDI SEMBIRA	Ward 4	07229161878	ISHUTSHUDI SEMBIRA
Nageji Ndlovuza	Ward 4	0711792502	Nageji Ndlovuza
Silima David	Ward 22	0714416971	Silima David
Edward Rambuluthu	Ward 27	0798530692	Edward Rambuluthu
Muvumba Tsinane	Ward 4	0123909886	Muvumba Tsinane
Muleya Azwindini	Ward 04	0768775500	Muleya Azwindini
THAWTONI NELLY	Ward 27	0826614492	THAWTONI NELLY
ISHIATAHO MPHO	Ward 29	0715729979	ISHIATAHO MPHO
DANHULA WIMINI	Ward 29	0763900308	DANHULA WIMINI
RAMANELE MESHULE	Ward 22	0769004481	RAMANELE MESHULE
Mawawa T	Ward 22	0649157271	Mawawa T

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACTING NO.	SIGNATURE
77 Mashila N	Ward 28	0818175967	A
78 Ramulongo H.M	Ward 22	066 1071 535	HD
79 Khosonubi Tshimane Johanna	Ward 6	0726904373	Khosonubi
80 Nsoeni E.L	WARD 02	078 6455975	Nsoeni
81 Shikambi S	WARD 2	0637609616	
82 Makand L	WARD 02	079 849 1389	
83 Mulandu AS	Ward 28	076 8721 787	
84 Mkhama L.G	WARD 4	083 522 7721	
85 NDOU NKHUMBULENI	WARD 4	083 2233886	NDOU N.E
86 Mafhala T.K	WARD 26	079 631 0671	Mafhala T.K
87 Masia D.S	WARD 26	0721599690	D.S Masia
88 Kufane Tshilik	Ward 12	0724000576	
89 Masiani Mashudu	Ward 34	0818344630	M.M
90 Ndwa Horoh	Ward 34	0725920128	N.Z
91 Khedamali Renelani	34	0762682160	K.E
92 Rinhathusa N	WARD 34	0764599315	Rinhathusa
93 Tshig NdiVhumb	WARD 34	0797937506	Tshig N
94 Mussekwa-Khathutshele	WARD - 34	0726995266	KID mussekwa
95 Makamu T.T	PR CLK	066 257-2676	T.T
96 Madaua F.C	WARD 18	<del>0834680075</del>	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
77 Khamei T	29	07611240710	<i>Khamei T</i>
78			
79			
80			

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING

VENUE: MAKHADO SHOWGROUND

DATE: 4 MARCH 2025

TIME: 10:00

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Heberghs R.H	Mord 14 Waterford	066 373 0024	
MASIA E.S	MANOUVELA	0721599690	E.S. MASIA
KUNNNE M	KUNNNU WARD 29	0729234085	KUNNNE
Thawitoni M.M.	KUNNNU WARD 29	082 661 4492	
Tshidano M.	LUNNNU WARD 29	0115729779	
Davhuia M	LUNNNU WARD 29	072 3900308	DAVHUIA M.M.
Mulwandu L	LUNNNU WARD 28	0711483459	Mulwandu L.L.
LUNNENGO B	KUNNNU WARD 28	082 58 82 814	LUNNENGO B.
Moses Motshiny	Mord 14 Waterford	022 571 2871	M.M.
Lindas Mavuthe	WATERFORD	0605934259	L.M.
Rakhepo N.M	WATERFORD	0665530955	R.N.
Gatlwate T	CHAVONI	071353409	G.T.
Musimaki S.F	CHAVONI	0727043345	M.S.
Silima L	KUNNNU WARD 4	066588 6753	
Mbungwele T	Waterford	0727271687	
Msengai M.L.	WATERFORD	0729474582	M.L. MSENGAI

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Madike R	LEVU	0769108492	Rm
Mugiki N.	Levubu	0673367325	N.M.M
Clavani T.H	Govan, Ward 13	0729747822	RD
Mamburu M.	Mekhadu	0798858477	M.M
Mugomedi M.	Mekhadu	0218470302	M.M
Makete M	Mekhadu	0673106619	MP
Shamwasa T	Mekhadu	0740272891	<del>MP</del>
Kicisem Collins	Ward 05	0661331018	Hicisem
T.S. Baiyai	ward 14	0761382890	T.S. Baiyai
T.J. Chiroumbi	ward 6	0226904373	T.J. Chiroumbi
Mukundi Kadzung	ward 6	0112673047	Raduma MS
Solmae Traugwan	Ward 11	0760704883	S.10 Traugwan
Mehongda mbansiseni	ward 04	0637843243	<del>MS</del>
Thoda Kedege	ward 19	0711248854	Thoda Kedege
Mukwobho Pascal	ward 17	0764531436	<del>MS</del>
Gabara M.S	M.M	0825856464	<del>MS</del>
Manga M	M.M	0766748585	Manga
Raitsemu G	ward 20	0636049903	G. Raitsemu
Masepa F.M	ward 23	0765513151	<del>MS</del>
Makoto B	ward 20	0607226354	<del>MS</del>



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING

VENUE: MAKHADO SHOWGROUND

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SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Samuel - S Sibambi	Ukateri	0637609618	Sibambi
Leah - Mqhele	Zanenkoste	0796310671	Mqhele
MDOI - THHEUMBU	LUVUNHU	064 863 3836	MDOI
Newawa T	Ramatshaka	064925 9271	Newawa T
NA Ramakole	"	016 900 4481	M.L. Ramakole
MTACHABA SIC	MABABAN VILLAGE	071 2765696	MTACHABA
RAMUDZHIG N.A	MABABANI	0713190950	A Ramudzhig
Masubwa MA	LUVUNHU	0796389506	MA
makaulile SIS	MABABANI	0649527461	Makaulile
Remang M	LUVUNHU	0726422417	Remang
Mlungai MJ	Mqhele Val	0793983549	Mlungai
Mphaphuli M	Water Val	0769794901	Mphaphuli M
Mandya M	ward	0725388818	Mandya
Dzombere A.B	ward 27	0793872016	Dzombere
Munani A	Luvunhu	0125761755	Munani
Maphoga R.P	Ward 12	0680095478	Maphoga

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mokale R/B	Ward 12	0680295478	Mokale B.
Shingane D	Ward 29	0174745875	Shingane D.
Fombolera A.O	Ward 27	079 733 8416	Fombolera A.O.
Munyazi E.N	Ward 12	082 5910 346	Munyazi E.N.
Munyazi F.P	MLM	0806129395	Munyazi F.P.
Sadilei F.C.I.H	Ward 03	0712742090	Sadilei M.C.
Makule AN	Ward 07	082 980 2190	Makule A.N.
Makusha S.K	Ward 22	076 900 3526	Makusha S.K.
Makusha J.M.	Ward 6	064 857 4696	Makusha J.M.
Mangotso S.I.C	Ward 13	0832372567	Mangotso S.I.C.
Baloyi P.L	Ward 01	0661062662	Baloyi P.L.
Iale Ramakgona	Ward 26	0719576639	Iale Ramakgona
Mabunda M	Ward 02	0797208322	Mabunda M.
Shungo M.J	Ward 1	0794825311	Shungo M.J.
Buleci M	Ward 10	060 80 95 766	Buleci M.
memuthu M	Ward 24	076 1810 411	memuthu M.
khonzani F.V	Ward 24	0720419502	khonzani F.V.
Makusha E.F.P	Ward 11B (13)	0767799823	Makusha E.F.P.
Muleki M.F	Ward 17 (1)	025285585	Muleki M.F.
Munyazi F.T	Ward 17	0724225438	Munyazi F.T.



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING  
 VENUE: MAKHADO SHOWGROUND  
 DATE: 4 MARCH 2025

TIME: 10:00

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Muthules M.M	Madibani	082 2800003	
Benn Mapekhetulu	Tamantho	076 8938140	
MAGULU N	Makavel	071 3567081	
Muanda L.S	Makhaso	0799741536	
LEBOKA KOUSIEN BRICK	Wood Coventry	0768419522	
Maluleke ES	MOTOTHA	011 5559282	
Famulela MS	C.O.P	011 57105813	
Terria Maturume	C.O.P	079 4635464	
Ramugondo A.C	Mangilasi Block E	082 5456543	
Malibushe M.VA	Makavelo	079 8228477	
Mamua Samuel	Makavelo	079 5660456	
Nemalombani ANNITA	UOSD Mukondeni	07163805202	
BEAUFY MUDHALA	UOSD 12	079 7339630	
Kaphungu A	Makavelo	079 1028236	
Makasa XB	Makavelo	076 4800426	
Mponobong Rofhiwa	Uard 34	076 4837881	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Remaite M.G	Ward 19	0713450394	Remaite
Mashqo T.	Ward 18	0702160619	Mashqo T.
Khalidu M	Ward 30	07728458984	Khalidu
Rama Shera M	Ward 30	0637549260	R. M
Mathharaa S	Ward 30	0762685523	M.S.
Mukhamato S	Ward 30	0729985455	M.S.
Nurmani M.D	Ward 21	0743028190	N.M.D
Mariha P.M	Ward 21	0715363065	M.P.M
Makombe T	Ward 21	0606002132	M.T
ISHIKOSI M	Ward 32	0768709315	I.S.H.K.O.S.I
Mestumazulu F	Ward 33	0791538536	M.F.
MPEIBO N.T	Ward 36	0715929129	M.N.T
Hamulubona S.A	Ward 30	0728464123	S.A
Mamamba Agnes F	Ward 30	0729910692	M.A.F.
Neguyuni Tembisi F	Ward 30	0715544866	N.T.F.
Ntshisaulu D.W	Ward 30	0727432011	N.D.W
Wukela U	Ward 30	0768472221	U
Khobye T.M	Ward 33	0722659857	K.T.M
Khobu M.C	Ward 35	0791114775	K.M.C
Mulea D	Ward 34	0794250392	M.D



# MAKHADO MUNICIPALITY

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VENUE: MAKHADO SHOWGROUND

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SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Ndou Mpho	Luvuvu Cluster	0761124622	
Pabotai Samson	Machini Ward 25	0647020667	
Newakhehrai Richard	Isuthabonani 26	0822104082	
Sadiki M	Wateren Region	0113183259	M. Sadiki
Rambuda Solomon	WMA 25	0767177402	
Mamphela Anant	ward 08	0818181022	M.A.
Stanley Ramosebudi	Ward 19	0999442195	
Khubani Fortune	Khuneki ward 09	0767109796	
Mupfuy Simen	wards 7	0726694945	
Kurinda John	ward 7	0603042833	
Mphosi Evans	Mogau ward 07	0927945698	
Mutefi M	Khundawar 19	0715555750	Mutefi
Makhubele T.D	ward 5	0798646645	M.T.
Sekoz M.E	ward 5	0760563731	
Mekhuani Nekusiphwe	WARD 24	0712530200	
Maphaha Lihlwanani	ward 34	07944511404	

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Mukaweho S.C	Ward Committee 06	07230928371	G.Mutwalo
<del>Mawuse</del> M	<del>PO</del>	0752244452	<del>W.C</del>
MUBalaliga S.	Ward Committee 06	0724454036	<del>W.C</del>
Matsisache G.G	Ward 24	0824071062	Matsisache
Mufumbada H	Ward 10	0113382695	H.H
MAMUNE M.Fng	Ward 10	0760326761	MAMUNE .m
Timoteo T.Mung'ele	Ward 13	0727271657	<del>Timoteo</del>
Shonani Hope	Ward 13	0722944730	<del>Timoteo</del>
MSENGI M.L	WARD 13	0729474583	M.L.MSENGI
Ratikumbura M.M	Ward 10	0762970480	R.m.m
Mafkaid M	Ward 17	0767158731	Mafkaid
Makaka K.V	Ward 30	0769892233	Makaka
Memagoshani T	Ward 30	0792573309	Megoshani
Mwasa T	Ward 38	0768568616	<del>Mwasa</del>
Mandivana N	30	0832504156	<del>Mandivana</del>
Baloyi M.L	Ward 01	0661062662	<del>Baloyi</del>
Masugha N	Ward 01	0713567021	M.Masugha
Mutakweisindi M	Ward 28	0646093047	Mutakweisindi
<del>Musele V.V.V</del>	<del>Ward 28</del>	<del>0793646977</del>	<del>Musele</del>
Malange P.O.	Ward Committee	0799185164	<del>Malange</del>

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Daumeira M.S	Ward 20	0711066320	Daumeira M.S.
Makhdad Sister	Ward Committee	072 126 1806	Makhdad Sister
Ishamamo M	Ward 38	0713099079	Ishamamo M
Melli A	Ward 38	0768114838	Melli A
Matumba M	Ward 38	082 457 3536	Matumba M
NDOU-MARDINAH	Ward 38	0798326614	P.M. MDU
Pengapenga NC	Ward 30	066570931	Pengapenga NC
Mukwasi L	Ward 32	0790910117	Mukwasi L
Ramathel T	Ward 32	071 0602540	Ramathel T
Sitholimele T	Ward 78	076 691 0633	Sitholimele T
Daswana A	Ward 30	0798480089	Daswana A
Matika K.D	Ward 30	079 965 6678	Matika K.D
Nqobeni L	Ward 15	079 350 3050	Nqobeni L
Ramathel M.G	Ward 19	0793450394	Ramathel M.G
Ramamo TM	Ward 32	0722460719	Ramamo TM
MARABO B.T	Ward 19	0799428066	MARABO B.T
MA DIKATHA M	WARD 04	076 2850 8604	MA DIKATHA M
Sumusumu T	Ward 04	0606581376	Sumusumu T
Tshinwa M	Ward 30	07924484838	Tshinwa M
Nesengani OSCAR	Ward 04	06644574738	Nesengani OSCAR



# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER OF THE MPAC PUBLIC HEARING

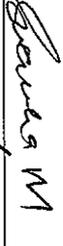
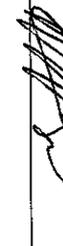
VENUE: MAKHADO SHOWGROUND

DATE: 4 MARCH 2025

TIME: 10:00

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Liphisoa DM	Mufsho	082 716 8159	DM
N Mkhobongweni	Makhado	072 346 4757	<del>DM</del>
M Ramona	MAKHADO	060 66 75734	DM
Muronga Ndikhayo G	ISITANDA	076 170 6093	M.M.G
Rhiampho Tsani	Madodanga	072 921 1943	Rhiampho T.A
Mangu Lufanani	Isiandha	079 289 4224	Mangu Lufanani
suphiso Julia	Madodanga	071 547 5257	suphiso Julia
Mulibana Rehel	Mtshayane	060 887 5587	RR
Nemusi Sezan	Mtshayane	066 026 1556	NS
Rambau Luvuwani	Mtshayane	071 265 2831	<del>NS</del>
Ragwala Gumani	Mtshayane	060 706 0026	<del>NS</del>
Ndau Josephina	Mtshayane	081 802 0768	R.J. Ndau
Solomani Masianu	Mulima	076 166 3791	S.Masianu
R.S. Mkhobongweni	Urd 27	079 6892 517	R.S.
Ramosobudi Stanley	Mula	079 944 2175	S.B.
Makima Felm	Isiandha	060 888 3134	<del>S.B.</del>



SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Moganau T.C	PR CLR	078 9871172 079 830 6431	
Solepe M.R.	P.R. councillor	082 308 2289	
Souma M	ward clr	016 5669987	
Mabula P.V	ward so	029/007145	
Manga M	Mand clr	0766 748583	
Nemalolava M	ward CCR	0720532262	
ESTAWZEN. W.L.	PR CLR	071 829277	
Mora M	Coor	072 8426044	
Moya S.S	Director: Corporate	0663076280	
Nomane T	GM	0825536180	
Mphanya T	Asst Manager	060 928 6372	
Kopel A	Asst Manager	082 554 3761	
Mabula A	Director DDP	066 485 8888	
Methenge DK	MPAC Researcher	082 514 120	
Mphanya J.P	W/CLR	079 836 0286	

# MAKHADO MUNICIPALITY

ATTENDANCE REGISTER BRIEFING SESSION OF THE MPAC PUBLIC HEARING  
 VENUE: MAKHADO SHOWGROUND  
 DATE: 4 MARCH 2025

TIME: 09:30

SURNAME AND INITIALS	DESIGNATION/REGION	CONTACT NO.	SIGNATURE
Tlukasi DJ	MPAC MEMBER	068 946 7843	
Batlogi SE	MPAC MEMBER	0699 610 0040	
Mukheleli K	MPAC MEMBER	076 1991 006	
SERUA DST	MPAC MEMBER	066 257 8802	
MABUDU H.G.	MPAC MEMBER	0721 349 496	
MBOHI M.D	MPAC MEMBER	079 514 9741	
MALANGE T	CLERK	076 410 6290	T.MAL
MENUDZINHASI NS	WARD CLERK	066 262 2992	
TDLUKOSI M.R	WARD CLERK	060 958 4 888	
HONGWANE R.F	WARD CLERK [MPAC MEMBER]	0609 775 793	
MALAFURALE F.P	WARD CLERK	076 777 9823	
MADHANA L	WARD CLERK	076 386 1476	
DAVLE T	WARD CLERK	083 470 9269	
FURUMELE M.G.	PR CLERK MPAC MEMBER	079 1197 077	
ESUDANWA I.K	PR CUR CHAIR	079 7122 6602	
MAPHANCAIA K.P	MPAC MEMBER	079 380 1495 065 262 3007	

Ref: 4/8/2

**MAKHADO MUNICIPALITY****OFFICE OF THE DIRECTOR: CORPORATE SERVICES**

MINUTES OF THE ONE HUNDREDTH AND FORTIETH (140<sup>th</sup>) MEETING OF THE MUNICIPAL PUBLIC ACCOUNT COMMITTEE OF THE MAKHADO MUNICIPALITY, WHICH WAS SCHEDULED FOR WEDNESDAY, 26 MARCH 2025, THEN POSTPONED AND WILL NOW BE HELD ON THURSDAY, 27 MARCH 2025 AT 09H00 AT MPAC OFFICE

\*\*\*\*\*

**PRESENT****Councillors**

CLLR MALIVHA N V (CHAIRPERSON)  
 CLLR HLONGWANE F B  
 CLLR FURUMELE M G  
 CLLR BALOYI S E  
 CLLR MABUDU H G  
 CLLR MUKHELI K  
 CLLR MULAUDZI M E  
 CLLR SEBOLA D J  
 CLLR MUKOSI M  
 CLLR MAPHAKELA K P

**OFFICIALS**

DK NETHENGWE (MPAC RESEARCHER)  
 NP MADOBA (INTERN)

\*\*\*\*\*

**1. OPENING**

The Chairperson Cllr N V Malivha welcomed everyone present and requested Cllr B F Hlongwane to open a meeting with a prayer.

**2. APPLICATION FOR LEAVE OF ABSENCE**

RESOLVED –

THAT leave of absence be granted to Cllrs M Mukosi and ME Mulaudzi.

REMARK:

Cllr K P Maphakela was absent to the meeting.

**3. CONFIRMATION OF MINUTES****4. MATTERS CONSIDERED****ITEM MPAC.1.27.03.25****(Originally ITEM MPAC 1.26.03.25)**

**ANNUAL REPORT 2023/24: MPAC OVERSIGHT REPORT AND FINAL ANNUAL APPROVAL: SUBMISSION TO DEPARTMENT NATIONAL TREASURY AND DEPARTMENT PROVINCIAL AND LOCAL GOVERNMENT (10/1/4/1-8)**

RECOMMENDATION (MUNICIPAL PUBLIC ACCOUNT COMMITTEE: 27 MARCH 2025)

1. THAT it be noted that the Oversight Committee (MPAC) considered the Final Annual Report, 2023/24 and recommends that Council accepts the 2023/2024 Annual Report as more fully set out in its report of findings attached as Annexure B to this report.

2. THAT Council adopts the Oversight Committee's (MPAC) Report dated 27 March 2025 attached as Annexure A to the report in this regard, without any reservations as corrections have been made in line with the MPAC recommendations.
3. THAT it be noted that Council's Resolution under this report together with annexures will be submitted to National Treasury and the MEC of Cooperative Governance, Human Settlement and Traditional Affairs for submission to the Minister of Cooperative Governance and Traditional Affairs, as well as the Auditor General's Office in the Province as Makhado Local Municipality's demonstration of municipal performance to its community, as purported in terms of Section 121 of the Local Government: Municipal Finance Management Act, 2003.
4. THAT the Final Annual Report will be publicised on the Municipal Website and copies will be made available for collection by members of the public.

OversightReportMarch2023\_itm

#### **4. CLOSURE**

The Chairperson, Cllr N V Malivha declared the meeting officially closed and it adjourned at 12h30.

TES/mm/140Minutes

---

CHAIRPERSON



# **MAKHADO LOCAL MUNICIPALITY**

# **FINAL ANNUAL REPORT**

# **2023/2024**

## **Vision**

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

## **Mission**

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

## TABLE OF CONTENTS

GLOSSARY .....	11
CHAPTER 1 .....	13
INTRODUCTION AND OVERVIEW .....	13
CHAPTER 1: INTRODUCTION AND OVERVIEW .....	14
COMPONENT A- MAYOR’S FOREWORD AND EXECUTIVE SUMMARY:.....	14
COMPONENT B: EXECUTIVE SUMMARY .....	16
MUNICIPAL MANAGER’S FOREWORD .....	16
TABLE 1: POWERS AND FUNCTIONS.....	16
COMPONENT C: MUNICIPAL OVERVIEW.....	19
1. MUNICIPAL OVERVIEW .....	19
FIGURE 1: LOCATION OF MAKHADO LOCAL MUNICIPALITY.....	19
TABLE 2: SERVICES BACKLOG .....	20
TABLE 3: FREE BASIC SERVICES.....	20
CHAPTER 2: GOVERNANCE .....	22
COMPONENT A: GOVERNANCE STRUCTURES.....	22
2.1. POLITICAL GOVERNANCE STRUCTURE.....	Error! Bookmark not defined.
FIGURE 2: POLITICAL STRUCTURES.....	22
2.2. GOVERNANCE ACTIVITIES.....	23
2.3. COUNCIL AND COMMITTEE .....	23
TABLE 4: REPRESENTATION IN COUNCIL – POLITICAL PARTIES.....	23
TABLE 5: SENIOR TRADITIONAL LEADERS IN COUNCIL.....	24
FIGURE 3 MAKHADO MUNICIPALITY AND ITS WARDS .....	24



<b>TABLE 6: NAMES OF COUNCILLORS AND THE NUMBER OF MEETINGS ATTENDED.....</b>	<b>25</b>
<b>2.4. COUNCIL MEETINGS.....</b>	<b>27</b>
<b>TABLE 7: COUNCIL MEETINGS HELD .....</b>	<b>27</b>
<b>2.5. EXECUTIVE COMMITTEE.....</b>	<b>27</b>
<b>FIGURE 4 EXECUTIVE COMMITTEE MEMBERS .....</b>	<b>29</b>
<b>TABLE 8: EXECUTIVE COMMITTEE: .....</b>	<b>30</b>
<b>TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD (July 2023 to June 2024): .....</b>	<b>30</b>
<b>2.6. SECTION 79 OVERSIGHT COMMITTEES .....</b>	<b>31</b>
<b>TABLE 10: SECTION 79 OVERSIGHT COMMITTEE .....</b>	<b>31</b>
<b>TABLE 11: OVERSIGHT COMMITTEE MEETINGS HELD (July 2023 to June 2024): .....</b>	<b>33</b>
<b>SECTION 79 STANDING COMMITTEES .....</b>	<b>34</b>
<b>TABLE 11: SECTION 79 STANDING COMMITTEES .....</b>	<b>34</b>
<b>TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD .....</b>	<b>35</b>
<b>SECTION 80 COMMITTEES.....</b>	<b>36</b>
<b>TABLE 13: SECTION 80 COMMITTEES: .....</b>	<b>36</b>
<b>ADMINISTRATIVE GOVERNANCE STRUCTURE .....</b>	<b>36</b>
<b>MUNICIPAL MANAGER &amp; SENIOR MANAGEMENT STRUCTURE 2023/24.....</b>	<b>36</b>
<b>FIGURE 5: MANAGEMENT STRUCTURE .....</b>	<b>36</b>
<b>COMPONENT B.....</b>	<b>37</b>
<b>2.7. INTERGOVERNMENTAL RELATIONS:.....</b>	<b>37</b>
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....</b>	<b>37</b>
<b>2.8. COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS.....</b>	<b>37</b>
<b>MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC).....</b>	<b>38</b>
<b>COMPONENT D: CORPORATE GOVERNANCE .....</b>	<b>38</b>

<b>GENERAL COMMUNICATION .....</b>	<b>38</b>
<b>INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE .....</b>	<b>38</b>
<b>INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE .....</b>	<b>39</b>
<b>PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEM.....</b>	<b>40</b>
<b>COMPONENT B: INTERGOVERNMENTAL RELATIONS: .....</b>	<b>40</b>
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....</b>	<b>40</b>
<b>ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC) .....</b>	<b>42</b>
<b>INTRODUCTION .....</b>	<b>42</b>
<b>LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANCE AUDIT COMMITTEE .....</b>	<b>42</b>
<b>GOVERNANCE OF THE COMMITTEE .....</b>	<b>42</b>
<b>ATTENDANCE OF MEETINGS.....</b>	<b>43</b>
<b>TABLE 14: APAC MEMBERS MEETINGS ATTENDED .....</b>	<b>43</b>
<b>INTERNAL CONTROLS.....</b>	<b>43</b>
<b>INTERNAL AUDIT .....</b>	<b>43</b>
<b>RISK MANAGEMENT .....</b>	<b>44</b>
<b>TABLE 15: RISK SCHEDULE .....</b>	<b>44</b>
<b>MATTERS OF CONCERN.....</b>	<b>45</b>
<b>PERFORMANCE MANAGEMENT .....</b>	<b>45</b>
<b>COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT ANY LEGISLATION .....</b>	<b>45</b>
<b>REVIEW AND EVALUATION OF QUARTERLY, ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT .....</b>	<b>45</b>
<b>AUDITOR-GENERAL (SOUTH AFRICA) .....</b>	<b>46</b>
<b>INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC).....</b>	<b>46</b>
<b>APPRECIATION .....</b>	<b>47</b>



<b>CHAPTER 3 – SERVICE DELIVERY PERFORMANCE</b> .....	<b>49</b>
<b>3. OVERVIEW OF SERVICE DELIVERY</b> .....	<b>49</b>
<b>BACKLOGS</b> .....	<b>49</b>
<b>3.1. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED</b> .....	<b>49</b>
<b>3.1.1. ROAD INFRASTRUCTURE AND OTHER INFRASTRUCTURE PROJECTS</b> .....	<b>49</b>
<b>3.1.2. ELECTRICITY CONNECTIONS</b> .....	<b>50</b>
<b>TABLE 16: NUMBER OF HOUSEHOLDS ELECTRIFIED</b> .....	<b>50</b>
<b>3.1.3. ROADS UPGRADING AND REHABILITATION</b> .....	<b>51</b>
<b>TABLE 17: ROADS, STORMWATER AND BRIDGES PROJECTS</b> .....	<b>52</b>
<b>3.2. CHALLENGES</b> .....	<b>54</b>
<b>3.3.1 PROVISION OF ELECTRICITY SERVICES</b> .....	<b>54</b>
<b>TABLE 19 ELECTRICITY CONNECTIONS</b> .....	<b>54</b>
<b>FAULTS REPORTED AND ATTENDED</b> .....	<b>57</b>
<b>TABLE 20: ELECTRICITY FAULTS</b> .....	<b>57</b>
<b>TABLE 21: CALL CENTRE STATISTICS – ELECTRICITY</b> .....	<b>57</b>
<b>ELECTRICITY LOSSES</b> .....	<b>58</b>
<b>TABLE 22: ELECTRICITY LOSSES</b> .....	<b>58</b>
<b>PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)</b> .....	<b>58</b>
<b>TABLE 23: WASTE MANAGEMENT PROGRAMMES</b> .....	<b>59</b>
<b>TABLE 24: SOLID WASTE SERVIC DELIVERY</b> .....	<b>60</b>
<b>COMMUNITY &amp; SOCIAL SERVICES</b> .....	<b>61</b>
<b>MUNICIPAL PUBLIC LIBRARIES</b> .....	<b>61</b>
<b>TABLE 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS</b> .....	<b>61</b>
<b>MUNICIPAL PARKS AND CEMETERIES</b> .....	<b>62</b>

<b>SPECIAL PROGRAMMES .....</b>	<b>62</b>
<b>TABLE 26: SPECIAL PROGRAMMES.....</b>	<b>62</b>
<b>MUNICIPAL CREMATORIA AND HERITAGE .....</b>	<b>63</b>
<b>DISASTER MANAGEMENT SERVICES .....</b>	<b>63</b>
<b>TABLE 27: DISASTER INCIDENTS.....</b>	<b>63</b>
<b>SPORT, ARTS AND CULTURE .....</b>	<b>63</b>
<b>PROTECTION SERVICES .....</b>	<b>63</b>
<b>TRANSPORT: VEHICLE LICENSING &amp; TRAFFIC SERVICES .....</b>	<b>64</b>
<b>TABLE 28: TRAFFIC &amp; LICENSING ACTIVITIES:.....</b>	<b>64</b>
<b>HOUSING .....</b>	<b>65</b>
<b>TABLE 29 HOUSING PROJECTS .....</b>	<b>65</b>
<b>DELIVERY OF FREE BASIC SERVICES.....</b>	<b>65</b>
<b>SERVICES SUBSIDISED: .....</b>	<b>66</b>
<b>ELECTRICITY.....</b>	<b>66</b>
<b>REFUSE REMOVAL .....</b>	<b>66</b>
<b>TABLE 30: SUPPORT: LOW INCOME HOUSEHOLDS .....</b>	<b>66</b>
<b>ROADS AND STORM WATER DRAINAGE .....</b>	<b>66</b>
<b>TABLE 31: GRAVEL ROAD INFRASTRUCTURE .....</b>	<b>67</b>
<b>ROAD MAINTENANCE PROGRAMME .....</b>	<b>67</b>
<b>MUNICIPAL DISASTER GRANT EXPENDITURE .....</b>	<b>67</b>
<b>TABLE 32: VILLAGES BENEFITTED FROM DISASTER PROJECTS.....</b>	<b>68</b>
<b>TABLE 33: VILALGES BENEFITTED FROM ADDITIONAL FUNDING .....</b>	<b>69</b>
<b>MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE .....</b>	<b>71</b>
<b>TABLE 34: CAPITAL EXPENDITURE 2023/2024: ROAD SERVICES.....</b>	<b>71</b>

DEVELOPMENT PLANNING.....	71
AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY .....	72
AUTHORIZED OFFICIAL.....	72
MUNICIPAL PLANNING TRIBUNAL .....	72
TABLE 35: LAND USE APPLICATIONS .....	72
APPEAL AUTHORITY.....	72
TABLE 36. BUILDING AND ZONING PLANS (2023/2024) .....	73
LOCAL ECONOMIC DEVELOPMENT .....	73
TABLE 37: EPWP JOBS CREATED .....	73
CHAPTER 4 .....	74
CHAPTER 4 : MUNICIPAL PERSONNEL .....	76
COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE .....	76
TABLE 38 EMPLOYEE NUMBERS AND VACANCIES.....	76
TABLE 39: EMPLOYEE AGE MIX.....	77
TABLE 40. TURNOVER RATE.....	77
COMPONENT B: MANAGING MUNICIPAL WORKFORCE .....	78
TABLE 41. HUMAN RESOURCES POLICIES .....	78
HEALTH AND SAFETY MATTERS .....	79
INJURY ON DUTY .....	79
TABLE 42 INJURIES RECORDED DURING THE YEAR.....	79
TABLE 43: INJURY ON DUTY COSTS .....	80
PUBLIC INCIDENTS .....	80
ABSENCE DUE TO ILL HEALTH .....	80
4.2.1. SICK LEAVE.....	80

TABLE 44: EMPLOYEES LEAVE COST .....	81
DISCIPLINARY ACTION.....	82
TABLE 45 MISCONDUCT .....	82
TABLE 46. GRIEVANCES .....	83
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	83
SKILLS DEVELOPMENT AND TRAINING .....	83
TRAINING.....	84
Table 47: TRAINING PROVIDED FOR COUNCILLORS .....	84
WORK INTERGRATED LEARNING AND INTERNSHIP PROGRAMME .....	85
TABLE 49: WORK INTEGRATED LEARNING AND INTERNSHIP BY POPULATION GROUP, GENDER, AND AREAS OF STUDY.....	86
TABLE 50: EMPLOYEES BURSARIES PER POPULATION GROUP, GENDER, AND AREAS OF STUDY .....	86
TABLE 51. CAPACITY BUILDING.....	87
COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE: .....	87
CHAPTER 5 .....	89
CHAPTER 5: FINANCIAL PERFORMANCE.....	90
5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE .....	90
TABLE 52: GRANT SCHEDULE .....	90
COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE .....	92
5.2.FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED.....	92
Table 53: FINANCIAL SUMMARY.....	92
5.2.2. GOVERNMENT CAPITAL GRANTS.....	92
Table 54: CAPITAL GRANTS RECEIVED AND SPENT.....	92
5.2.3. MUNICIPALITY APPROVED POLICIES.....	93

Table 55: Budget Related Policies .....	93
5.2.4.THE ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES .....	93
TABLE 56: DEBT BOOK PER AREA .....	94
5.2.5. ASSET MANAGEMENT .....	94
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/24.....	95
TABLE 57: THREE LARGEST ASSETS.....	95
FINANCIAL RATIOS BASED ON KEY FINANCIAL INDICATORS.....	96
TABLE 58: FINANCIAL RATIOS .....	96
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET.....	98
5.3. SPENDING ON 5 LARGEST PROJECTS .....	98
Table 59: CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS .....	98
Table 60: CAPITAL EXPENDITURE.....	99
COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS .....	99
5.4. CASH MANAGEMENT .....	99
TABLE 61: BORROWINGS .....	100
5.4.4. CASH AND CASH EQUIVALENTS.....	100
TABLE 62: STATEMENT OF CASH FLOW .....	100
5.4.5. COMMENT ON CASH FLOW .....	101
COMPONENT D: OTHER FINANCIAL MATTERS.....	101
5.5. SUPPLY CHAIN AND EXPENDITURE MANAGEMENT.....	101
COMPETITIVE BIDDING PROCESSES ACTIVITY.....	102
TABLE 63: COMPETITIVE BIDDING .....	102
TABLE 64: BIDS NOT AWARDED.....	102
FORMAL WRITTEN QUOTATIONS AS AT 30 JUNE 2024 .....	102

TABLE 65: FORMAL WRITTEN QUOTATIONS.....	102
5.5.1. PROCUREMENT STATISTICS .....	103
5.5.2. SUMMARY OF PROCUREMENT STATISTICS .....	103
TABLE 66: PROCUREMENT STATS .....	103
5.5.3. EXPENDITURE.....	103
5.5.4. GRAP COMPLIANCE .....	104
5.5.5. MSCOA IMPLEMENTATION .....	104
CHAPTER 6 AG FINDINGS .....	105

**ANNEXURES A 1**

**2023/24 AUDIT REPORT**

**2023/24 AUDITED ANNUAL FINANCIAL STATEMENT**

**2023/24 AUDITED PERFORMANCE REPORT**





## GLOSSARY

<b>ACDP</b>	- African Christian Democratic Party
<b>ADMD</b>	- After Diversity Maximum Demand
<b>AFS</b>	- Annual Financial Statements
<b>AG</b>	- Auditor General
<b>AGSA</b>	- Auditor General South Africa
<b>ANC</b>	- African National Congress
<b>APAC</b>	- Audit and Performance Assessment Committee
<b>B&amp;T</b>	- Budget and Treasury
<b>CFO</b>	- Chief Financial Officer
<b>CIPRO</b>	- Companies and Intellectual Property Registration Office
<b>COGTA</b>	- Cooperative Governance and Traditional Affairs
<b>COGHSTA</b>	- Department of Cooperative Governance, Human Settlement and Traditional Affairs
<b>COPE</b>	- Congress of the People
<b>CPMD</b>	- Consolidated Program for Management Development
<b>DA</b>	- Democratic Alliance
<b>DCOMS</b>	- Department Community Services
<b>DCSS</b>	- Department Corporate Services
<b>DDP</b>	- Department Development Planning
<b>DTS</b>	- Department Technical Services
<b>EAP</b>	- Employee Assistance Program
<b>EEP</b>	- Employment Equity Plan
<b>ERM</b>	- Enterprise Risk Management
<b>EXCO</b>	- Executive Committee
<b>FBE</b>	- Free Basic Electricity
<b>FBS</b>	- Free Basic Services
<b>FBW</b>	- Free Basic Water
<b>GRAP</b>	- General Recognized Accounting Practice
<b>HH</b>	- Households
<b>ICT</b>	- Information and Communication Technology
<b>IDP</b>	- <b>Integrated Development Plan</b>
<b>IIA (SA)</b>	- Institute of Internal Auditors (SA)
<b>INEP</b>	- Integrated National Electrification Program
<b>IT</b>	- Information Technology
<b>KPA</b>	- Key Performance Area
<b>KPI</b>	- Key Performance Indicator
<b>LED</b>	- Local Economic Development
<b>LGSETA</b>	- Local Government Sector Education & Training Agency
<b>MFMA</b>	- Municipal Finance Management Act
<b>MLM</b>	- Makhado Local Municipality
<b>MM</b>	- Municipal Manager
<b>MPAC</b>	- Municipal Public Accounts Committee
<b>MSA</b>	- Municipal Structures Act No.17 of 1998
<b>MSA</b>	- Municipal Systems Act No.32 of 2000
<b>NERSA</b>	- National Electricity Regulator South Africa
<b>OHS</b>	- Occupational Health and Safety

<b>OPCA</b>	-	Operation Clean Audit
<b>PAC</b>	-	Pan Africanist Congress of Azania
<b>PMS</b>	-	Performance Management System
<b>RD</b>	-	Refer to Drawer
<b>RDP</b>	-	Reconstruction and Development Program
<b>SCM</b>	-	Supply Chain Management
<b>SDBIP</b>	-	Service Delivery and Budget Implementation Plan
<b>SDP</b>	-	Skills Development Plan
<b>SITA</b>	-	State Information Technology Agency
<b>SLA</b>	-	Service Level Agreement
<b>SMME</b>	-	Small, Medium and Micro Enterprise
<b>VDM</b>	-	Vhembe District Municipality
<b>WSA</b>	-	Water Services Authority
<b>WSP</b>	-	Water Services Provider
<b>WPSP</b>	-	Work Place Skills Plan



# **CHAPTER 1**

# **INTRODUCTION AND OVERVIEW**

## CHAPTER 1: INTRODUCTION AND OVERVIEW

### COMPONENT A- MAYOR'S FOREWORD AND EXECUTIVE SUMMARY:

#### MAYOR'S FOREWORD



Her Worship Mayor  
Cllr Mboyi M.D

I am pleased to introduce the Annual Report for the **2023/2024** financial year. This report provides an overview of our progress in meeting the goals we set during this period, highlights our key achievements, and offers valuable insight into the Municipality's performance for the benefit of our stakeholders and communities.

As we continue to align our mandate with the Local Government framework outlined in the South African Constitution, our responsibilities are shaped by the diverse expectations of our citizens, which we gather through public consultations as part of our Integrated Development Plan (IDP).

Our goal is to serve all our communities, regardless of their location. This report reflects our ongoing efforts to meet the service delivery expectations set in the **2023/2024** Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plans (SDBIP). We understand the importance of improving services, addressing challenges, and building on our successes as we continue to grow.

We are committed to establishing Makhado as a centre for socio-economic development by **2050**. This vision is based on the growth of key local industries such as mining, tourism, and agriculture. We aim to attract both local and international investors, making Makhado the preferred destination for investment in the northern region of Limpopo Province.

Our **Ward Committees** continue to be essential in engaging communities, ensuring that their needs are reflected in our plans. These committees remain key to planning, monitoring, and implementing services, even as we work through challenges such as the impact of the COVID-19 pandemic.

The **2023/2024** financial year has seen solid progress in key infrastructure projects. Our leadership and oversight committees are focused on making sure that public resources are used effectively. We are proud to report that:

- We achieved **100% utilization** of the Integrated National Electricity Program (INEP) and Municipal Infrastructure Grant (MIG) funds.
- The Disaster Grant was utilized 100% by mid-year, and we were awarded additional funds to further support critical initiatives.

- Despite challenges, we were able to secure an **unqualified audit opinion** with fewer findings, reflecting our improvements in financial management.

We are committed to further developing and maintaining vital infrastructure. In **2023/2024**, we made important investments in:

- **Strategic roads:** Improving accessibility and connectivity for communities.
- **Stormwater systems:** Better managing water resources and reducing flood risks.
- **Electricity infrastructure:** Expanding access to reliable electricity for households and businesses.

These efforts are essential for supporting the growth of Makhado and improving the quality of life for all our residents.

The Municipality continues to work with the **Vhembe District Municipality**, **Provincial Government**, and **National Government** to improve service delivery. We are focused on planning together, sharing knowledge, and applying best practices to help overcome challenges and create a stronger, more sustainable community.

On behalf of the Executive Committee and the entire leadership of the municipality, I would like to thank all Councilors, staff members, especially the Municipal Manager and management team, traditional leaders, service providers, media, and labour unions for their continued hard work in serving the people of Makhado Local Municipality.

I also want to thank the **Office of the Speaker** and the **Chief Whip** for their continued support. Our collective efforts are our greatest strength as we move forward.

Looking back on the **2023/2024** year, we remain focused on the work ahead. With the cooperation of all our stakeholders, we are confident that we will continue to make significant progress toward realizing the vision of a prosperous and thriving Makhado Municipality.

Thank you.

**Cllr. Dorcus Mboyi**  
**Mayor: Makhado Municipality**

## COMPONENT B: EXECUTIVE SUMMARY

### MUNICIPAL MANAGER’S FOREWORD



**Mr K.M Nemaname**  
**Municipal Manager**

Makhado Local Municipality Annual Report for the 2023/2024 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General South Africa at the same time as the Annual Financial Statements in August each year.

This report records the performance and progress made by Makhado Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the financial year 2023/2024. Municipal powers and functions of Makhado Local Municipality for the year 2023/24 are as depicted in the table below:

**TABLE 1: POWERS AND FUNCTIONS**

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

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

Senior management positions were filled, except for the Chief Financial Officer and the Technical Service Director who left her position during November 2023. The filling of these critical positions assisted in a greater way towards the achievement of the municipal objectives.

As of the 30 June 2024, the municipality managed to achieve 70% of its Key Performance Indicators within its Service Delivery and Budget Implementation Plan. This represents a continuous commitment in improving the services that the municipality renders to its community.

Regarding the provision of basic services, the municipality managed to provide a total of 5150 households with access to basic electricity during the year under review.

In pursuit to improve the municipal environment, municipality continued to provide access to refuse removal to a total of 9140 urban households. It is the view of the municipality that basic services must be accessed by all citizens on an equal basis.

To improve municipal service delivery efficiency, forty (40) Skip bins, ten (10) heavy duty lawn mowers, twenty (20) brush cutters and four (04) chainsaw machines were purchased during 2023/2024 financial year.

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

At the end of the financial year the debt book amounted to R558 million, up from an amount of R478 million in the previous financial year. The increase in debtors during the financial year was R80 million, representing a 17% increase from the previous year.

The municipality continues to refer debt owed by some state organs to the Inter-Governmental Relations Forum. To date the major contributors to this debt are the Department of Rural

Development, Vleifontein Township, Dzanani Township, Waterval Township and communal properties (farms).

The municipality has during the year under review obtained an unqualified audit opinion with only one (01) finding as contained in the attached Auditor-General report.

To enhance revenue collection efforts, the municipality is in the process of identifying revenue leakages within the municipal revenue value chain. The loss revenue could be addressed through the following processes:

- Review of revenue management policies and by – laws
- Audit of electricity meters
- Customer data cleansing
- Indigent management and free basic services
- Meter management and land use/ zoning.
- Cost of supply studies and
- Tariffs review.

Electricity remains the largest source of income and contributes 64% to municipal revenue excluding capital & operational grants, whilst property rates contributed 17% of municipal revenue, whilst 19% is derived from other revenue.

The municipality managed to close the 2023/24 financial year with a total of R 14.7 million. The municipality can settle short-term obligations as they fall due. The municipality is in a healthy financial position.

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**Mr. K. M Nemaname**  
**Municipal Manager**

## COMPONENT C: MUNICIPAL OVERVIEW

### 1. MUNICIPAL OVERVIEW

The Makhado Local Municipality is one of the local municipalities, within the Vhembe District, Limpopo Province in the Republic of South Africa. The main town Louis Trichardt is strategically located on N1 and is an important bypass for people travelling to Southern African Developing Countries (SADC), and this provides the municipality with good and attractive economic opportunities. The municipality borders Molemole and Blouberg Local Municipality, which are part of the Capricorn District Municipality, Greater Giyani and Greater Letaba Municipalities, whilst from the Southeast, it shares the borders Mopani District Municipality. The municipal area covers a total of 8310,586 km<sup>2</sup> (or 831 058, 64 Hectares) and has a total population of 502 397 majority of which can be classified as predominately rural.

**FIGURE 1: LOCATION OF MAKHADO LOCAL MUNICIPALITY**



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
131 198	4413	<b>16 207</b>
Households	Households	RDP Houses

According to the approved 2023/24 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
5150	5150	R 558 million

Source: Annual Performance Report 2023/2024

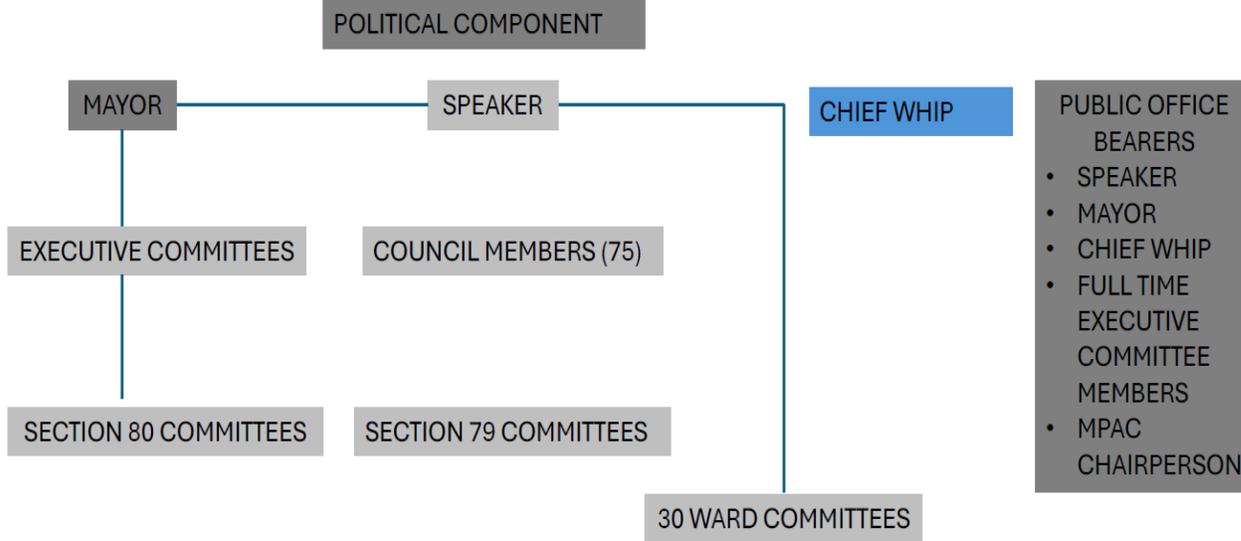
According to the approved Annual Performance Report 2023/24 IDP, a total of 5150 indigent households within the municipality received free basic services including free basic electricity.

The total debt owed to the municipality stood at R 558 million.

# **CHAPTER 2**

# **GOVERNANCE**



## COMPONENT A: GOVERNANCE

**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 a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

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

**FIGURE 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, Executive Committee, Section 79 Committees, Section 80 committees, Ward Committees, Municipal Planning Tribunal, Appeal Tribunal for Planning, Local Labour Forum, Audit Committee and Financial Disciplinary Board for Misconduct. 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 COMMITTEE

Makhado Municipality is a Category B municipality with 75 Councillors (37 proportionally elected and 38 Ward Councillors) 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 councillors elected are as follows:

**TABLE 4: REPRESENTATION IN COUNCIL – POLITICAL PARTIES**

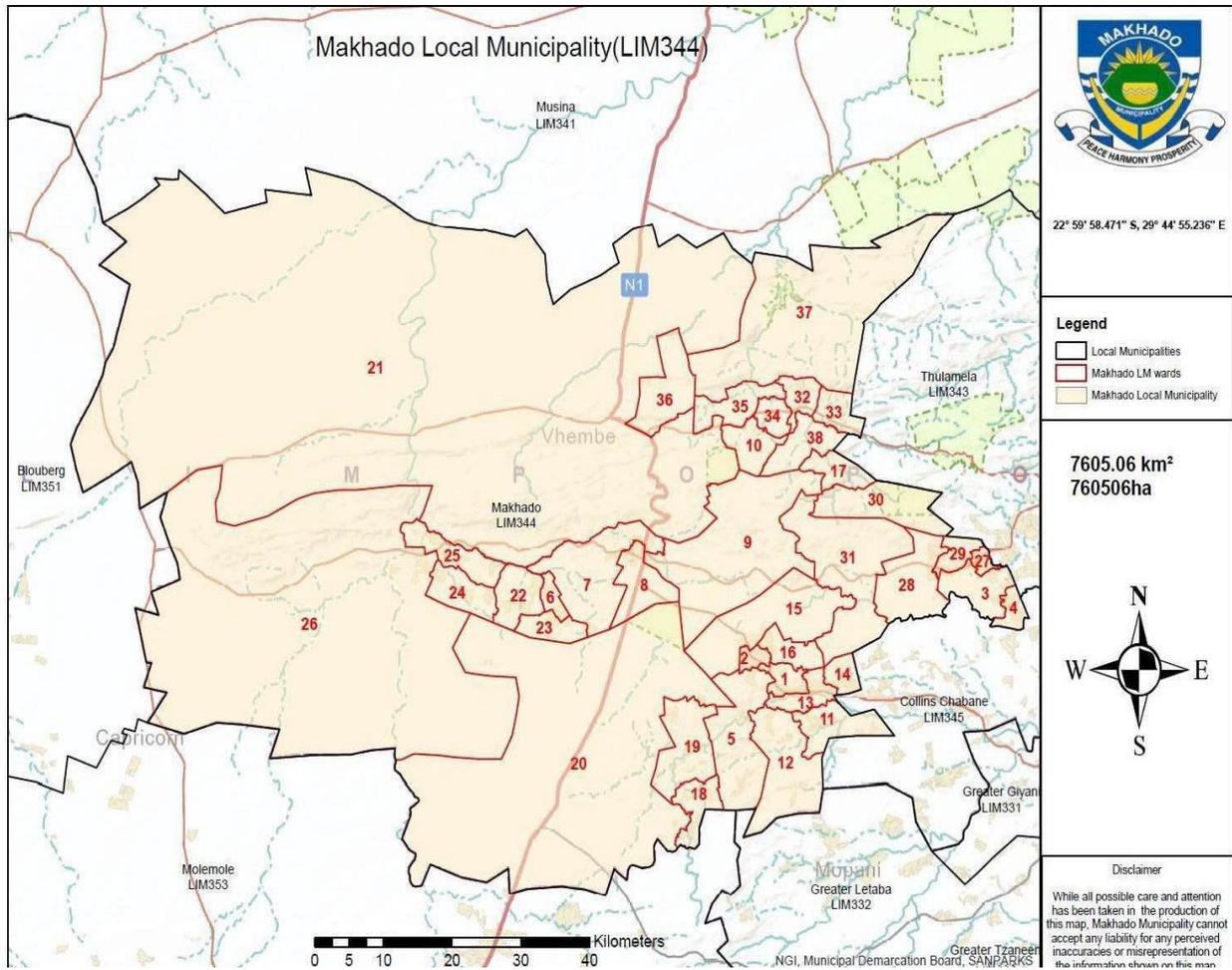
PARTY	NUMBER OF WARD COUNCILLORS	NUMBER OF PROPORTIONAL REPRESENTATIVE COUNCILLORS	TOTAL
African National Congress (ANC)	37	25	62
Democratic Alliance (DA)	1	4	5
Economic Freedom Fighters (EFF)	0	4	4
Vryheidsfront Plus	0	1	1
African people Convention	0	1	1
African Christian Democratic Party	0	1	1
International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

**TABLE 5: SENIOR TRADITIONAL LEADERS IN COUNCIL**

MEC for CoGHSTA has not designated- traditional leaders during 2023/24 financial year.

The map below displays the boundaries of Makhado municipality and its 38 wards.

**FIGURE 3 MAKHADO MUNICIPALITY AND ITS WARDS**



**TABLE 6: NAMES OF COUNCILLORS AND THE NUMBER OF MEETINGS ATTENDED.**

The table below depict Councilors of Makhado Municipality, and the number of meetings attended during the year under review from **July 2023 to June 2024**

	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
1.	BALOYI, R	11
2.	BALOYI, R S	11
3.	BALOYI, S E	13
4.	CHILILO, N F	12
5.	DAVHANA, N D	10
6.	DZHIVHUHO, A S	10
7.	ESTERHUIZEN, W L	9
8.	FURUMELE, M G	12
9.	GABARA, M J	12
10.	HLANGWANI, B	11
11.	HLONGWANE, B F	8
12.	JONES, N B	8
13.	KUTAMA, N	11
14.	KUTAMA, T	13
15.	MABASA, W	10
16.	MABUDU, H G	11
17.	MADAVHA, A	11
18.	MADZHIGA, F N	12
19.	MAGADA, M R	12
20.	MAHOSI, N S	11
21.	MAINGO, R T	9
22.	MAKAMU, T T	11
23.	MAKHUBELE, F P	13
24.	MAKWALA, M R	6
25.	MALANGE, M C	13
26.	MALANGE, T M	10
27.	MALIVHA, N V	12
28.	MALULEKE, H G	11
29.	MAMAFHA, T C	9
30.	MAMAFHA, T J	11
31.	MANGANYE, K N	10
32.	MAPHAHLA, A Z	8
33.	MAPHAKELA, K P	11
34.	MAPHUBU, K	12
35.	MARAGA, M	10
36.	MASHAMBA, L	12

	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
37	MASHAU, P	10
38	MASHAU, T C	11
39	MASIPA, P N	13
40	MASUKA, S	13
41	MATHALISE, L M	7
42	MATIDZA, T R	10
43	MATUMBA, N J	11
44	MBOYI, M D	13
45	MOKGOADI, M R	2
46	MPASHE, M J	13
47	MUDUNUNGU, N A	10
48	MUKHELI, K	11
49	MUKHUBA, R	12
50	MUKHUDWANA, R	11
51	MUKOSI, M	12
52	MUKOSI, M R	13
53	MUKWEVHO-MTILENI, G T	12
54	MULAUDZI, M E	11
55	MULEFU, M E	12
56	MUNYAI, N	10
57	MUNYAI, N S	7
58	MUSHANDANA, T T	12
59	NDOU, M D	10
60	NEMUDZIVHADI, N S	13
61	PHANGAMI, L	11
62	PHULUWA, M I	12
63	RALIPHADA, R	10
64	RAMALIVHANA, M	10
65	RAMALATA, T T	12
66	RAMALWA, M W	7
67	RAVELE, T R	9
68	SEBOLA, D J	13
69	SIMANGWE, N J	12
70	SINGO, M D	9
71	SITHI, E T	8
72	SMALLE, P	9
73	SWALIVHA, M	13
74	TSHIDAVHU, I A	5
75	TSHILAMBYANA, M S	10

### 2.3. COUNCIL MEETINGS

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

**TABLE 7: COUNCIL MEETINGS HELD**

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of meetings 2023/2024	4	9	13

A total number of thirteen (13) Council meetings were held comprising of four (4) ordinary meetings and nine (9) 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 members; five full-time members and five part-time members as arranged by General Notice 94 of 2016 promulgated by the MEC for Cooperative Governance, Human Settlements and Traditional Affairs as published in the Provincial Gazette No. 2735 dated 22 July 2016.

The designation of full-time councilors in terms of the provisions of Section 18(4) of the Local Government: Municipal Structures Act, 117 of 1998 read with Part 14 of the General Notice No. 94 of 2016 published in the Provincial Gazette no. 2735 dated 22 July 2016, coupled with the concurrence of the MEC for CoGHSTA and Council Resolution of 23 November 2021 stipulated the composition of Exco as follows:

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

Ten (10) Members of Executive Committee

	<b>Name</b>	<b>Party</b>	<b>Portfolio</b>	<b>Capacity</b>
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	
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	
8	Cllr K Maphubu	ANC	Disaster and Moral Regeneration	
9	Cllr N B Jones	DA		
10	Cllr M W Ramalwa	EFF		

**FIGURE 4 EXECUTIVE COMMITTEE MEMBERS**



**Her Worship Mayor  
Cllr MD Mboyi**

**FULL- TIME EXECUTIVE COMMITTEE MEMBERS**



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



**Portfolio Head  
Technical Services  
Cllr R Raliphada**



**Portfolio Head  
Budget & Treasury  
Cllr MR Magada**



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

**PART-TIME EXECUTIVE COMMITTEE MEMBERS**



**.... Portfolio Head  
..... Disaster & Moral  
.... Regeneration  
..... Cllr K Maphubu**



**Portfolio Head  
Community Services  
.... Cllr RT Maingo**



**..... Exco Member  
Cllr NB Jones**



**..... Exco Member  
..... Cllr MW Ramalwa**



**..... Portfolio Head  
Youth & Special  
.....Cllr SA Sithi**

**TABLE 8: EXECUTIVE COMMITTEE:**

COMMITTEE	NAMES OF COUNCILLORS 2023/24	NUMBER OF MEETINGS ATTENDED
EXECUTIVE COMMITTEE	1. MUNYAI, N S (Chairperson) (resigned as Chairperson in November 2023)	9
	2. MUNYAI, N	17
	3. MATUMBA, N J	20
	4. MAGADA, M R	21
	5. MUKWEVHO, G T (resigned in November 2023)	8
	6. MAPHUBU, K	17
	7. RALIPHADA, R	15
	8. MAINGO, R T	2
	9. RAMALWA, M W	12
	10. JONES, N B	13
	11. SITHI E T (elected in November 2023)	13
	12. MBOYI M D (elected Chairperson in November 2023)	12

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

**TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD (July 2023 to June 2024):**

2023/2024 FINANCIAL YEAR	NUMBER OF MEETINGS HELD
EXECUTIVE COMMITTEE	23

## 2.5. SECTION 79 OVERSIGHT COMMITTEES

TABLE 10: SECTION 79 OVERSIGHT COMMITTEE

	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	TECHNICAL SERVICES	<ol style="list-style-type: none"> <li>1. <b>N S Nemudzivhadi (Chairperson)</b></li> <li>2. M J Mpashe</li> <li>3. K M Manganye</li> <li>4. M D Singo</li> <li>5. W L Esterhuizen</li> <li>6. T C Mamafha</li> <li>7. T C Mashau</li> <li>8. M E Mulefu</li> <li>9. P Mashau</li> <li>10. N S Munyai</li> <li>11. N Kutama</li> </ol>	<p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>
2	CORPORATE SERVICES	<ol style="list-style-type: none"> <li>1. <b>I A Tshidavhu (Chairperson)</b></li> <li>2. P Smalle</li> <li>3. R Mukhuba</li> <li>4. T C Mashau</li> <li>5. A S Dzhivhuwo</li> <li>6. M Swalivha</li> <li>7. T R Ravele</li> <li>8. M S Tshilambyana (<i>elected 14 December 2021</i>)</li> </ol>	<p>7</p> <p>7</p> <p>9</p> <p>10</p> <p>6</p> <p>8</p> <p>3</p>
3	FINANCE	<ol style="list-style-type: none"> <li>1. <b>T T Makamu (Chairperson)</b></li> <li>2. A Madavha</li> <li>3. F P Makhubele</li> <li>4. L Mashamba</li> <li>5. L Phangami</li> <li>6. F N Madzhiga</li> <li>7. B Hlangwani</li> <li>8. W Mabasa</li> <li>9. K M Manganye</li> <li>10. M C Malange</li> <li>11.</li> </ol>	<p>2</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>1</p> <p>2</p>
4	COMMUNITY SERVICES	<ol style="list-style-type: none"> <li>1. <b>N S Mahosi (Chairperson)</b></li> <li>2. M J Mpashe</li> <li>3. K M Manganye</li> <li>4. M D Singo</li> <li>5. L Phangami</li> </ol>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>0</p>

	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
		6. M R Mokgoadi 7. T Kutama 8. L Mashamba 9. M J Gabara 10. M I Phuluwa	0 0 0 0 1
5	DEVELOPMENT PLANNING	1. <b>M D Ndou (Chairperson)</b> 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	1 1 1 1 1 0 1 1
6	DISASTER, MORAL REGENERATION, SPORTS, ARTS AND CULTURE	1. <b>M Makwala (Chairperson)</b> 2. A Madavha 3. A Z Maphahla 4. T R Ravele 5. N Kutama 6. M Swalivha 7. R Mukhudwana 8. S Masuka	0 0 0 0 0 0 0 0
7	SPECIAL PROGRAMMES	1. <b>L M Mathalise (Chairperson)</b> 2. M G Furumele 3. M J Gabara 4. T T Mushandana 5. M Ramalivhana 6. H G Maluleke 7. M I Phuluwa 8. N A Mudunungu	1 1 0 1 1 0 1 0

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

**TABLE 11: OVERSIGHT COMMITTEE MEETINGS HELD (July 2023 to June 2024):**

<b>2023/2024 FINANCIAL YEAR COMMITTEE</b>	<b>NUMBER OF MEETINGS HELD</b>
1. TECHNICAL SERVICES	2
2. CORPORATE SERVICES	11
3. FINANCES	2
4. COMMUNITY SERVICES	1
5. DEVELOPMENT PLANNING	1
6. DISASTER MANAGEMENT, MORAL REGENERATION AND SPORTS, ARTS AND CULTURE	0
7. SPECIAL PROGRAMS	1

**SECTION 79 STANDING COMMITTEES**

**TABLE 11: SECTION 79 STANDING COMMITTEES**

<b>NO.</b>	<b>STANDING COMMITTEE</b>	<b>CHAIRPERSON AND MEMBERS</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
1	MPAC	<ol style="list-style-type: none"> <li>1. <b>N V Malivha (Chairperson)</b></li> <li>2. M G Furumele</li> <li>3. F B Hlongwane</li> <li>4. K P Maphakela</li> <li>5. H G Mabudu</li> <li>6. S E Baloyi</li> <li>7. D J Sebola</li> <li>8. K Mukheli</li> <li>9. M E Mulaudzi</li> <li>10. M Mukosi</li> </ol>	<p>10</p> <p>6</p> <p>6</p> <p>4</p> <p>7</p> <p>10</p> <p>8</p> <p>10</p> <p>8</p> <p>10</p>
2	ETHICS	<ol style="list-style-type: none"> <li>1. <b>M Maraga (Chairperson)</b></li> <li>2. A Madavha</li> <li>3. T J Mamafha</li> <li>4. T T Mushandana</li> <li>5. F P Makhubele</li> <li>6. N D Davhana</li> <li>7. M R Mukosi</li> <li>8. T C Mashau</li> <li>9. N A Mudunungu</li> </ol>	<p>3</p> <p>2</p> <p>1</p> <p>3</p> <p>3</p> <p>3</p> <p>3</p> <p>2</p> <p>0</p>
3	RULES	<ol style="list-style-type: none"> <li>1. <b>N J Simangwe (Chairperson)</b></li> <li>2. K P Maphakela</li> <li>3. W Mabasa</li> <li>4. R Baloyi</li> <li>5. R Mukhuba</li> <li>6. B Hlangwani</li> <li>7. T T Ramalata</li> <li>8. N F Chililo</li> <li>9. L Mashamba</li> </ol>	<p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
4	WOMEN CAUCUS	<ol style="list-style-type: none"> <li>1. <b>T M Malange (Chairperson)</b></li> <li>2. H G Maluleke</li> <li>3. L Mashamba</li> <li>4. N J Simangwe</li> <li>5. T T Mushandana</li> <li>6. M R Mokgoadi (<i>passed away on 23 May 2024</i>)</li> <li>7. N S Mahosi</li> <li>8. M Swalivha</li> <li>9. N B Jones</li> <li>10. K N Manganye</li> <li>11. K P Maphakela</li> <li>12. M G Furumele</li> <li>13. T C Mashau</li> <li>14. M D Mboyi</li> <li>15. R T Maingo</li> <li>16. L M Mathalise</li> <li>17. N J Matumba</li> <li>18. T T Ramalata</li> <li>19. G T Mukwevho-Mtileni</li> <li>20. R Raliphada</li> <li>21. M J Gabara</li> <li>22. I A Tshidavhu</li> <li>23. B Hlangwani</li> <li>24. H G Mabudu</li> <li>25. M S Tshilambyana</li> </ol>	<p style="text-align: center;">0 0</p>

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

**TABLE 12: SECTION 79 STANDING COMMITTEE MEETINGS HELD:**

2023/24 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. MPAC	10
2. ETHICS	3
3. RULES	0
4. WOMEN CAUCUS	0

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.

## SECTION 80 COMMITTEES

TABLE 13: SECTION 80 COMMITTEES:

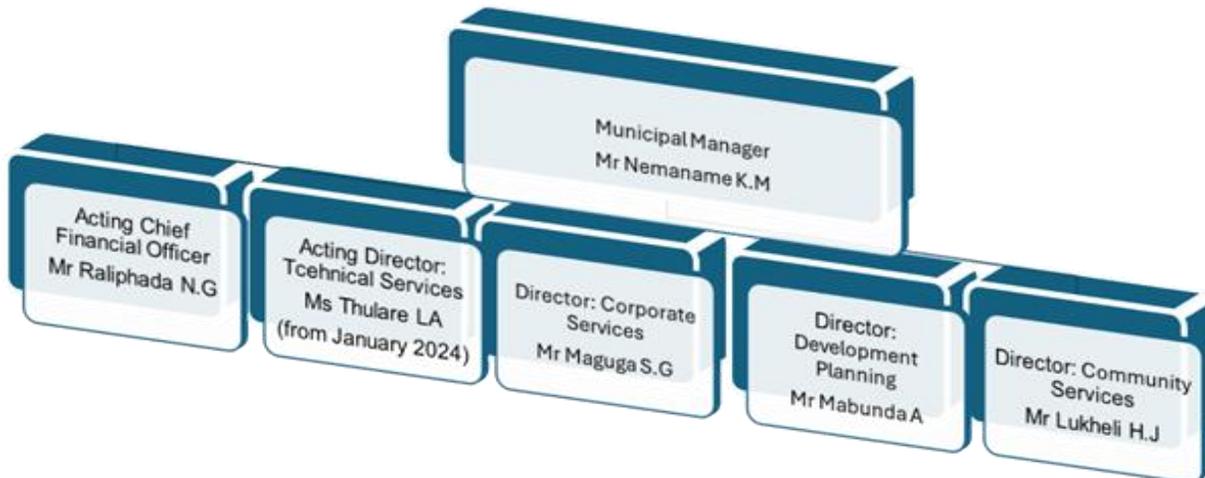
NO.	COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	GOVERNANCE AND FINANCIAL VIABILITY	<b>M R MAGADA (CHAIRPERSON)</b> M W RAMALWA N J MATUMBA	0 0 0
2	PUBLIC SAFETY AND SOCIAL DEVELOPMENT	<b>R RALIPHADA (CHAIRPERSON)</b> R MAINGO K MAPHUBU	0 0 0
3	DEVELOPMENT PLANNING AND MUNICIPAL INFRASTRUCTURE	<b>N MUNYAI (CHAIRPERSON)</b> G T MUKWEVHO (July to November 2023) N B JONES	0 0 0

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

## ADMINISTRATIVE GOVERNANCE STRUCTURE

### MUNICIPAL MANAGER & SENIOR MANAGEMENT STRUCTURE 2023/24

FIGURE 5: MANAGEMENT STRUCTURE



Note: Director Technical Services, Ms DG Siboi resigned in December 2023 and Ms LA Thulare was appointed to act as Director Technical Services from January to June 2024.

## **COMPONENT B**

### **2.6. INTERGOVERNMENTAL RELATIONS:**

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

The Municipality participates in the following IGR forums:

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

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

The municipality continued to hold its IDP Steering Committee meetings during the year under review with the IDP Representative Forum forming a base or platform for the public to make their contributions and hold the municipality accountable. An Imbizo is an initiative of the municipality where questions are answered; inputs are recorded, and advice are taken from the public about the municipality's programs and services. The Municipality held four Imbizos this financial year.

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

Municipality introduced different platforms for Public Participation as listed herein below:

- Ward Based Public Participation Meetings
- Imbizos
- IDP Representative Forum meetings
- MPAC Public hearing meetings.
- Makhado Local Municipality Facebook Page
- Makhado Municipality Twitter handle
- Makhado Municipality Newsletter
- Makhado Municipality Instagram
- Website([www.makhado.gov.za](http://www.makhado.gov.za)) update
- Press/Media Statement broadcasts and publications
- Media Interviews reports and broadcasts

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 hearing meetings provides platform for financial accountability. Social media is another platform that the municipality uses to inform and update communities about municipal activities.

### **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 ten (10) meetings and submitted forty-two (42) reports to Council for consideration. The MPAC conducted one (1) public hearing, one (1) public participation, four (4) inspection in loco and compiled MPAC oversight reports and submitted its recommendation to Council for approval within regulated timeframes.

## **COMPONENT D: CORPORATE GOVERNANCE**

### **GENERAL COMMUNICATION**

The Municipality has approved a Communication Strategy that is effective and provides guidelines for Communication unit operations.

Several media statements were produced, and radio interviews were conducted with Capricorn FM, Makhado FM, Energy FM, UNIVEN FM, Sekgosesa FM, Vhembe FM, Munghana Lonene FM, and Phalaphala FM.

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

The Municipality uses social media to communicate and receive feedback on services being rendered. To this effect the Municipality uses Facebook and Twitter. The Municipality also has a functional website. We had 47 000 followers on Facebook and 1500 followers on Twitter.

### **INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE**

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

The IDP is a tool that helps the local municipality focus on the most important needs of local communities 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.

## **INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE**

The Municipality has a functional Information and Technology Steering Committee that is chaired by the Accounting Officer. Its main task is the provision of oversight and assistance with cyber-Security related issues, ICT Risk and further guide and advice Council on ICT governance matters.

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

*“1. THAT Council approves to appoint a subcommittee of the Audit Performance and Audit Committee who will perform the ICT Governance oversight function consisting of the following members -Designated specialist from the APAC, Municipal Manager and All section 56 Managers.”*

The Terms of Reference (TOR) of the ICT Steering Committee is reviewed annually with the latest version approved in May 2024.

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

Objectives:

1. The activities and functions of the IT Strategy are aligned to the business strategy. Opportunities to improve the use of IT within Makhado Local Municipality are identified and exploited.
2. Optimal investment is made in IT, costs are managed, and the return on investment is measured.
3. Synergies between IT initiatives are enabled, and IT choices are in the best interest of the municipality as a whole and not only those of individual business units.
4. IT services are sourced optimally and legitimately.
5. IT risks are identified and adequately addressed. Assurance is obtained to ensure that an IT control

framework is in place to address IT risks.

6. Information, IT assets and intellectual property contained in IT systems are protected and effectively managed and used.
7. IT has adequate business resilience arrangements in place for business continuity.
8. Information Management is a joint IT and business responsibility.
9. IT use conforms to IT related laws and related rules, codes and standards are considered.
10. IT use is sustainable with respect to the environment.

## **PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEM**

- 1.1 Management in the year under review implemented the Council approved performance management development system Policy.
- 1.2 All employees have signed their performance agreements and plans.

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS:**

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

The Municipality participates in the following IGR forums:

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

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

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

scheduled.

## **ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)**

### **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 2024.

### **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 the Auditor-General (South Africa) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

▪

### **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).

## ATTENDANCE OF MEETINGS

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

**TABLE 14: APAC MEMBERS MEETINGS ATTENDED**

Name	Position in APAC	NUMBER OF MEETINGS ATTENDED							
		04 August 2023	29 August 2023	20 September 2023	27 November 2023	01 December 2023	26 January 2024	13 May 2024	17 June 2024
Ms S.J.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)

## 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 an acceptable level.

## INTERNAL AUDIT

The committee is satisfied that the internal audit unit has executed its 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 2023/2024 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 the 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 finding and recommendations and were tracked, managed, and reported to the APAC.

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 MFMA and Approved Internal Audit Charter. Further, the one-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.

### 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 15: RISK SCHEDULE**

#### 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 	

## **MATTERS OF CONCERN**

- The Audit and Performance Audit Committee is concerned with debt owed by some of the state organs.
- The municipality needs to finalize the Revenue Enhancement Strategy where the emphasis will be areas that the municipality is not collecting as intended.
- Data Cleansing on Revenue management System need to be performed

## **PERFORMANCE MANAGEMENT**

- The APAC considered performance management policy and procedure manual and recommended that Council to approve.
- 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 on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Accounting Officer and committed to put systems in place.

## **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 to monitor compliance with applicable laws and regulations be enhanced to ensure reliability. The Audit Committee also noted that compliance in some instances is not being addressed in a timely manner.
- The Council approved a materiality framework which provide 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.

## **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 are no differences of 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.

## **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).

## **APPRECIATION**

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

The Audit and Performance Audit Committee (APAC) further acknowledges the commitment by the Honorable Mayor Councilor 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, Auditor General and staff for the support and commitment in support to Audit and Performance Committee commendable work.

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

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

# **CHAPTER 3**

## **SERVICE DELIVERY PERFORMANCE**

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

### 3. OVERVIEW OF SERVICE DELIVERY

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

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

#### BACKLOGS

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

The electricity backlog stood at 4413 households, including the Eskom distribution area, predominantly comprised of new developments and extensions. By the end of June 2024, 380 households were provided with electricity in the Municipality. An additional 5095 households were added to the backlog. Therefore, the current electricity backlog is 9508 households.

#### 3.1. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED

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

During the year (2023/2024) under review, the Municipality implemented a total of **forty-six (46)** road infrastructure and other projects which include upgrading of gravel to surfaced roads, bridge infrastructure project, rehabilitation of streets, sports facility, recreational parks, fencing and other building projects.

Out of the forty-seven(47) projects, five (5) roads were upgraded, five (5) roads were rehabilitated and a new admin block at testing ground construction completed, twenty (20) other infrastructure projects complete, while fencing of five (5) cemeteries commenced during the year including **twelve (11) other** projects under construction.

### 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 from the Department of Energy (DoE) through the Integrated National Electrification Programme (INEP). Areas identified are formulated into projects that are incorporated into municipal IDP. Households in the advantaged areas are connected as and when application is received from individuals or developers.

During 2023/24, 380 households were connected to electricity, which represents an increase from the previous financial year.

**TABLE 16: NUMBER OF HOUSEHOLDS ELECTRIFIED**

Financial Year	Makhado Local Municipality	ESKOM	Total
2023/2024	30	350	380
<b>TOTAL</b>	<b>30</b>	<b>350</b>	<b>380</b>

The municipality electrified 380 households during the year under review.

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 which improves accessibility within the municipality. The roads infrastructure networks and storm-water systems must be reliable, so as to improve economic conditions of the municipality.

The intention is to ensure that the public have usable roads, this can be achieved through effective spending and high-quality maintenance of our roads. The major challenge for the municipality, as 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.

By end of June 2024, the following projects were implemented:

**TABLE 17: ROADS, STORMWATER AND BRIDGES PROJECTS**

<b>No.</b>	<b>Project Description</b>	<b>Status</b>
1.	Rehabilitation of Rissik Street	100% completed
2.	Rehabilitation of Barnard Street	100 % completed
3.	Rehabilitation of Unika Street	100% completed
4.	Rehabilitation of Corner Krogh and Stubbs Street (paving)	100% completed
5.	Rehabilitation of Songozwi street	50% Construction
6.	Upgrading of Midoroni Clinic Ring Road	86% Progress
7.	Upgrading of Luvhalani to Dzananwa Access Roads	62 % Progress
8.	Makatu to Tshikota Access Road	98% Progress
9.	Development of roads and stormwater 164 new stands at Tshikota	13% completed
10.	Development of roads and stormwater at south of Pretorius 700 new stands	20.92% completed
11.	Upgrading of Tsianda Marundu to military base phase 1	31.5% completed
12.	Upgrading of Sivananda Street	50% progress
13.	Rehabilitation of Breda Street	100% Completed
14.	Lutanandwa Access Road and bridge Phase 2	100% completed
15.	Tshedza to Vuvha Access Road Phase 4	100% Completed
16.	Construction of Vleifontein Clinic Access Road	100% Completed
17.	Construction of Waterval Clinic Ring Road	100% Completed

**TABLE 18: OTHER PROJECTS**

1.	Construction of concrete palisade fence at Tshikota & Ltt cemeteries	78% progress
2.	Construction of Admin Block at Testing Ground	100% progress
3.	Construction of concrete palisade fence at Ramantsha cemeteries	78% progress
4.	Development of Dzanani Park Phase 2 (Installation of outdoor gym, playing equipment and swimming pool)	100% completed
5.	Construction of concrete palisade fence at Tshituni cemeteries	Construction
6.	Construction of concrete palisade fence at Maguvhuni	78% progress
7.	Kutama Sithumule Sports Facility	79% progress
8.	Construction of palisade fence at Waterval stores	80% progress
9.	Construction of palisade fence at Maduwa	50% progress
10.	Construction of Landfill Site at Makhado and Recycling Center (Additional Mega Cell and Stormwater Infrastructure)	100% progress
11.	Construction of Dzanani Taxi Rank and Market Stalls	29% progress
12.	Rehabilitation of Vondeling Landfill Site	100% complete
13.	Refurbishment change rooms, grandstand, and ablution facilities of Rabali stadium	100% complete
14.	Refurbishment of Muwaweni community Hall	100% complete
15.	Construction of ablution block at Waterval stores	100% complete
16.	Construction of 6 x guardroom and paypoint (Tshiozwi)	100% complete
17.	Construction of 6 x guardroom and paypoint (Matshavhawe)	100% complete
18.	Construction of 6 x guardroom and paypoint (Khomele)	100% complete
19.	Construction of 6 x guardroom and paypoint (Zamekomste)	100% complete
20.	Construction of 6 x guardroom and pay point (Tshiendeulu)	100% complete
21.	Construction of 6 x guardroom and paypoint (Mudimeli)	100% complete
22.	Construction of guardroom (Tshikota community hall)	100% complete
23.	Construction of guardroom (Ha Mutsha community hall)	100% complete
24.	Construction of guardroom (Makhado Municipality civic centre)	100% complete
25.	Construction of guardroom (Muduluni community hall)	100% complete
26.	Construction of guardroom (Swimming pool at Eltivillas)	100% complete
27.	Construction of Makhado Park sub switch room, guardroom and septic tank	100% complete
28.	Construction of Eltivillas sub switch room, guardroom and septic tank	100% complete

### 3.2. CHALLENGES

The major challenge experienced during the year is the communities 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.

#### 3.3.1 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 a free basic electricity (FBE) policy which is designed to service the poor households or indigents.

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 **30** households were electrified within the municipality's licensed area. Makhado Local Municipality electrified **350** within Eskom's licensed area.

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

**TABLE 19 ELECTRICITY CONNECTIONS**

No	Village	Ward	Connections	Source of Funding
1	Mpheni		36	INEP
2	Magangeni		52	INEP
3	Mawoni		113	INEP
4	Dzivhalanombe		149	INEP
5	Maangani		7	Income
6	Tshiozwi		6	Income
7	Straighthardt		6	Income
8	Tshikota		5	Income
9	Ndouvhada		6	Income
<b>TOTAL</b>			<b>380</b>	

It should be noted that the municipality is doing well with regards to electrification projects and the municipality has a total of 7 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 2023/2024 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.

We have managed to energize 42 high mast's lights on the following villages:

- Maelula - Completed
- Mandiwana - Completed
- Tshikuwi - Completed
- Mulangaphuma - Completed
- Tshirangadzi - Completed
- Tshifhefhe - Completed
- Muwaweni - Completed
- Tshiswenda - Completed
- Funyufunyu - Completed
- Dzananwa - Completed
- Mangilasi - Completed
- Tshiswiswini - Completed
- Ndiitwani - Completed
- Kwekwe - Completed
- Tshitale - Completed
- Madombidzha Zone 02 - Completed
- Madombidzha Zone 01 - Completed
- Tshikhudo - Completed
- Tshikwarani - Completed

- Madabani - Completed
- Tshitavha – Completed
- Siloam - Completed
- Tshikumbu - Completed
- Mbhokota - Completed
- Riverplats - Completed
- Elim - Completed
- Nthabalala thondoni - Completed
- Madodonga - Completed
- Makhitha - Completed
- Ndouvhada - Completed
- Ramantsha - Completed
- Mashau thondoni - Completed
- Songozwi - Completed
- Makhado park - Completed
- Hendrick Potgieter Park - Completed
- Kameel Park - Completed
- Eltivillas Park - Completed
- Mimosa Park - Completed
- Tshiruluni Park - Completed
- Makhado Park- Completed
- Rose Park - Completed
- Meerkat Park - Completed

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

**FAULTS REPORTED AND ATTENDED**

**TABLE 20: ELECTRICITY FAULTS**

<b>Unplanned outages</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Reported and attended	12 852	17 863	20143

**TABLE 21: CALL CENTRE STATISTICS – ELECTRICITY**

<b>MONTH</b>	<b>Total Number of Electricity Cases Reported</b>	<b>Total Number of Electricity Cases Resolved</b>
JULY 2023	1701	1701
AUGUST 2023	1433	1433
SEPTEMBER 2023	1598	1598
OCTOBER 2023	1857	1857
NOVEMBER 2023	1509	1509
DECEMBER 2023	2712	2712
JANUARY 2024	1805	1805
FEBRUARY 2024	1429	1429
MARCH 2024	1429	1429
APRIL 2024	1638	1638
MAY 2024	1516	1516
JUNE 2024	1516	1516
<b>TOTAL</b>	<b>20143</b>	<b>20143</b>

## 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 22: ELECTRICITY LOSSES**

Year	2021/2	2022/23	2023/24
Losses	11%	11%	12%

## PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)

Makhado Municipality provides a “boundary-to-boundary” waste management service in public areas. Property owners, organizations, business entities or individuals who occupy premises, are responsible for maintaining cleanliness and hygiene standards on their premises (on-site inside property boundaries), keeping with the norms determined by applicable by-laws.

Makhado’s own services are clustered per the following categories and the suite of services required for managing waste through a combination of an internal service mechanism:

1. General waste collection services, including the transportation of waste to a transfer station, or drop-off site for recyclables, or a disposal facility;
2. Cleaning/ cleansing, consisting of a wide range of cleaning services for all public spaces and streets under Municipal’s jurisdiction. This includes litter bin provision and servicing, street sweeping, litter picking, the clearing of illegal dumping and animal carcasses, cleaning of industrial pollution, waste and debris generated by acts of nature and processes;
3. Disposal services, which include the maintenance and operation of collection facilities, waste transfer station and landfill sites;
4. Technical support services: Makhado municipality operates a fleet of vehicles that are specially equipped for the task of waste collection, cleaning, and transportation of waste to landfill sites.
5. General management, contract management, customer relations, information, administrative and planning support: These are various services that are provided to manage and provide additional support for the operational services.

The Municipality has a responsibility to abide by statutes, policies and guidelines that are introduced by National and Provincial Departments from time to time. In this regard, Makhado municipality acknowledges the regulatory oversight that must be exercised in terms of legislative compliance as well as the allocation of funds in aid of achieving National and Provincial objectives at the local government level. Conversely, these Departments have a responsibility to ensure that timeous communication and inter-governmental transfer of funds enables the Council to execute its duties and obligations.

The municipality has three (3) waste licenses/ permits which are for Makhado Waste Landfill site, Dzanani Waste transfer station and Vondeling Landfill Site (Closed). With regards to waste drop off facilities, the municipality has an existing six (6) drop off sites and 160 refuse skip bins are strategically located in 38 wards within the municipality.

As part of poverty alleviation, the municipality has appointed a total number of 350 work opportunities as part of Extended Public Works Program (EPWP).

As per our service standards, all domestic households in R293 towns are serviced once per week, whilst businesses were serviced twice per week. During the year under review a total number of 9140 in urban households were serviced, 1200 businesses were serviced twice per week, and Central Business District's (CBD) were serviced daily.

The Municipality has appointed service providers for the development of waste disposal mega cell and stormwater at Makhado Landfill site and Rehabilitation of the existing Vondeling Landfill Site Phase 2. During the year under review an additional 40 x 6 and 9 cubes refuse skip bins were purchased and allocated according to the demand in different villages as a way of extending refuse removal in rural areas. As a way of appreciating and encourage business owners to practice proper waste management practices at their premises, the municipality purchased 1000 x 240L Wheelie bins and distribute them to business within Makhado municipal area.

**TABLE 23: WASTE MANAGEMENT PROGRAMMES**

Item.	2021/2022	2022/2023	2023/2024
Nakisani Vhupo Hashu program	304 Workers	350 Workers	350 Workers
Cleaning of public open spaces	519 M <sup>2</sup>	519 M <sup>2</sup>	519 M <sup>2</sup>

The municipality had planted 450 indigenous trees in schools, public facilities, and traditional offices as a way of fighting against climate change. The municipality has conducted 12 Environmental workshops and clean-up campaigns in all 4 Makhado municipality regions. As a way of encouraging communities to minimize waste, the municipality has formed a Local Recycling Forum with a committee to champion all waste recycling issues within the municipal area.

To comply with landfill site permit conditions the municipality drilled additional groundwater monitoring borehole at Vondeling landfill site, conducted a chemical laboratory test and external audit for both Vondeling and Makhado new Landfill site using an appointed service provider. The municipality also completed the regraveling of 4 km road to Makhado Landfill site which now makes the landfill site users to access the site easily.

**TABLE 24: SOLID WASTE SERVIC DELIVERY**

<b>SOLID WASTE SERVICE DELIVERY LEVELS</b>			
<b>DESCRIPTION</b>	<b>HOUSEHOLDS</b>		
	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
	<b>ACTUAL NUMBER</b>	<b>ACTUAL NUMBER</b>	<b>ACTUAL NUMBER</b>
<b><u>Solid Waste Removal: (Minimum level)</u></b>			
Removed at least once a week	9140	9140	9140
<i>Minimum Service Level and Above sub-total</i>	<b>9140</b>	<b>9140</b>	<b>9140</b>
<i>Minimum Service Level and Above percentage</i>	100%	100%	100%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>			
Removed less frequently than once a week	-	12 787	29 101
Using communal refuse dump	-	1655	2776
Using own refuse dump	-	105 702	96 780
Other rubbish disposal	-	1374	1317
No rubbish disposal	-	12 552	5998
<i>Below Minimum Service Level sub-total</i>	-	134 070	135 975
<i>Below Minimum Service Level percentage</i>	-	83%	83%
<b>Total number of households</b>	-	<b>134 889</b>	<b>140 338</b>

Note: Of the total number of households (134 889) Makhado provides waste management services to approximately 9140 (formal) collection points and 159 (rural) collection points. 125 590 are not serviced as these are properties that are either in rural areas where they are serviced by way of a skip bin placed in different villages, vacant, open spaces or in other similar circumstances.

## COMMUNITY & SOCIAL SERVICES

The Municipality has a total number of seven Halls which are strategically positioned in all regions for utilization by community members. These halls are income generating from bookings by members of the community facilitated by the department of development and planning. These halls are situated at Makhado Show Ground, Dzanani, Ha-Mutsha, Watervaal, Vleifontein, Njakanjaka and Muduluni. The halls are well maintained and cleaned for better service and safety of community members

## 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 ten(10) 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 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS**

ACTIVITY	2020/2021	2021/2022	2022/2023	2023/2024
Books issued	308	811	1358	1623
Satellite Libraries	10	9	9	10
New Members	50	65	105	69

The Municipality is having one (01) main Library and ten (10) satellite libraries which is Emmanuel High School, Maluta High School, Kutama High School, LTT Prison, KIDS Academy, Litshovhu, Musekwa, Dzanani, Mukondeni, Tshifhire Primary School, however the municipality is in a process of establishing additional satellite library at Tshakhuma Community Hall. A total number of 1623 books were issued to library users and the number of new members increased by 69, during the year under review.

## 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.

## SPECIAL PROGRAMMES

Special Programmes are located 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 26: SPECIAL PROGRAMMES**

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

## 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.

## DISASTER MANAGEMENT SERVICES

Regarding Disaster Management Services, the municipality had experienced a total number of sixty-six (66) fire and ninety-one (91) storm/flood incidences, and such a total number of one hundred and sixty-four (64) disaster relieve programs were conducted during the year under review.

**TABLE 27: DISASTER INCIDENTS**

Incidences	2021/2022	2022/2023	2023/2024
Fire Incidence	42	50	66
Storm/floods Incidence	123	181	91
Death Incidences	03	23	02
Burned Incident	0	2	00
Disaster relief programs	165	13	64

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

## 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.

## 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:

## 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 28: TRAFFIC & LICENSING ACTIVITIES:**

Activities	2021/2022		2022/2023		2023/2024	
	No. Notices	Amount	No. Notices	Amount	No. Notices	Amount
Written notices issued	6723	R3 666 340.00	9901	R6 002 150.00	8'996	R5 214 320.00
Department of Transport 80%	<b>Actual</b>		<b>Actual</b>		<b>Actual</b>	
	R18 476 513.23		R20 961 476.50		R14 975 034.36	
Municipality 20%	<b>Actual</b>		<b>Actual</b>		<b>Actual</b>	
	R4 619 128.31		R2 240 369.13		R3 743 758.56	

Out of the total of 8'996 written notices a total of R 1' 958,040.00 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.

## HOUSING

The provision of housing is the function of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and the municipality plays an active role in the coordination of the housing development projects by making land available for such development, providing lists of beneficiaries, identifying challenges, and resolving them with support from local stakeholders like Ward Committees and traditional leaders.

**TABLE 29 HOUSING PROJECTS**

<b>Financial Year</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
Service Targets	Target	Actual	Target	Actual	Target	Actual
Service Objectives	300	0	300	80	260	190

COGHSTA reduced twenty (20) units due to budget constraints. An additional twenty-four 24 unit had a geo-tech studies challenges whilst twenty-six (26) did not have stands.

## DELIVERY OF FREE BASIC SERVICES

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

Council has an approved Policy on Subsidy Scheme for Indigent Households.

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

## SERVICES SUBSIDISED:

### ELECTRICITY

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

### REFUSE REMOVAL

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

**TABLE 30: SUPPORT: LOW INCOME HOUSEHOLDS**

FINANCIAL YEAR		2021/2022		2022/2023		2023/2024	
SERVICE TARGETS		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
<i>Provision of Free Basic Services</i>	Electricity	2668	2668	4250	3855	5092	5150
	Refuse Removal	2668	2668	4250	3855	5092	5150

### 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 fifty-four-point six (3854.60) 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 2023/2024 financial year, the following roads were upgraded which contributed to the slight reduction of the backlog: Lutanandwa bridge & Access Road Phase 2, Rehabilitation of Breda Street, Tshedza to Vuvha Access road Phase 4, Upgrading of Vleifontein Clinic ring road, Upgrading of Waterval Clinic ring road. A total of 6.82km road upgraded.

**TABLE 31: GRAVEL ROAD INFRASTRUCTURE**

GRAVEL ROAD INFRASTRUCTURE				
KILOMETERS				
	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Surface	Gravel Roads Graded / Maintained
2021/22	4270.00 Km	0	8.50 Km	3867.00 Km
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

A total number of 6.82 kilometers of gravel roads have been upgraded to surface during the year under review.

#### **ROAD MAINTENANCE PROGRAMME**

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

A total number of 3854.60km kilometers of gravel roads has been maintained during the year under review.

Operation Pfula Ndlela was launched during the third quarter of the financial year, and the main purpose is to accelerate maintenance of gravel roads within the municipality. The program was implemented by both in-house team and external service providers. A total of 70km of blading and 38 loads and levelling of 20km were allocated per each ward. To date we continue with grading streets as per the set schedules. We have seen a major improvement in the accessibility of access roads.

#### **MUNICIPAL DISASTER GRANT EXPENDITURE**

Makhado Municipality received the first allocation of R3,5 million meant for disaster projects which was utilised to construct low -level culvert bridges in various areas which were damaged by heavy rains. The **objective** was to assist in storm water control to avoid further flooding and community cut-offs. Below is the list of areas where culverts were constructed:

**TABLE 32: VILLAGES BENEFITTED FROM DISASTER PROJECTS**

<b>No</b>	<b>Village/ arears</b>	<b>Ward no</b>	<b>Status</b>
1	Ravele	Ward 22	Completed
2	Madodonga	Ward 24	Completed
3	Magau	Ward 07	Completed
4	Madabani	Ward 24	Completed
5	Buysdorp	Ward 26	Completed
6	Maebane	Ward 25	Completed
7	Maname Paradise	Ward 36	Completed
8	Tshituni	Ward 35	Completed
9	Matsa	Ward 35	Completed
10	Khomela	Ward 37	Completed
11	Luvhalani	Ward 21	Completed
12	Biaba	Ward 10	Completed
13	Tshiozwi	Ward 06	Completed

The municipality has further received an additional funding of R18 000 000.00 in February 2024, and the following villages benefitted on the new construction of box culverts and other stormwater infrastructure:

**TABLE 33: VILLAGES BENEFITTED FROM ADDITIONAL FUNDING**

<b>Villages</b>	<b>Ward No</b>	<b>Project description</b>	<b>Status</b>
Dzanani Region			
Phaphaphani	35	1,2 x 1,2 box culverts	Construction
Mulenga	35	1,2 x 1,2 box culverts	Construction
Waterval Region			
Mulweli	16	1,2 x 1,2 box culverts	Construction
Khamusi	16	1,2 x 1,2 box culverts	Construction
Kanana	19	1,2 x 1,2 box culverts	Construction
Mashamba lada	11	1,2 x 1,2 box culverts	Construction
Shirley	1	1,2 x 1,2 box culverts	Construction
Corner Lemana	5	1,2 x 1,2 box culverts	Construction
Vhutuwangadzhebu	16	1,2 x 1,2 box culverts	Construction
Magulule	15	1,2 x 1,2 box culverts	Construction
Vari	15	1,2 x 1,2 box culverts	Construction
Mpheni block C	15	1,2 x 1,2 box culverts	Construction
Mpheni Dilinde	15	1,2 x 1,2 box culverts	Construction
Valdezia Dzhiweni	15	1,2 x 1,2 box culverts	Construction
Mavhina	14	1,2 x 1,2 box culverts	Construction
Posaito	14	1,2 x 1,2 box culverts	Construction
Skhosana	14	1,2 x 1,2 box culverts	Construction
Tshivhade	14	1,2 x 1,2 box culverts	Construction
Nghonyameni	14	1,2 x 1,2 box culverts	Construction

Skhunyameni	14	1,2 x 1,2 box culverts	Construction
Helenic Side	14	1,2 x 1,2 box culverts	Construction
Luvuvhu region			
Mashamba Mangilasi	3	1,2 x 1,2 box culverts	Construction
Thondoni codessa	3	1,2 x 1,2 box culverts	Construction
Muongamunwe	3	1,2 x 1,2 box culverts	Construction
Tshivhazwaulu	3	1,2 x 1,2 box culverts	Construction
Dambuwo	3	1,2 x 1,2 box culverts	Construction
Mathugana	3	1,2 x 1,2 box culverts	Construction
Ramakuba siabege	4	1,2 x 1,2 box culverts	Construction
Nditwani	4	1,2 x 1,2 box culverts	Construction
Tribal	4	1,2 x 1,2 box culverts	Construction
Matidza	4	1,2 x 1,2 box culverts	Construction
Thondoni	4	1,2 x 1,2 box culverts	Construction
Dutch to Tshino	4	1,2 x 1,2 box culverts	Construction
Matidza Thondoni	4	1,2 x 1,2 box culverts	Construction
Lutanandwa	29	1,2 x 1,2 box culverts	Construction
Tshakhuma market	29	900 diameter pipes	Construction
Tshandila	29	1,2 x 1,2 box culverts	Construction
Takalani Nemusumani	29	1,2 x 1,2 box culverts	Construction
Luvhalani	29	Open V drain	Construction
Ludanani	29	1,2 x 1,2 box culverts	Construction

Municipality has constructed Mamvuka culverts bridge which was as a result of community cut-off, due to heavy rainfall. Community at Mamvuka village was left stranded when the only access point to their village was isolated due to heavy rainfall. As a short-term solution, municipality constructed a culvert bridge to link the isolated community with access to services.

## MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE

Makhado Local Municipality receives MIG funding for development of its infrastructure. In 2023/2024 financial year a total of R108 015 000 was allocated in this regard. Municipality was able to spend 100% on MIG funding.

**TABLE 34: CAPITAL EXPENDITURE 2023/2024: ROAD SERVICES**

PROJECT NAME	MIG FUNDING	ACTUAL EXPENDITURE
Tshedza to Vuvha Access road Phase 4 -VAT Variance	R4 558 108.22	R4 558 108.22
Lutanandwa Access Road and bridge Phase 2	R3 058 897.79	R3 058 897.79
Landfill site Makhado + recycling Centre (regravelling)	R4 778 312.41	R4 778 312.41
Kutama-Sinthumule Sports Facility	R11 582 653.73	R11 582 653.73
Makatu to Tshikota Access Road	R15 888 169.94	R15 888 169.94
Upgrading of Midoroni Clinic Ring Road	R25 312 382.20	R25 312 382.20
Tshivhuyuni Sports Facility	R7 876 929.21	R7 876 929.21
PMU Management Fees	R3 092 871.37	R3 092 871.37
<b>TOTAL</b>	<b>R108 015 000</b>	<b>R108 015 000</b>

## DEVELOPMENT PLANNING

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

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

## **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 financial year under review the authorized official has considered 148 applications as compared to 154 applications during 2023/2024 financial year.

### **MUNICIPAL PLANNING TRIBUNAL**

During the 2023/2024 financial year the Municipal Planning Tribunal considered four (04) land development and land use applications.

<b>No</b>	<b>ITEM</b>	<b>Land use Rights Approved</b>
<b>1</b>	Township Establishment on Portion 5 and 12 of the farm Rondebosch 287 LS to be known as " <b>Louis Trichardt Extension 17 Township</b> "	Industrial Township
<b>2</b>	Township Establishment on Portion 7 of the Farm Serolle 204 MT to be known as " <b>Boabab Hills Estate Township</b> "	Residential Township
<b>3</b>	Rezoning and Subdivision of the proposed Portion of the Remainder of the Farm Waterval 45 LT	"Special" "Special" for (Filling Station, Transportation Hub and Hawkers facility)
<b>4</b>	Rezoning and Subdivision portion A of Farm Ledig No. 1172 LS	Filling Station and shops

**TABLE 35: LAND USE APPLICATIONS**

### **APPEAL AUTHORITY**

There were no applications considered by the Appeal Authority during 2023/2024 financial year. With regards to building and zoning plans, the table below detailed the 2023/2024 achievements per category of applications:

**TABLE 36. BUILDING AND ZONING PLANS (2023/2024)**

Category	Number of new applications
Building Control	234
Rezoning	17
Consolidation	05
Erven alienated	0
Subdivision	3
Consent	123
<b>TOTAL</b>	<b>357(382)</b>

During the year under review a total of 357 applications were attended to. This included 234 building control, 17 rezoning, 05 consolidation, no erven alienated, 03 subdivision and 123 consent applications

#### **LOCAL ECONOMIC DEVELOPMENT**

The Municipality is also responsible for Local Economic Development and in partnership with the National Departments, Tshakhuma Community Fruit Market, Erf 210 Burgher stalls and Rathidili Incubation Centre have been completed. The Municipality is in the process of constructing market stalls at Dzanani.

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 37:  
EPWP JOBS  
CREATED**

YEAR	JOBS CREATED THROUGH EPWP PROJECTS	
2023/2024	CWP	<b>1260</b>
2023/2024	EPWP	<b>851</b>
<b>TOTAL</b>		<b>2111</b>

# **CHAPTER 4**

## **MUNICIPAL PERSONNEL**



## CHAPTER 4 : MUNICIPAL PERSONNEL

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

As of 30 June 2024, Makhado Municipality had a total workforce of five hundred and ninety-two (592) employees, distributed to departments. The Table below depicts the number of employees and vacancies.

**TABLE 38 EMPLOYEE NUMBERS AND VACANCIES**

Description	No of Employees and Vacancies				
	2021/2022	2022/2023	2023/2024		
	No of Employees	No of Employees	No of Approved Posts	No of Employees	No of Vacancies
Municipal Manager's Office, Mayor, Chief whip & Speaker's Office	10	27	29	19	10
Corporate Services	60	50	86	59	27
Community Services	140	136	233	132	102
Technical Services	132	131	242	143	99
Development Planning	29	31	60	40	20
Budget & Treasury	52	62	108	70	38
Dzanani Regional Office	59	60	101	57	43
Waterval Regional Office	57	54	92	52	40
Luvuvu Regional Office	11	13	70	20	50
Zoutpansberg Regional Office			64	0	64
<b>TOTAL</b>	<b>551</b>	<b>564</b>	<b>1085</b>	<b>592</b>	<b>493</b>

The occupancy rate stands at 54.56% the vacancy rate is 45.44%. There is a need to fill vacancies, however the municipality must be cautious about the salary bill and not go beyond treasury threshold.

**TABLE 39: EMPLOYEE AGE MIX**

AGE PROFILE	MALE	FEMALE	Total
61-65 Years	40	30	70
51-60 Years	108	70	178
41-50 Years	119	66	185
31-40 Years	79	60	139
21-30 Years	9	11	20
<b>TOTAL</b>	<b>355</b>	<b>237</b>	<b>592</b>

Out of 592 employees, 70 are between the ages of 61-65, 178 are between the ages of 51-60, 185 are between the ages of 41-50, 139 are between the ages of 31-40, and 20 are between the ages of 21-30.

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

**TABLE 40. TURNOVER RATE**

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

Details	Total number of employees at the end of Financial Year	Terminations during the financial year	Turn-Over Rate %
2021/2022	551	28	5.08
2022/2023	564	23	4.08
2023/2024	592	34	5.70

The Municipality had a staff turnover of 5.70 %, which is 1.70 % higher than the previous financial year.

## COMPONENT B: MANAGING MUNICIPAL WORKFORCE

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

**TABLE 41. HUMAN RESOURCES POLICIES**

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

26	Danger Allowance Policy, 2023/2024	100%	31/05/2024
27	Employment Equity Plan 2023/2024	100%	31/05/2024
28	Official Time Policy, 2023/2024	100%	31/05/2024
29	Skills Development Policy, 2023/2024	100%	31/05/2024
30	Travel Allowance Policy, 2023/2024	100%	31/05/2024

Council Policies are normally reviewed annually.

## HEALTH AND SAFETY MATTERS

### INJURY ON DUTY

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

**TABLE 42 INJURIES RECORDED DURING THE YEAR**

S/NO	DATE OF ACCIDENT	GENDER	PARTICULARS OF ACCIDENT	LEAVE PERIOD	NO OF DAYS
01	05/07/2023	Male	Sprain shoulder while lifting heavy object	05/07/2023-06/07/2023	01
02	17/07/2023	female	Soft tissue injury	21/08/2023-23/08/2023	03
03	20/11/2023	female	Left leg burnt with hot water	20/11/2023-27/11/2023	06
04	23/02/2024	male	Involved in a motor car incident	23/02/2024-28/06/2024	86
05	02/04/2024	male	Head & shoulder injured when slips on the ground	17/04/2024-07/05/2024	14
06	11/04/2024	female	Hand injured by the tyre ring when it burst	11/04/2024-18/04/2024	06
07	11/04/2024	female	Soft tissue injury on right elbow and right arm	11/04/2024-18/04/2024	06
08	13/06/2024	male	Soft tissue injury	18/04/2024-20/05/2024	23
09	13/06/2024	female	Soft tissue injury	13/06/2024-17/06/2024	03
10	17/06/2024	male	Fell from the ladder	17/06/2024-01/07/2024	09

The table below depicts the cost incurred as a result of injuries on duty:

**TABLE 43: INJURY ON DUTY COSTS**

<b>NUMBER AND COST OF INJURIES ON DUTY</b>				
<b>Type of Injury</b>	<b>Injury Leave Taken</b>	<b>Employees Using Injury Leave</b>	<b>Average Injury Leave Taken Per Employee</b>	<b>Total Estimate Cost</b>
	<b>Days</b>	<b>No</b>		<b>Rand Value</b>
Injuries that require basic medical attention only	<b>34</b>	<b>07</b>		<b>R16 481,44</b>
Temporary total disablement	<b>123</b>	<b>03</b>		<b>R46 588,99</b>
Permanent disablement	None	None		None
Fatal	<b>None</b>	None		None
<b>TOTAL</b>	<b>157</b>	<b>10</b>	<b>15,7</b>	<b>R63 070,43</b>

The average leave days taken for injury on duty is 157 divides by 10(number of employees), equates to 15,7

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 of employees to reduce the high rate of incidents.

## **PUBLIC INCIDENTS**

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

## **ABSENCE DUE TO ILL HEALTH**

### **4.2.1. SICK LEAVE**

The employees are entitled to eighty days (80) sick leave in a three-year leave cycle in terms of the SALGBC Main Collective Agreement. Sick leave is managed through demanding sick notes from employees who are going on sick leave or are in sick leave his is coupled by application letter for sick leave which is further captured in Sage People 300 system.

**TABLE 44: EMPLOYEES LEAVE COST**

Salary Band	No of sick leave days taken	No of Sick Leave without medical certificate	No of Employees granted sick leave	Average Scale	Total Employees in posts	Estimated Cost
<b>MM and Section 57</b>						
1	0	0	0	<b>R829 965.99</b>	5	<b>0</b>
2						
<b>Management</b>	28	0	12	<b>R732 898.62</b>	37	<b>R82 084.65</b>

table below depicts further information on sick leave statistics.

3 4a						
Highly Skilled Supervision 4b 5 6	87	8	46	R543 414.18	88	R189 108.13
Highly Skilled Production 7 8	132	0	15	R371 674.57	67	R196 244.17
Skilled 9 10 11 12	177	0	24	R248 807.37	212	R176 155.62
Unskilled 13 14 15	231	0	23	R168 920.03	183	R156 082.11
<b>Total</b>	<b>655</b>	<b>8</b>	<b>120</b>	<b>R2 895 680.76</b>	<b>592</b>	<b>R799 674.68</b>

Estimated cost is calculated as follows

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

## DISCIPLINARY ACTION

### TABLE 45 MISCONDUCT

The table below depicts employees who were charged with misconduct.

Job Title	Type of misconduct	Suspension	Sanction	Date of Outcome
Snr Clerical Assistant	Gross Dishonesty	None	Final Written Warning plus 7 days suspension	23 February 2024
Artisan Plumber	Theft and Gross Dishonesty	None	Dismissal	15 June 2024

Snr Clerk Cashiers	Theft	Suspended	Pending	-
Electricity Vendor	Bribery and Theft	None	Pending	-
Assistant Accountant Billing	Dereliction of Duty	None	Withdrawn	23 February 2024
Cashier	Dereliction of Duty	None	Withdrawn	23 February 2024
Manager Revenue	Negligence	None	Withdrawn	23 February 2024
Service Worker	Aggressive and fighting	None	Final Written Warning for period of 12 months	19 January 2024
Attendant Control Room	Gross Dishonesty	Suspended	Pending	-

In terms of the Employees Disciplinary procedure and code, employees who get themselves involved in misconduct may be suspended and appear before disciplinary committee. Only two(2) employees were suspended during the year under review.

#### TABLE 46. GRIEVANCES

The table below depicts grievances lodged during the year under review

Position	Nature of alleged grievance	Outcome the lodged grievance	Date Finalized
Traffic Officer	Re-instatement to the initial position	Withdrawn	13 November 2023
Traffic Officer	Re-instatement to the initial position	Withdrawn	13 November 2023
Traffic Officer	Re-instatement to the initial position	Withdrawn	13 November 2023
Snr Clerical Assistant	Promotion to higher position	Withdrawn	23 February 2024

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### SKILLS DEVELOPMENT AND TRAINING

The municipality develops its workforce by ensuring that there is sustainable capacity building. This

was 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 was submitted to LGSETA. The skills audit assessment is a guiding tool on how training of Councilor's and officials was done during the year under review.

## TRAINING

The tables below provide demographic details, gender and various training provided to both Councilors and employees.

**Table 47: TRAINING PROVIDED FOR COUNCILLORS**

Demography	Field of study	Female	Male
African	Talent Management	1	0
African	Municipal governance	4	2
African	Municipal Finance Management	1	4
African	Professionalization	3	5
African	Governance & performance management	1	3
African	Integrated councilor's Development Programme phase 1 (ICDP)	1	2
African	Advancing culture shift to achieve clean audit	0	1
African	Basic computing	0	2
African	Integrated Councilors Development Programme Level 3	1	3
African	Integrated Councilors Development Programme Level 5	3	9
African	Indigent Workshop	3	6
		<b>18</b>	<b>37</b>

In 2023/24 financial year training was provided for fifty-five (55) Councilors.

**TABLE 48: TRAINING PROVIDED TO OFFICIALS**

Demographic	Field of study	Female	Male
African	Internal Auditing	3	1
African	Supply Chain Management	1	0

African	Gap skills Training	1	0
African	Training Committee Induction	3	2
African	EPWP Infrastructure Sector Strategy Planning	0	1
African	Landscaping	0	1
African	EPWP Reporting System Version 2	0	1
African	Talent Management	1	0
African	New Generation Workplace	0	1
African	Bachelor of Accounting Science	10	5
African	Government Finance, Auditing & Risk	0	2
African	Skills Development Training	0	1
African	D-form Training	0	2
African	Operating High Voltage System (ORHVS)	1	18
African	Professionalisation	1	1
African/Indian	Municipal Governance	3	7
African	Governance & Performance Management Training	1	0
African	National Evaluation Seminar	0	1
African	Diploma Public Administration	0	1
African	Records Management	0	2
African	Occupational Health & Safety	0	2
African	Munsoft VAT	2	1
African	Assets Management Munsoft upgrade	2	2
African	Project Management Technical Workshop	2	2
African	LED Transformative Demonstration Learning	0	2
African	Performance, internal Audit, Internal Control and Risk Management	2	1
African	SMME funding opportunities	0	1
African	Rand Easter Show	0	1
African	POPI Act	2	9
African	Job Description, Evaluation Processes & PMDS	3	11
African	Municipal Finance management	8	8
African	Human Capital	0	1
	Peace Officer / Law Enforcement	3	12
<b>Total</b>		<b>50(49)</b>	<b>(100)101</b>

A total number of 151 officials were trained during the 2023/2024 financial year.

## WORK INTERGRATED LEARNING AND INTERNSHIP PROGRAMME

Students who qualify were provided with an opportunity for experiential learning to meet their educational needs to graduate.

The table below provides details of the demographic breakdown of Work Integrated learning and Internship by Population Group, Field of Study and gender

**TABLE 49: WORK INTEGRATED LEARNING AND INTERNSHIP BY POPULATION GROUP, GENDER, AND AREAS OF STUDY**

<b>Demographic</b>	<b>Field of study</b>	<b>Female</b>	<b>Male</b>
African	Human Resources Management	3	1
African	Mechanical Engineering	5	2
African	Civil Engineering	7	12
African	Electrical Engineering	12	2
African	Business Administration	0	1
African	Urban & Regional Town planning	4	1
African	Public Administration	11	1
African	Accounting	11	1
African	Financial Management	1	1
African	Welding	2	0
African	Environmental Management	4	0
African	Information Technology	2	1
African	Computer science & Information Technology	0	2
African	Law	0	2
<b>Total</b>		<b>62</b>	<b>27</b>

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

The Municipality also receives funding from LGSETA for employees who want to further their studies. The table below depicts the information about employees who have received funding to further their studies.

**TABLE 50: EMPLOYEES BURSARIES PER POPULATION GROUP, GENDER, AND AREAS OF STUDY**

<b>Demographic</b>	<b>Field of study</b>	<b>Female</b>	<b>Male</b>
African	Bachelor of Business Administration	10	6
African	Bachelor of Accounting Science	1	2
African	National Diploma Accounting Science	1	0

African	National Diploma Public Management	0	1
<b>Total</b>		<b>12</b>	<b>9</b>

**TABLE 51. CAPACITY BUILDING**

Skills Matrix				
Levels	Gender	Councilors and Employees in post as at June 2024	Number of Skilled Councilors and employees as of 30 June 2024	
		No	Skill program and other training (Conferences, seminars etc.)	
			Target	Actual
Councilors	Males	47	47	44
	Females	28	28	26
MM and Directors	Males	5	5	5
	Females	1	1	1
Managers & Assistant Managers	Males	27	27	22
	Females	10	10	9
Professionals	Males	93	93	34
	Females	26	26	22
Administrators	Males	124	124	16
	Females	96	96	23
Elementary	Males	103	103	14
	Females	104	104	5
<b>TOTAL</b>		<b>664</b>	<b>664</b>	<b>221</b>

All 75 Councilors and 151 officials were targeted for capacity building in the year under review. However, the municipality managed to train 70 councilors and 151 officials

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

During the year under review, the salary bill of the Municipality was **R 382 244 870**. This represented an increase of **R52 878 292** as compared to the **R329 366 578** which was reported in the 2022/2023 Financial year, this 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 391 622 000**. This means that the workforce expenditure of the Municipality was at **27.5 %** of the total Municipality Expenditure budget which is less than the norm of **36.0%** set out by the National Treasury.



# **CHAPTER 5**

## **STATEMENT OF FINANCIAL PERFORMANCE**

## CHAPTER 5: FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of the municipality. They underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and underutilization of resources. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. The municipality had during the year under review, implemented financial management practices that 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 deficit of R651 thousand compared to a budgeted surplus of R123.3 million as well as the 2022/23 profit of R7.5 million. Operating revenue for the year was R1.31 billion (2023: R1.19 billion), which reflects an increase of 10% from the previous financial period. The operating expenditure for the year was R1.31 billion (2023: R1.18 billion), which indicates a 11% increase from previous financial period.

The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R261.8 million (2023: R265.9 million). This includes R115 million from government grants, and R146.8 million from our own cash resources.

### 5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE

Operating revenue excluding capital grants and subsidies for the year was R1.2 billion (2023: R1.07 billion), which shows an increase of 12% from the previous financial period. Included in the above figure are operating government grants to the amount of R504.6 million (2023: R451.8 million), which constitute 38% of total revenue as shown in the table below:

**TABLE 52: GRANT SCHEDULE**

<b>NAME OF GRANT</b>	<b>R</b>
Equitable Share	481 943 000
Financial Management Grant	1 950 000
Expanded Public Works	2 768 000
Disaster Management Grant	16 941 539
LGSETA	962 404
<b>TOTAL</b>	<b>504 564 943</b>

Service charges jointly comprise 35% of total revenue and increased by R68.8 million from (2023: R 385.7 million) to R454.4 million in the current financial year. Electricity remains the largest source of income and contributes 64% to municipal revenue excluding capital & operational grants. Furthermore, electricity revenue increased by 18% from R371.3 million in the previous financial year to R439.2 million in the current year.

Property rates constitute 17% of municipal revenue and increased by 24% from R96.3 million in the previous financial year to R120.7 million in the 2023/24 financial year.

Interest received from financial institutions has decreased by 43% from R9.6 million in the previous financial year to R5.5 million in the current year.

The operating expenditure for the year was R1.31 billion (2023: R1.18 billion), which indicates an increase of 11% from the previous financial year. This was mainly due to increases in the following expenses:

- Depreciation & amortization increased by 13% from R140.2 million in the previous year to R158.0 million.
- Employee-related costs increased by 17% from R327.1 million in the previous year to R381.7 million in the current year.
- Councilor's remuneration increased by 6% from R28.2 million in the previous financial year to R30.0 million in the current financial year.
- General expenses increased by 5% from R102.7 million in the previous year to R108.2 million in the current year.
- Bulk purchases decreased by 24% from R299.1 million in the previous financial year to R372.0 million in the current year.

The major expenditure items during the financial year ended 30 June 2024 were as stated above.

## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

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

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

Table 53: FINANCIAL SUMMARY

#### LIM344: Makhado Local Municipality

Description R thousands	2022/23	Current Year 2023/24				
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjustment Budget %
<b>Financial Performance</b>						
Property rates	97 300	122 247	125 077	120 692	99%	96%
Service charges	385 664	623 568	631 932	454 446	73%	72%
Interest from financial institutions	9 569	9 536	7 229	5 457	57%	75%
Transfers recognised - operational	451 799	493 825	515 161	504 565	102%	98%
Other own revenue	123 842	146 701	145 695	109 874	75%	75%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 068 175</b>	<b>1 395 877</b>	<b>1 425 094</b>	<b>1 195 034</b>	<b>86%</b>	<b>84%</b>
Employee costs	327 125	349 488	382 488	381 664	109%	100%
Remuneration of councillors	28 209	31 004	32 000	29 990	97%	94%
Depreciation & asset impairment	144 860	147 420	162 420	162 269	110%	100%
Finance charges	17 252	12 762	19 762	17 919	140%	91%
Debt impairment	50 881	83 677	73 677	41 600	50%	56%
Materials and bulk purchases	299 071	397 742	374 092	371 986	94%	99%
Contracted services	184 519	236 753	229 725	180 305	76%	78%
Other expenditure	131 514	109 600	135 658	124 966	114%	92%
<b>Total Expenditure</b>	<b>1 183 432</b>	<b>1 368 446</b>	<b>1 409 822</b>	<b>1 310 700</b>	<b>96%</b>	<b>93%</b>
<b>Surplus/(Deficit)</b>	<b>(115 256)</b>	<b>27 431</b>	<b>15 272</b>	<b>(115 666)</b>	<b>-422%</b>	<b>-757%</b>
Transfers recognised - capital	122 717	115 757	108 015	115 015	99%	106%
<b>Surplus after capital transfers &amp; contributions</b>	<b>7 461</b>	<b>143 188</b>	<b>123 287</b>	<b>(651)</b>	<b>0%</b>	<b>-1%</b>
<b>Surplus for the year</b>	<b>7 461</b>	<b>143 188</b>	<b>123 287</b>	<b>(651)</b>	<b>0%</b>	<b>-1%</b>

#### 5.2.2. GOVERNMENT CAPITAL GRANTS

The municipality received and spent capital grants during the financial year, which normally have conditions attached. The following table shows the various capital grants receipts and spending for the year ended 30 June 2024.

Table 54: CAPITAL GRANTS RECEIVED AND SPENT

GRAND TYPE	OPENING BAL	RECEIPTS	EXPENDITURE	CLOSING BAL
MIG	-	108 015 000.00	-108 015 000.00	-
INEP	-	7 000 000.00	- 7 000 000.00	-
<b>GRAND TOTAL</b>	<b>-</b>	<b>115 015 000.00</b>	<b>- 115 015 000.00</b>	<b>-</b>

### 5.2.3. MUNICIPALITY APPROVED POLICIES

Over and above the direct requirements of different sections of the Local Government: Municipal Finance Management Act, 2003 and its Regulations, the Council also adopted the budget related policies in respect of the 2023/24 financial year. The following are the policies:

**Table 55: Budget Related Policies**

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

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

The municipality considers effective revenue management to be important for a financially sound institution. The municipality monitors its debt book on monthly basis through the MFMA Section 71 reports and regular debtors' reconciliations. The indigent policy follows 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 2 835 and 2 540 respectively and the total cost incurred was R1 711 665. The breakdown of the municipality indigents are as follows, old age 2 218, below threshold 42, child headed family 05, unemployed 206 and disability 69.

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 R558 million. The debt has increased from R478 million to R558 million. The increase in debtors during the financial year was R80 million, representing a 17% increase from previous year.

Below is the detail for the current financial year debt book per area,

**TABLE 56: DEBT BOOK PER AREA**

AREA	2022/23 AMOUNT(R )	2023/24 AMOUNT(R )	%
Louis Trichardt	209 million	248 million	19
Dzanani	25 million	28 million	12
Vleifontein	41 million	42 million	2
Waterval	78 million	89 million	14
Tshikota	11 million	15 million	36
Farms	114 million	136 million	19
<b>TOTAL</b>	<b>478 million</b>	<b>558 million</b>	<b>17</b>

The municipality also established better communication with national and provincial government as a stakeholder through IGR forums, thus enabling a simplified manner of debt collection for government accounts. The collection rate from government departments averages 54% as at 30 June 2024.

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

The municipality had an overall debt collection rate of 88% for the 2023/24 financial year.

#### **5.2.5. ASSET MANAGEMENT**

The Municipality has an 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 644 898 346 as at 30 June 2024 as compared to the previous financial year balance of R3 429 751 920, which reflected 6% increase, this was due to capitalization during the year of R303 991 289 (2023: R265 950 330). The capitalization increased by 14% from the previous financial year.

Major asset categories such as Infrastructure assets constituted a greater portion of the total cost with an amount of R2 691 356 880 (2023: R2 568 463 532), representing 74% of the total asset cost, Work in progress cost of R217 222 280 (2023: R193 285 658) was 6% of total assets value, Community assets of R174 837 101 (2023: R164 335 556) was 5% of total assets value and transport assets of R83 565 126 (2023: R83 435 257) was 2% of the total assets value at the end of the financial reporting period.

The total carrying value of municipal assets was R1 945 067 780 (2023: R1 842 592 633) for the year ended 30 June 2024.

## TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/24

TABLE 57: THREE LARGEST ASSETS

<b>TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED: FIN YEAR 2023/24</b>				
<b>Asset One</b>				
<b>Name</b>	<b>Kutama Sinthumule Sports Facility</b>			
Description	Construction of Kutama Sinthumule Sports Facility			
Asset Type	Sports Facility			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2023/24</b>			
<b>Cumulative Asset Value</b>	<b>R 46 824 700</b>			
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 sports facility including concrete pallisade fence			
Policies in Place to Manage Asset	Yes			
<b>Asset Two</b>				
<b>Name</b>	<b>Makatu to Tshikota Access Road</b>			
Description	Construction of Makatu to Tshikota access Road including stormwater including infrastructure			
Asset Type	Roads and Storm Water			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2023/24</b>			
<b>Cumulative Asset Value</b>	<b>R 40 500 124</b>			
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			
<b>Asset Three</b>				
<b>Name</b>	<b>Lutanandwa bridge &amp; access road Phase 3</b>			
Description	Construction of Lutanandwa bridge & access road			
Asset Type	Roads and Stormwater			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
	<b>2023/24</b>			
<b>Cumulative Asset Value</b>	<b>R 41 845 623</b>			
Capital Implications	Construction of access road and bridge			
Future Purpose of Asset	Provision of access road to Community and Storm Water Management			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			

## FINANCIAL RATIOS BASED ON KEY FINANCIAL INDICATORS

TABLE 58: FINANCIAL RATIOS

RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS	
<b>Asset Management/Utilisation</b>						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	10% - 20%		17%	The capital expenditure incurred during the year was 17% of total expenditure. This is reasonable based on the maximum norm of 20%.
				Total Operating Expenditure	1 310 700 693	
				Taxation Expense		
		Total Capital Expenditure	261 777 750			
<b>Debtors Management</b>						
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	95%		81%	The municipality's collection rate is 81% for the year under review. Collection efforts are being intensified in order to recover outstanding debt amounts.
				Gross Debtors closing balance	558 418 829	
				Gross Debtors opening balance	477 509 557	
				Bad debts written Off		
		Billed Revenue	454 445 770			
<b>Liquidity Management</b>						
2	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		0.93	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	295 520 263	
		Current Liabilities	316 118 979			

RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS	
<b>Liability Management</b>						
1	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	45%		0%	Municipality had no significant borrowings during the year under review. The outstanding obligation of R322 046 relates to leasing of photocopier machines.
				Total Debt	2 966 508	
				Total Operating Revenue	1 310 048 934	
				Operational Conditional Grants	451 799 240	
<b>Revenue Management</b>						
1	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue ) x 100	= CPI		12%	Municipality achieved revenue increase of 12% from previous financial year. The revenue figures excludes grants & subsidies.
				CPI	12%	
				Total Revenue (Previous)	616 375 873	
				Total Revenue (Current)	690 468 991	
<b>Expenditure Management</b>						
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	381 663 826	
				Councillors Remuneration	29 989 937	
				Total Operating Expenditure	1 310 700 693	
				Taxation Expense	-	

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.3. SPENDING ON 5 LARGEST PROJECTS

The following represent the capital spending against the capital budget:

**Table 59: CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS**

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: Year 2023/2024			Variance: Current Year 2023/24		
	Project Cost	Original Budget	Adjustment Budget	Actual Expenditure	Adjustment variance (%)	
A - Kutama Sinthumule Sports Facility	44 546 864	23 278 552	31 345 548	26 409 075	15.7%	
D - Makatu to Tshikota Access Road	42 221 448	5 000 000	16 876 457	10 069 644	40.3%	
B - Lutanandwa access road & bridge Phase 3	40 514 024	33 100 000	23 230 226	23 140 223	0.4%	
C - Makhado New landfill site development (Mega Cell + stormwater)	13 070 280	14 970 000	16 564 198	14 585 263	11.9%	
E - Makhado Municipal Fencing of Cemeteries in Various villages	7 921 650	8 500 000	8 330 975	7 921 650	4.9%	
<b>Name of Project - A: Kutama Sinthumule Sports Facility</b>						
Objective of Project: To promote socio-economic through sports activities						
Delays			None			
Future Challenges: none						
Anticipated citizen benefits: promote good health by participating on various sporting codes; and further accessible for any community and social events.						
<b>Name of Project - B: Makatu to Tshikota Access Road</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			None			
Future Challenges: None						
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas						
<b>Name of Project - C: Lutanandwa access road &amp; bridge Phase 3</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			None			
Future Challenges: Roads infrastructure costs rapidly increasing						
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas						
<b>Name of Project - D: Makhado New landfill site development (Mega Cell + stormwater)</b>						
Objective of Project: To ensure easy access to roads by the community.						
Delays			Shortage of construction materials.			
Future Challenges: None						
<b>Name of Project - E: Makhado Municipal Fencing of Cemeteries in Various villages</b>						
Objective of Project: To ensure that municipal cemeteries are protected by way of fencing them						
Delays			Shortage of construction materials.			
Future Challenges: None						

**Table 60: CAPITAL EXPENDITURE**

Capital Expenditure - Funding Sources: Year 2023/24						R' 000
Details	Year 2022/23	2023/24				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to AB Variance (%)	
<b>Source of finance</b>						
Grants and subsidies	122 717	115 757	108 015	115 015	6%	
Internal	143 233	388 120	379 003	146 763	61%	
<b>Total</b>	<b>265 950</b>	<b>503 877</b>	<b>487 018</b>	<b>261 778</b>	<b>46%</b>	
<b>Capital expenditure</b>						
Governance and administration	68 524	129 827	125 483	67 449	-46%	
Community and public safety	5 870	11 122	10 750	5 778	46%	
Economic and environmental services	125 743	238 236	230 265	123 770	46%	
Trading services	65 813	124 692	120 520	64 781	46%	
<b>Total</b>	<b>265 950</b>	<b>503 877</b>	<b>487 018</b>	<b>261 778</b>	<b>46%</b>	

## COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

### 5.4. CASH MANAGEMENT

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality'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 2024.

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 2024, R2.9 million was outstanding.

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

**TABLE 61: BORROWINGS**

Actual Borrowings: Year -2022 to Year -2024			
R' 000			
Instrument	2021/22	2022/23	2023/24
Financial Leases	1 058	322	2 967
<b>Total</b>	<b>1 058</b>	<b>322</b>	<b>2 967</b>

**5.4.4. CASH AND CASH EQUIVALENTS**

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

**TABLE 62: STATEMENT OF CASH FLOW**

Statement of Cash flow				
R'000				
Description	2022/23	2023/24		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates	73 727	90 449	90 449	88 155
Service charges	437 295	698 761	617 851	507 359
Grants	578 016	609 582	623 176	620 638
Other receipts	151 841	145 075	142 768	119 076
<b>Payments</b>				
Suppliers and employees	(1 046 777)	(1 032 273)	(992 218)	(1 173 712)
Finance charges	-	(100)	(100)	(916)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>194 102</b>	<b>511 494</b>	<b>481 926</b>	<b>160 601</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	1 951	-	-	-
<b>Payments</b>				
Capital assets	(249 995)	(503 877)	(484 502)	(291 381)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(248 044)</b>	<b>(503 877)</b>	<b>(484 502)</b>	<b>(291 381)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Payments</b>				
Finance lease payments	(786)	-	-	(1 154)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(786)</b>	<b>-</b>	<b>-</b>	<b>(1 154)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(54 728)</b>	<b>7 617</b>	<b>(2 576)</b>	<b>(131 934)</b>
Cash/cash equivalents at the year begin:	201 324	150 567	146 596	146 596
Cash/cash equivalents at the year end:	146 596	158 184	144 020	14 662

#### **5.4.5. COMMENT ON CASH FLOW**

The cash flow from operating activities indicates a positive cash flow of R160.6 million. Further, R291.4 million was utilized on investment activities mainly to purchase property, plant, and equipment.

The cash flow from financing activities indicated an outflow of R1 154 thousand, which is mainly attributable to the repayments on finance leases (photocopiers).

Considering the above movements, the net cash position at financial year-end was R14.7 million. The municipality has adequate cash resources to settle short-term obligations as they fall due.

#### **COMPONENT D: OTHER FINANCIAL MATTERS**

#### **5.5. SUPPLY CHAIN AND EXPENDITURE MANAGEMENT**

The Council has adopted a Supply Chain Management Policy and practices in compliance with the guidelines set out by the Supply Chain Management Regulations, 2005. The 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.

## COMPETITIVE BIDDING PROCESSES ACTIVITY

**TABLE 63: COMPETITIVE BIDDING**

ACTIVITY	Bids Advertised	Evaluated	Adjudicated	Awarded	BBB-EE	Cancelled and re-adverts
Balance B/F	17	-	-	-	-	-
1 <sup>st</sup> Quarter	08	16	16	16		
2 <sup>nd</sup> Quarter	34	11	11	11		
3 <sup>rd</sup> Quarter	06	07	07	07		15
4 <sup>th</sup> Quarter	09	19	19	19		
<b>TOTAL</b>	<b>74</b>	<b>53</b>	<b>53</b>	<b>53</b>		<b>15</b>
<b>ANNEXURE</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>

All requests for adverts were processed. As at 30 June 2024, the following 6 bids were not awarded:

**TABLE 64: BIDS NOT AWARDED**

NO	BID NO	DESCRIPTION	CLOSING DATE	COMMENTS
01	79 OF 2023	Lease of portion of erf 3403 in Louis Trichardt Extension 12 Township for Agricultural purposes	23-Oct-23	In Evaluation
02	05 of 2024	Supply and Delivery of refuse plastic bags for the period of three years	15-March-2024	In Evaluation
03	11 of 2024	Panel of contractors for hiring and operate of machines (wet engine) for three years as and when required	08 May 2024	In Evaluation
04	16 of 2024	Renew four server warranty	19 June 2024	In evaluation
05	13 of 2024	Provision of Banking services for the period of five (05) years	25 June 2024	In Evaluation
06	15 of 2024	Cellphones and tablets contract package for the period of twenty-four (24) months	08 July 2024	On Advert

## FORMAL WRITTEN QUOTATIONS AS AT 30 JUNE 2024

**TABLE 65: FORMAL WRITTEN QUOTATIONS**

ACTIVITY	Quotations Advertised	Quotations Evaluated	Quotations Awarded	Re-advertised
1 <sup>st</sup> QUARTER	19	17	17	2
2 <sup>nd</sup> QUARTER	34	33	33	1
3 <sup>rd</sup> QUARTER	28	17	17	11

4th QUARTER	24	15	15	9
TOTAL	105	82	82	23

### 5.5.1. PROCUREMENT STATISTICS

The municipality had 74 bids advertised in the 2023/24 financial year. Of the total bids advertised, 53 of them were evaluated and adjudicated. The bids awarded were 72% of the bids advertised 'during the financial year ending 30 June 2024.

The companies that responded to the bids advertised during the year comprised of 77% male directors and 23% female directors. Furthermore, 95% those companies were 100% black owned, whilst 5% were mixed race.

There were no bidders with any disability since no bidder indicated disability in their bids during the year under review.

### 5.5.2. SUMMARY OF PROCUREMENT STATISTICS

**TABLE 66: PROCUREMENT STATS**

MALE DIRECTORS	FEMALE DIRECTORS	TOTAL
89	26	115
77%	23%	100%
100% BLACK OWNED	OTHER	TOTAL
95	05	100
95%	05%	100%
DISABLED	ABLED	TOTAL
0	115	115
0%	100%	100%

### 5.5.3. EXPENDITURE

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

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

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

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

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

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

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

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

The municipality has fully complied with MSCOA regulations and started transacting live on the 01<sup>st</sup> 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**

# **AG FINDINGS**





**MAKHADO LOCAL MUNICIPALITY**

(Registration number : LIM 344)

Annual Financial Statements  
for the year ended 30 June 2024

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution of the Republic of South Africa.
<b>Nature of business and principal activities</b>	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
<b>Executive Committee</b>	Cllr K Maphubu Cllr R.T Maingo Cllr R Raliphada Cllr N.J Matumba Cllr N Munyai Cllr M.R Magada Cllr M.W Ramalwa Cllr E.T Sithi Cllr N.B Jones
<b>Mayor</b>	Cllr M.D Mboyi
<b>Speaker</b>	Cllr T.G Mukwevho - Mitileni
<b>Chief whip</b>	Cllr R.S Baloyi
<b>Councilors</b>	Cllr R Mukhudwana Cllr J.J Hlongwane Cllr L Phangami Cllr H.G Maluleke Cllr M.C Malange Cllr D.J Sebola Cllr P Smalle Cllr M Ramalivhana Cllr L Mashamba Cllr 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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

**Accounting Officer**

K.M Nemaname

**Acting Chief Finance Officer (CFO)**

N.G Raliphada

**Grading of local authority**

5

**Registered office**

Corner Krogh and Erasmus Street  
Makhado  
0920

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Business address</b>	Corner Krogh and Erasmus Street Makhado 0920
<b>Postal address</b>	Private Bag X2596 Makhado 0920
<b>Bankers</b>	First National Bank
<b>Audit and Performance Audit Committee</b>	Ms J Masite(Chairperson) Ms MP Ramutsheli Mr A Tshikovhi Mr LJ Muthivhi
<b>Attorneys</b>	Panel of attorneys of the Municipality Kgoroadira Mudau Incorporated Nthambeleni Dabishi Attorneys Inc S Muedi Incorporated TT Ngobeni Attorneys Rerani Mawila JV Attorneys Gogome Ndou Attorneys JV Popela Maake Inc Mudau Netshipise Attorneys LRM Attorneys Makhuvha EM 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 2024

## Index

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The reports and statements set out below comprise the annual financial statements presented to the municipal council:

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	6
Accounting Officer's Report	7 - 10
Statement of Financial Position	11
Statement of Financial Performance	12
Statement of Changes in Net Assets	13
Cash Flow Statement	14
Statement of Comparison of Budget and Actual Amounts	15 - 18
Appropriation Statement	19 - 21
Accounting Policies	22 - 61
Notes to the Annual Financial Statements	62 - 116
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	117
Appendix C: Actual versus Budget (Revenue and Expenditure)	123
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	125

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Index

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### Abbreviations used:

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

## **MAKHADO LOCAL MUNICIPALITY**

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

### **Accounting Officer's Responsibilities and Approval**

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is 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 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:



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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

---

The accounting officer submits his report for the year ended 30 June 2024.

### 1. Review of activities

#### Main business and operations

The municipality's total income for the period ended 30 June 2024 increased by 10% from R1 190 892 113 in the previous financial period to R1 310 048 934 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 2024, Grants and subsidies was the major contributor to total income of the municipality with a 47.3% [2023:48.2%] contributing factor followed by service charges which contributed 34.7% [2023: 32.4%] of the total income, which was mainly sale of electricity as well as refuse collection. Property rates contributed 9.2% (2023: 8.2%) of total income.

Net deficit of the municipality was 651 759 (2023: surplus 7 552 478).

#### Proportion of income generated/raised

##### 2024

Type of income	Proportion of contribution to income	Amount
Service charges	34.69 %	454 445 770
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	1.67 %	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 exchange	1.98 %	25 943 370
Property rates	9.21 %	120 692 497
Fines, Penalties and Forfeits	0.41 %	5 390 564
Government grants & subsidies	47.29 %	619 579 943
Other income - non exchange transactions	2.07 %	27 163 217

##### 2023

Type of income	Proportion of contribution to income	Amount
Service charges	32.38 %	385 664 462
Rental of facilities and equipment	0.03 %	321 030
Agency services	0.38 %	4 556 844
Licences and permits	0.32 %	3 790 850
Interest earned -outstanding receivables: Exchange	1.20 %	14 272 415
Other revenue - Exchange transactions	4.50 %	53 559 025
Interest received from financial institutions	0.80 %	9 569 147
Actuarial gains	1.52 %	18 155 355
Interest earned -outstanding receivables: Non exchange	1.93 %	23 042 009
Property rates	8.17 %	97 299 879
Fines, Penalties and Forfeits	0.52 %	6 144 857
Government grants & subsidies	48.24 %	574 516 240

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

---

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 1 784 774 828 (2023: 1 785 426 587) and that the municipality's total assets exceed its liabilities by 1 784 774 828 (2023:1 785 426 587) .

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 aware of material events that occurred between the end of the reporting period 30 June 2024 and the date that the financial statements are authorised for issue. Refer to Note 51

### 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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### 7. Corporate governance

#### General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer 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.

## **MAKHADO LOCAL MUNICIPALITY**

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

### **Accounting Officer's Report**

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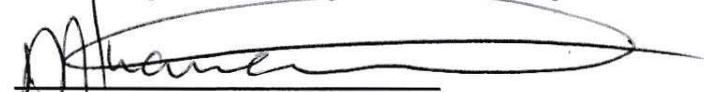
#### **8. Bankers**

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 7, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:



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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	2	15 058 990	15 438 133
Property, plant and equipment	3	1 926 120 135	1 823 384 391
Intangible assets	4	1 728 326	1 609 780
Heritage assets	5	2 160 329	2 160 329
		<b>1 945 067 780</b>	<b>1 842 592 633</b>
<b>Current Assets</b>			
Inventories	7	126 511 484	119 081 129
Receivables from exchange transactions	8	3 303 002	18 117 026
Receivables from non-exchange transactions	9	737 650	1 239 500
VAT receivable	10	779 186	3 167 064
Consumer debtors - Exchange transactions	11	104 387 525	62 839 619
Consumer debtors - Non- Exchange transactions	11	45 139 649	40 585 546
Cash and cash equivalents	12	14 661 767	146 595 502
		<b>295 520 263</b>	<b>391 625 386</b>
<b>Total Assets</b>		<b>2 240 588 043</b>	<b>2 234 218 019</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee benefit obligation	6	8 361 000	5 138 000
Finance lease obligation	13	1 126 839	322 046
Unspent conditional grants and receipts	14	4 558 461	3 500 000
Performance bonus obligation	15	-	251 579
Rehabilitation provision	16	1 455 387	5 000 000
Deferred Income	17	99 695	153 578
Payables from exchange transactions	18	285 535 375	286 180 705
Consumer deposits	20	14 982 222	15 621 438
		<b>316 118 979</b>	<b>316 167 346</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	6	118 989 000	106 614 000
Finance lease obligation	13	1 839 669	-
Rehabilitation provision	16	18 865 567	26 010 086
		<b>139 694 236</b>	<b>132 624 086</b>
<b>Total Liabilities</b>		<b>455 813 215</b>	<b>448 791 432</b>
<b>Net Assets</b>		<b>1 784 774 828</b>	<b>1 785 426 587</b>
Accumulated surplus		1 784 774 828	1 785 426 587
<b>Total Net Assets</b>		<b>1 784 774 828</b>	<b>1 785 426 587</b>

\* See Note 48

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	22	454 445 770	385 664 462
Rental of facilities and equipment	23	425 659	321 030
Agency services	25	3 273 967	4 556 844
Licences and permits	26	3 809 976	3 790 850
Interest earned -outstanding receivables	27	15 511 158	14 272 415
Other revenue	28	21 935 915	53 559 025
Interest received from financial institutions	29	5 456 569	9 569 147
Actuarial gains	41	6 420 329	18 155 355
<b>Total revenue from exchange transactions</b>		<b>511 279 343</b>	<b>489 889 128</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Interest earned -outstanding receivables	27	25 943 370	23 042 009
Property rates	30	120 692 497	97 299 879
<b>Transfer revenue</b>			
Fines, Penalties and Forfeits	24	5 390 564	6 144 857
Government grants & subsidies	31	619 579 943	574 516 240
Other revenue	21	27 163 217	-
<b>Total revenue from non-exchange transactions</b>		<b>798 769 591</b>	<b>701 002 985</b>
<b>Total revenue</b>	21	<b>1 310 048 934</b>	<b>1 190 892 113</b>
<b>Expenditure</b>			
Employee related costs	32	(381 663 826)	(327 124 968)
Remuneration of councillors	33	(29 989 937)	(28 208 519)
Depreciation and amortisation	34	(158 017 274)	(140 201 265)
Impairment of non - cash generating assets	35	(4 252 095)	(4 567 245)
Finance costs	36	(17 919 048)	(17 252 094)
Debt Impairment	37	(41 600 405)	(50 881 155)
Bulk purchases	38	(371 986 217)	(299 070 654)
Contracted services	39	(180 305 404)	(184 519 383)
General Expenses	40	(108 202 381)	(102 677 704)
Inventories losses/write-downs	42	(596 994)	(1 089 819)
Loss on disposal of assets	43	(16 167 112)	(27 746 829)
<b>Total expenditure</b>		<b>(1 310 700 693)</b>	<b>(1 183 339 635)</b>
<b>(Deficit) surplus for the year</b>		<b>(651 759)</b>	<b>7 552 478</b>

\* See Note 48

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 777 874 109	1 777 874 109
<b>Balance at 01 July 2022 as restated*</b>	<b>1 777 874 109</b>	<b>1 777 874 109</b>
Changes in net assets		
Surplus/(Loss) for the year [Restated - Note 48]	7 552 478	7 552 478
Total changes	7 552 478	7 552 478
Adjustments		
<b>Balance at 01 July 2023 as restated*</b>	<b>1 785 426 587</b>	<b>1 785 426 587</b>
Changes in net assets		
Surplus /(Loss) for the year	(651 759)	(651 759)
Total changes	(651 759)	(651 759)
<b>Balance at 30 June 2024</b>	<b>1 784 774 828</b>	<b>1 784 774 828</b>
Note(s)		

\* See Note 48

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		88 154 843	73 726 746
Service charges		507 358 906	437 295 185
Grants		620 638 404	578 016 240
Traffic Fines & Penalties		1 812 610	1 726 907
Licence & permits		4 442 454	4 321 252
Other income		38 846 270	75 057 219
VAT Received		61 661 660	53 963 413
Interest Income		12 313 196	16 771 981
		<u>1 335 228 343</u>	<u>1 240 878 943</u>
<b>Payments</b>			
Employee costs		(382 244 870)	(329 366 578)
Payments to suppliers		(791 467 125)	(717 410 090)
Finance costs		(915 592)	-
		<u>(1 174 627 587)</u>	<u>(1 046 776 668)</u>
<b>Net cash flows from operating activities</b>	44	<u><b>160 600 756</b></u>	<u><b>194 102 275</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(290 604 151)	(249 927 897)
Proceeds from sale of property, plant and equipment	3	-	1 950 785
Purchase of other intangible assets	4	(776 636)	(67 333)
<b>Net cash flows from investing activities</b>		<u><b>(291 380 787)</b></u>	<u><b>(248 044 445)</b></u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 153 705)	(786 490)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(131 933 736)</b></u>	<u><b>(54 728 660)</b></u>
Cash and cash equivalents at the beginning of the year		146 595 502	201 324 162
<b>Cash and cash equivalents at the end of the year</b>	12	<u><b>14 661 766</b></u>	<u><b>146 595 502</b></u>

The accounting policies on pages 22 to 61 and the notes on pages 62 to 116 form an integral part of the annual financial statements.

\* See Note 48

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	623 568 000	8 364 000	<b>631 932 000</b>	454 445 770	<b>(177 486 230)</b>	Refer to Appendix C
Rental of facilities and equipment	332 000	-	<b>332 000</b>	425 659	<b>93 659</b>	Refer to Appendix C
Interest earned - outstanding receivables	17 082 305	-	<b>17 082 305</b>	15 511 158	<b>(1 571 147)</b>	
Agency services	-	-	-	3 273 967	<b>3 273 967</b>	Refer to Appendix C
Licences and permits	4 115 000	(512 000)	<b>3 603 000</b>	3 809 976	<b>206 976</b>	
Other revenue	91 796 000	-	<b>91 796 000</b>	21 935 915	<b>(69 860 085)</b>	Refer to Appendix C
Interest received - financial institutions	9 536 000	(2 307 000)	<b>7 229 000</b>	5 456 569	<b>(1 772 431)</b>	Refer to Appendix C
<b>Total revenue from exchange transactions</b>	<b>746 429 305</b>	<b>5 545 000</b>	<b>751 974 305</b>	<b>504 859 014</b>	<b>(247 115 291)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	122 247 000	2 830 000	<b>125 077 000</b>	120 692 497	<b>(4 384 503)</b>	Refer to Appendix C
Interest earned - outstanding receivables	28 319 695	-	<b>28 319 695</b>	25 943 370	<b>(2 376 325)</b>	Refer to Appendix C
<b>Transfer revenue</b>						
Government grants & subsidies	609 582 000	13 594 000	<b>623 176 000</b>	619 579 943	<b>(3 596 057)</b>	Refer to Appendix C
Other revenue	-	-	-	27 163 217	<b>27 163 217</b>	
Fines, Penalties and Forfeits	5 056 000	(494 000)	<b>4 562 000</b>	5 390 564	<b>828 564</b>	Refer to Appendix C
<b>Total revenue from non-exchange transactions</b>	<b>765 204 695</b>	<b>15 930 000</b>	<b>781 134 695</b>	<b>798 769 591</b>	<b>17 634 896</b>	
<b>Total revenue</b>	<b>1 511 634 000</b>	<b>21 475 000</b>	<b>1 533 109 000</b>	<b>1 303 628 605</b>	<b>(229 480 395)</b>	
<b>Expenditure</b>						
Personnel	(349 488 000)	(33 000 000)	<b>(382 488 000)</b>	(381 663 826)	<b>824 174</b>	Refer to Appendix C
Remuneration of councillors	(31 004 000)	(996 000)	<b>(32 000 000)</b>	(29 989 937)	<b>2 010 063</b>	Refer to Appendix C
Depreciation, amortisation & impairment	(147 420 000)	(15 000 000)	<b>(162 420 000)</b>	(162 269 369)	<b>150 631</b>	Refer to Appendix C
Finance costs	(12 762 000)	(7 000 000)	<b>(19 762 000)</b>	(17 919 048)	<b>1 842 952</b>	Refer to Appendix C
Debt Impairment	(83 677 000)	10 000 000	<b>(73 677 000)</b>	(41 600 405)	<b>32 076 595</b>	Refer to Appendix C
Bulk purchases	(397 742 000)	23 650 000	<b>(374 092 000)</b>	(371 986 217)	<b>2 105 783</b>	Refer to Appendix C

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted Services	(236 753 000)	7 028 000	<b>(229 725 000)</b>	(180 305 404)	<b>49 419 596</b>	Refer to Appendix C
General Expenses	(109 600 000)	(7 858 000)	<b>(117 458 000)</b>	(108 202 381)	<b>9 255 619</b>	Refer to Appendix C
<b>Total expenditure</b>	<b>(1 368 446 000)</b>	<b>(23 176 000)</b>	<b>(1 391 622 000)</b>	<b>(1 293 936 587)</b>	<b>97 685 413</b>	
<b>Operating surplus</b>	<b>143 188 000</b>	<b>(1 701 000)</b>	<b>141 487 000</b>	<b>9 692 018</b>	<b>(131 794 982)</b>	
Loss on disposal of assets	-	(17 500 000)	<b>(17 500 000)</b>	(16 167 112)	<b>1 332 888</b>	
Actuarial gains	-	-	-	6 420 329	<b>6 420 329</b>	Refer to Appendix C
Inventories losses/write-downs	-	(700 000)	<b>(700 000)</b>	(596 994)	<b>103 006</b>	Refer to Appendix C
	-	<b>(18 200 000)</b>	<b>(18 200 000)</b>	<b>(10 343 777)</b>	<b>7 856 223</b>	
<b>Surplus for the year</b>	<b>143 188 000</b>	<b>(19 901 000)</b>	<b>123 287 000</b>	<b>(651 759)</b>	<b>(123 938 759)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>143 188 000</b>	<b>(19 901 000)</b>	<b>123 287 000</b>	<b>(651 759)</b>	<b>(123 938 759)</b>	

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	105 731 000	(5 000 000)	<b>100 731 000</b>	126 511 484	<b>25 780 484</b>	
Receivables from exchange transactions	-	-	-	3 303 002	<b>3 303 002</b>	
Receivables from non-exchange transactions	77 994 000	2 336 000	<b>80 330 000</b>	737 650	<b>(79 592 350)</b>	
VAT receivable	-	-	-	779 186	<b>779 186</b>	
Consumer debtors	(147 663 000)	98 762 000	<b>(48 901 000)</b>	149 527 174	<b>198 428 174</b>	
Cash and cash equivalents	398 947 000	(55 018 000)	<b>343 929 000</b>	14 661 767	<b>(329 267 233)</b>	
	<b>435 009 000</b>	<b>41 080 000</b>	<b>476 089 000</b>	<b>295 520 263</b>	<b>(180 568 737)</b>	
<b>Non-Current Assets</b>						
Investment property	16 345 000	-	<b>16 345 000</b>	15 058 990	<b>(1 286 010)</b>	
Property, plant and equipment	2 747 461 000	(30 965 000)	<b>2 716 496 000</b>	1 926 120 135	<b>(790 375 865)</b>	
Intangible assets	(368 000)	6 890 000	<b>6 522 000</b>	1 728 326	<b>(4 793 674)</b>	
Heritage assets	-	-	-	2 160 329	<b>2 160 329</b>	
	<b>2 763 438 000</b>	<b>(24 075 000)</b>	<b>2 739 363 000</b>	<b>1 945 067 780</b>	<b>(794 295 220)</b>	
<b>Total Assets</b>	<b>3 198 447 000</b>	<b>17 005 000</b>	<b>3 215 452 000</b>	<b>2 240 588 043</b>	<b>(974 863 957)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	1 126 839	<b>1 126 839</b>	
Payables from exchange transactions	127 289 000	40 875 000	<b>168 164 000</b>	285 535 375	<b>117 371 375</b>	
Consumer deposits	10 458 000	-	<b>10 458 000</b>	14 982 222	<b>4 524 222</b>	
Employee benefit obligation	-	-	-	8 361 000	<b>8 361 000</b>	
Unspent conditional grants and receipts	-	-	-	4 558 461	<b>4 558 461</b>	
Rehabilitation provision	26 893 000	-	<b>26 893 000</b>	1 455 387	<b>(25 437 613)</b>	
Deferred Income	-	-	-	99 695	<b>99 695</b>	
	<b>164 640 000</b>	<b>40 875 000</b>	<b>205 515 000</b>	<b>316 118 979</b>	<b>110 603 979</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	-	-	1 839 669	<b>1 839 669</b>	
Employee benefit obligation	-	-	-	118 989 000	<b>118 989 000</b>	
Rehabilitation provision	121 789 000	-	<b>121 789 000</b>	18 865 567	<b>(102 923 433)</b>	
	<b>121 789 000</b>	-	<b>121 789 000</b>	<b>139 694 236</b>	<b>17 905 236</b>	
<b>Total Liabilities</b>	<b>286 429 000</b>	<b>40 875 000</b>	<b>327 304 000</b>	<b>455 813 215</b>	<b>128 509 215</b>	
<b>Net Assets</b>	<b>2 912 018 000</b>	<b>(23 870 000)</b>	<b>2 888 148 000</b>	<b>1 784 774 828</b>	<b>(1 103 373 172)</b>	
<b>Reserves</b>						
Accumulated surplus	2 912 018 000	(23 870 000)	<b>2 888 148 000</b>	1 784 774 828	<b>(1 103 373 172)</b>	

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property Rates	90 449 000	-	90 449 000	88 154 843	(2 294 157)	
Services Charges	698 761 000	(80 910 000)	617 851 000	507 358 906	(110 492 094)	
Grants	609 582 000	13 594 000	623 176 000	620 638 404	(2 537 596)	
Interest income	9 535 000	(2 307 000)	7 228 000	12 313 196	5 085 196	
Other receipts	135 540 000	-	135 540 000	106 762 994	(28 777 006)	
	<b>1 543 867 000</b>	<b>(69 623 000)</b>	<b>1 474 244 000</b>	<b>1 335 228 343</b>	<b>(139 015 657)</b>	
<b>Payments</b>						
Suppliers and employees	(1 032 273 000)	40 055 000	(992 218 000)	(1 173 711 995)	(181 493 995)	
Finance costs	100 000	-	100 000	(915 592)	(1 015 592)	
	<b>(1 032 173 000)</b>	<b>40 055 000</b>	<b>(992 118 000)</b>	<b>(1 174 627 587)</b>	<b>(182 509 587)</b>	
<b>Net cash flows from operating activities</b>	<b>511 694 000</b>	<b>(29 568 000)</b>	<b>482 126 000</b>	<b>160 600 756</b>	<b>(321 525 244)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(503 877 000)	19 375 000	(484 502 000)	(291 380 786)	193 121 214	
<b>Cash flows from financing activities</b>						
Finance lease payments	-	-	-	(1 153 705)	(1 153 705)	
Net increase/(decrease) in cash and cash equivalents	7 817 000	(10 193 000)	(2 376 000)	(131 933 735)	(129 557 735)	
Cash and cash equivalents at the beginning of the year	150 567 000	(3 971 000)	146 596 000	146 595 502	(498)	
<b>Cash and cash equivalents at the end of the period</b>	<b>158 384 000</b>	<b>(14 164 000)</b>	<b>144 220 000</b>	<b>14 661 767</b>	<b>(129 558 233)</b>	
<b>Reconciliation</b>						

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments and 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
<b>Financial Performance</b>											
Property rates	122 247 000	2 830 000	125 077 000	-	-	125 077 000	120 692 497		(4 384 503)	96 %	99 %
Service charges	623 568 000	8 364 000	631 932 000	-	-	631 932 000	454 445 770		(177 486 230)	72 %	73 %
Interest earned	9 536 000	(2 307 000)	7 229 000	-	-	7 229 000	5 456 569		(1 772 431)	75 %	57 %
Transfers recognised - operational	493 825 000	21 336 000	515 161 000	-	-	515 161 000	504 564 943		(10 596 057)	98 %	102 %
Other own revenue	146 701 000	(1 006 000)	145 695 000	-	-	145 695 000	83 365 679		(62 329 321)	57 %	57 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 395 877 000</b>	<b>29 217 000</b>	<b>1 425 094 000</b>	-	-	<b>1 425 094 000</b>	<b>1 168 525 458</b>		<b>(256 568 542)</b>	<b>82 %</b>	<b>84 %</b>
Employee costs	(349 488 000)	(10 000 000)	(359 488 000)	-	(23 000 000)	(382 488 000)	(381 663 826)		824 174	100 %	109 %
Remuneration of councillors	(31 004 000)	(996 000)	(32 000 000)	-	-	(32 000 000)	(29 989 937)		2 010 063	94 %	97 %
Debt impairment	(83 677 000)	10 000 000	(73 677 000)			(73 677 000)	(41 600 405)		32 076 595	56 %	50 %
Depreciation and asset impairment	(147 420 000)	(5 000 000)	(152 420 000)		(10 000 000)	(162 420 000)	(162 269 369)		150 631	100 %	110 %
Finance charges	(12 762 000)	(7 000 000)	(19 762 000)	-	-	(19 762 000)	(17 919 048)		1 842 952	91 %	140 %
Bulk purchases	(397 742 000)	29 650 000	(368 092 000)	-	(6 000 000)	(374 092 000)	(371 986 217)		2 105 783	99 %	94 %
Other expenditure	(346 353 000)	(58 030 000)	(404 383 000)	-	39 000 000	(365 383 000)	(305 926 632)		59 456 368	84 %	88 %
<b>Total expenditure</b>	<b>1 368 446 000</b>	<b>(41 376 000)</b>	<b>1 409 822 000</b>	-	-	<b>1 409 822 000</b>	<b>1 311 355 434</b>		<b>98 466 566</b>	<b>93 %</b>	<b>96 %</b>
<b>Surplus/(Deficit)</b>	<b>27 431 000</b>	<b>(12 159 000)</b>	<b>15 272 000</b>	-	-	<b>15 272 000</b>	<b>(142 829 976)</b>		<b>(158 101 976)</b>	<b>(935)%</b>	<b>(521)%</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments and budget (i.t.o. s28 and budget s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	
Transfers recognised - capital	115 757 000	(7 742 000)	108 015 000	-	-	108 015 000	115 015 000		7 000 000	106 %	99 %	
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	27 163 217		27 163 217	DIV/0 %	DIV/0 %	
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>143 188 000</b>	<b>(19 901 000)</b>	<b>123 287 000</b>	-	-	<b>123 287 000</b>	<b>(651 759)</b>		<b>(123 938 759)</b>	<b>(1)%</b>	<b>- %</b>	
<b>Surplus/(Deficit) for the year</b>	<b>143 188 000</b>	<b>(19 901 000)</b>	<b>123 287 000</b>	-	-	<b>123 287 000</b>	<b>(651 759)</b>		<b>(123 938 759)</b>	<b>(1)%</b>	<b>- %</b>	
<b>Capital expenditure and funds sources</b>												
Total capital expenditure	503 877 000	(19 375 000)	484 502 000	-	-	484 502 000	261 777 750		(222 724 250)	54 %	52 %	
<b>Sources of capital funds</b>												
Transfers recognised - capital	115 757 000	(10 258 000)	105 499 000	-	-	105 499 000	115 015 000		9 516 000	109 %	99 %	
Internally generated funds	388 120 000	(9 117 000)	379 003 000	-	-	379 003 000	146 762 750		(232 240 250)	39 %	38 %	
<b>Total sources of capital funds</b>	<b>503 877 000</b>	<b>(19 375 000)</b>	<b>484 502 000</b>	-	-	<b>484 502 000</b>	<b>261 777 750</b>		<b>(222 724 250)</b>	<b>54 %</b>	<b>52 %</b>	

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>										
Net cash from (used) operating	511 694 000	(29 568 000)	482 126 000	-	-	482 126 000		(321 525 244)	33 %	31 %
Net cash from (used) investing	(503 877 000)	19 375 000	(484 502 000)	-	-	(484 502 000)		193 121 214	60 %	58 %
Net cash from (used) financing	-	-	-	-	-	(1 153 705)		(1 153 705)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7 817 000</b>	<b>(10 193 000)</b>	<b>(2 376 000)</b>	<b>-</b>	<b>-</b>	<b>(2 376 000)</b>		<b>(129 557 735)</b>	<b>5 553 %</b>	<b>(1 688)%</b>
Cash and cash equivalents at the beginning of the year	150 567 000	(3 971 000)	146 596 000	-	-	146 596 000		(498)	100 %	97 %
<b>Cash and cash equivalents at year end</b>	<b>158 384 000</b>	<b>(14 164 000)</b>	<b>144 220 000</b>	<b>-</b>	<b>-</b>	<b>144 220 000</b>		<b>129 558 233</b>	<b>10 %</b>	<b>9 %</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Note(s)	2024	2023
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### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 New standards and interpretations

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

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, 2024 or later periods:

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

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

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

The most significant changes to the Standard affect the following:

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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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 1 (amended): Presentation of Financial Statements**

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

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

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

Notes structure

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

Disclosure of accounting policies

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

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

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

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.

### 1.4 Materiality

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

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

### 1.5 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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

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

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

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

#### Fair value estimation

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

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

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

#### Impairment testing

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

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Rehabilitation provisions.

#### Post-retirement benefits

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

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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### Impairment of statutory receivables

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

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

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

#### 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.

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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.

### 1.6 Investment property

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

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

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

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

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

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

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

#### Cost model

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

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

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

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

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

### 1.7 Property, plant and equipment

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

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

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

Initial measurement.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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

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

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

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

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

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

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

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

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

#### 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.

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:

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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

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# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

• 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.

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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

### Impairment of non-cash generating assets

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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.

### 1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

### 1.9 Intangible assets

An asset is identifiable if it either:

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Intangible assets (continued)

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:

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

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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.

### 1.10 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in 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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.10 Heritage assets (continued)

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

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

### Recognition

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

### Initial measurement

Heritage assets are measured at cost.

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

### 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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.10 Heritage assets (continued)

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

### 1.11 Financial instruments

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Classification

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

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
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other short term receivables	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.

### 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

- 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 assesses 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.

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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

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.

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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

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

#### Presentation

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

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

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

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

### 1.12 Leases

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

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

#### Finance leases - lessee

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 - lessee

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

### 1.13 Inventories

The municipality recognises inventories as an asset when:

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

#### Initial recognition and measurement

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.13 Inventories (continued)

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

#### Subsequent measurement

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

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

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

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

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

#### Derecognition

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised.

### 1.14 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.

### 1.15 Consumer deposits

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

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

### 1.16 Impairment of cash-generating assets

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### 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
- 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;

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

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

- 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.

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

- 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.

### 1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.17 Impairment of non-cash-generating assets (continued)

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.17 Impairment of non-cash-generating assets (continued)

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 oversized or overcapacity asset. Oversized 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.

### 1.18 Value added tax

The municipality is registered for Value Added Tax (VAT) on the payment basis to SARS in accordance with the VAT Act no 89 of 1991. The 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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, 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 entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, 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 entity 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.

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Employee benefits (continued)

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.

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:

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Employee benefits (continued)

- 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;
- 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).

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Employee benefits (continued)

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
  - 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

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# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Employee benefits (continued)

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.

### 1.20 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.20 Provisions and contingencies (continued)

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 46.

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

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

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.20 Provisions and contingencies (continued)

- 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.

### 1.21 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments,
- where the expenditure has been approved and the contract has been awarded at the reporting date, and
- where disclosure is required by a specific standard of GRAP.

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the municipality will discharge its responsibilities thereby incurring future expenditure that will result in an outflow of cash.

### 1.22 Revenue from exchange transactions

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.22 Revenue from exchange transactions (continued)

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.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.22 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### Interest earned

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### Prepaid Electricity

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date. Prepaid electricity liability portion is estimated based on the average unit sales and rate per unit as at 30 June 2024 and 30 June 2025 based on the Contour Prepaid Electricity vending system.

#### Service charges relating to electricity

Service charges relating to electricity are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption. Revenue arising from the consumption of electricity in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

#### Refuse removal

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

#### Service charges

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.22 Revenue from exchange transactions (continued)

Service charges are recognised on a monthly basis in arrears by applying the approved tariff and/or contract conditions. Tariffs are determined per category of property usage and are levied on a monthly basis.

#### Rental income

Rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds, lease of tents etc. and is charged using the relevant approved tariffs.

#### Licenses and permits

Revenue of specific licenses and permits is recognised on an ad hoc basis by applying tariffs determined and approved by the Department of Transport and adopted by the municipal council on a yearly basis.

#### Other Income

Other income included amongst others the following:

- Sale of bid documents;
- Advertising; and
- Sale of municipal land

### 1.23 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.23 Revenue from non-exchange transactions (continued)

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

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.23 Revenue from non-exchange transactions (continued)

#### Government grants

Equitable Share:

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional Grants:

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a differential rating system i.e business, farming and residential properties. In terms of this system, assessment rates are levied on the market value in respect of properties. Rebates are granted according to the use of the property concerned.

### 1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (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.

### 1.25 Investment income

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

### 1.26 Accounting by principals and agents

#### Identification

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

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

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

#### Identifying whether an entity is a principal or an agent

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.26 Accounting by principals and agents (continued)

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

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

#### Binding arrangement

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

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

#### Assessing which entity benefits from the transactions with third parties

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

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

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

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

#### Recognition

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

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

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

### 1.27 Comparative figures

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

Current year comparatives (Budget):

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.27 Comparative figures (continued)

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Certain comparative figures have been reclassified. The nature and reasons for the reclassification and restatement are disclosed in Note 48 "prior year adjustments" to the financial statements.

### 1.28 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.29 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.30 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality that is not in accordance with or in contravention of:

- the MFMA, and which has not been condoned in terms of Section 70;
- the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that Act;
- the Public Office-Bearers Act, (Act No.20 of 1998);
- the requirements of a supply chain management policy of the municipality or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.30 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the municipal council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt 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.

### 1.31 Budget information

Municipalities 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 2023/07/01 to 2024/06/30.

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.

### 1.32 Related parties

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

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

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

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

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

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

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

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 2. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	19 459 426	(4 400 436)	15 058 990	19 459 426	(4 021 293)	15 438 133

#### Reconciliation of investment property - 2024

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

#### Reconciliation of investment property - 2023

Investment property	Opening balance	Impairments	Depreciation	Closing balance
	15 884 270	(64 426)	(381 711)	15 438 133

#### Pledged as security

No investment property of the municipality was pledged as security.

#### Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Details of valuation

The municipality measures investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	233 202 225	-	233 202 225	233 202 225	-	233 202 225
Buildings	100 054 029	(26 651 608)	73 402 421	60 232 099	(22 993 928)	37 238 171
Machinery and equipment	71 956 031	(40 869 871)	31 086 160	64 335 165	(34 035 717)	30 299 448
Furniture and office equipment	20 802 007	(13 090 562)	7 711 445	14 439 430	(10 758 441)	3 680 989
Transport assets	83 565 126	(47 611 192)	35 953 934	83 435 257	(39 233 617)	44 201 640
Computer equipment	18 342 431	(9 466 012)	8 876 419	15 116 560	(7 310 383)	7 806 177
Infrastructure assets	2 691 356 880	(1 502 560 416)	1 188 796 464	2 568 463 532	(1 421 550 045)	1 146 913 487
Community assets	174 837 101	(45 048 500)	129 788 601	164 335 556	(37 721 490)	126 614 066
Library Books	2 482 881	(2 402 695)	80 186	2 528 405	(2 385 875)	142 530
Work In Progress	217 222 280	-	217 222 280	193 285 658	-	193 285 658
<b>Total</b>	<b>3 613 820 991</b>	<b>(1 687 700 856)</b>	<b>1 926 120 135</b>	<b>3 399 373 887</b>	<b>(1 575 989 496)</b>	<b>1 823 384 391</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing balance
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	142 530	-	(954)	-	-	(61 390)	-	80 186
Computer equipment	7 806 177	3 939 991	(125 541)	-	-	(2 744 208)	-	8 876 419
Infrastructure assets	1 146 913 487	26 125 095	(15 766 511)	-	160 517 230	(125 484 247)	(3 508 590)	1 188 796 464
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
	<b>1 823 384 391</b>	<b>303 991 289</b>	<b>(16 186 961)</b>	<b>(23 786 533)</b>	<b>-</b>	<b>(157 029 956)</b>	<b>(4 252 095)</b>	<b>1 926 120 135</b>

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing balance
Land	233 202 225	-	-	-	-	-	-	233 202 225
Buildings	33 051 407	-	(323 612)	-	7 389 818	(2 030 115)	(849 327)	37 238 171
Machinery and equipment	30 436 805	6 310 238	(135 968)	-	-	(6 285 304)	(26 323)	30 299 448
Furniture and office equipment	4 719 913	418 233	(74 092)	-	-	(1 370 118)	(12 947)	3 680 989
Transport assets	43 764 475	8 437 490	(603 257)	-	-	(7 396 893)	(175)	44 201 640
Library Books	135 792	82 156	(1 579)	-	-	(73 839)	-	142 530
Computer equipment	7 479 199	2 538 165	(174 412)	-	-	(2 006 154)	(30 621)	7 806 177
Infrastructure assets	1 069 085 489	-	(28 150 174)	-	223 655 563	(114 470 498)	(3 206 893)	1 146 913 487
Community assets	109 396 123	400 000	(2 844)	-	22 779 427	(5 582 107)	(376 533)	126 614 066
Work In Progress	173 318 568	283 960 811	-	(10 168 913)	(253 824 808)	-	-	193 285 658
	<b>1 704 589 996</b>	<b>302 147 093</b>	<b>(29 465 938)</b>	<b>(10 168 913)</b>	<b>-</b>	<b>(139 215 028)</b>	<b>(4 502 819)</b>	<b>1 823 384 391</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 3. Property, plant and equipment (continued)

#### 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)
	<b>136 633 757</b>	<b>70 655 961</b>	<b>9 932 562</b>	<b>217 222 280</b>

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	125 287 942	21 232 578	26 798 048	173 318 568
Additions/capital expenditure	213 876 643	50 511 681	19 572 487	283 960 811
Transferred to completed items	(223 655 563)	(22 779 427)	(7 389 818)	(253 824 808)
Transferred to expenditure	(9 650 248)	(370 165)	(148 500)	(10 168 913)
	<b>105 858 774</b>	<b>48 594 667</b>	<b>38 832 217</b>	<b>193 285 658</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 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
Waterval Sports Facility Phase 2	12 542 061	Constructor was terminated last year july 2023, Advert was done for the remain scope of work
Arts & Crafts Centre in town	1 317 226	Only design completed waiting for budget allocation funds for construction
Waterval creche ring road to ZCC Church	1 285 344	Only design completed awaiting for budget allocation funds for construction
Transformers 4x5MVA 22/11(Makhado Park_ Roodewal_ Cricket_ E	6 834 900	Still needs to purchase other transformers for the project to be completed
Upgrade Emmarentia substation - 7x switchgear	465 997	Design completed awaiting budget alocation for implimentation as the project needs a lot of money
Upgrade & reroute 66KV transmission line from Makhado main substaion to Mpheni	2 050 060	Design completed awaiting for budget alocation for implimentation
Airconditioners 241235016	335 333	Advertisement was done but there was no appointment for the servise provider for instalation
New Council Chamber and Offices	2 918 108	Design is done and awaiting for funding for for construction
Waterval Stormwater 2020	1 093 906	Design is done and awaiting for funding for for construction
Upgrading of Sane to Natali Road	594 227	Waiting for MIG registration only design was completed
Mingard Bridge to Mhokota Entrance	1 247 104	Only design completed waiting for budget allocation funds for construction
	<b>30 684 266</b>	

#### Repairs and Maintenance of property, plant and equipment

An amount of R62.8 million (2023: R66.2 million) was spent during the period ended 30 June 2024. In determining this amount, management has exclusively disclosed amounts charged by service providers. Refer to 39

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 3. Property, plant and equipment (continued)

#### Impairment of non - cash generating assets

At the reporting date all asset classes were assessed for impairment and the following classes of assets were impaired at reporting date and below are the asset categories that have been impaired by the following amounts:

#### Asset Class

Buildings	347 250	849 327
Infrastructure assets	3 508 590	3 206 893
Community Assets	396 255	376 533
Machinery and equipment	-	26 323
Furniture and fittings	-	12 947
Computer assets	-	30 621
Transport assets	-	175
	-	-
	<u>4 252 095</u>	<u>4 502 819</u>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Pledged as security

No items of property, plant & equipment of the municipality was pledged as security.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

	2024		2023		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
9 457 600	(7 729 274)	1 728 326	8 758 278	(7 148 498)	1 609 780

Intangible assets

### Reconciliation of intangible assets - 2024

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

### Reconciliation of intangible assets - 2023

Intangible assets	Opening balance	Additions	Amortisation	Closing balance
	2 155 758	58 550	(604 528)	1 609 780

### Pledged as security

No intangible assets of the municipality were pledged as security.

### Restricted title

There is no restriction on the title of Intangible assets. Intangible assets have finite useful lives and are amortized over the useful lives.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage assets

		2024		2023	
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
2 160 329	-	2 160 329	2 160 329	-	2 160 329

Heritage assets

### Reconciliation of heritage assets 2024

Heritage assets

Opening balance	2 160 329
Closing balance	2 160 329

### Reconciliation of heritage assets 2023

Heritage assets

Opening balance	2 160 329
Closing balance	2 160 329

### Restrictions on heritage assets

There is no restriction on the title of heritage assets.

### Pledged as security

No heritage assets of the municipality were pledged as security.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 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 10.97% (2023: 11.08%), Consumer Price Inflation of 5.14% (2023: 6.47%), Normal Salary Increase of 5.00% (2023: 7.50%) and Net Effective Discount Rate of 4.55% (2023: 4.33%), Mortality SA 85-90 (2023: SA 85-90)

#### Long service awards liability

Opening balance	(14 185 000)	(14 916 000)
Current service cost	(1 208 000)	(1 230 000)
Interest cost	(1 464 000)	(1 517 000)
Actuarial gains/(loss)	(654 741)	171 935
Past Service Costs	(8 854 000)	975 000
Expected employer benefit vesting	2 501 741	2 331 065
	<u>(23 864 000)</u>	<u>(14 185 000)</u>

#### Post retirement medical aid plan

The municipality operates an unfunded post - employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Hosmed, LA Health and SAMWUMED medical aid schemes. The municipality is committed to pay 70% of the members' post employment medical aid contributions up to an amount that is currently capped at R5,231 (2023: R5 245) 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 472 (2023: 4312) in service members, 112 (2023: 132) in service non-members and 49 (2023: 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 2024 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 12.26% (2023: 11.08%), Consumer Price Inflation of 6.24% (2023: 6.47%), Normal Salary Increase of 5.00% (2023: 7.50%) and Net Effective Discount Rate of 4.20% (2023: 4.33%), Mortality SA 85-90 (2023: SA 85-90)

#### Total post-retirement health care benefits liability

Opening balance	(97 567 000)	(102 497 000)
Current service cost	(4 252 000)	(4 110 000)
Interest cost	(11 976 000)	(11 948 000)
Actuarial gains/(loss)	7 075 070	17 983 420
Expected contributions (benefits paid)	3 233 930	3 004 580
	<u>(103 486 000)</u>	<u>(97 567 000)</u>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 6. Employee benefit obligations (continued)

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

#### Carrying value

Opening Balance	(111 752 000)	(117 413 000)
Current Service Costs	(5 460 000)	(5 340 000)
Past Service Costs	(8 854 000)	975 000
Interest Costs	(13 440 000)	(13 465 000)
Expected employee benefit vesting	5 735 671	5 335 645
Actuarial gain/(loss)	6 420 329	18 155 355
	<b>(127 350 000)</b>	<b>(111 752 000)</b>
Non-current liabilities	(118 989 000)	(106 614 000)
Current liabilities	(8 361 000)	(5 138 000)
	<b>(127 350 000)</b>	<b>(111 752 000)</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.26 %	12.47 %
CPI inflation rate	6.24 %	6.58 %
Expected increase in salaries	5.00 %	7.50 %
Expected increase in healthcare costs	7.74 %	8.08 %

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>7. Inventories</b>		
Consumable stores	34 419 727	25 771 378
Land inventory	92 091 757	93 309 751
	<b>126 511 484</b>	<b>119 081 129</b>

### 7.1 Reconciliation of inventories

<b>Land inventory</b>		
Opening balance	93 309 751	96 569 742
Less: Sales	(271 000)	(3 030 000)
Less: Donated land	(350 000)	(140 000)
Less: Inventory written down	(596 994)	(89 991)
Closing balance	92 091 757	93 309 751

There are certain portions of land illegally occupied by invaders. At period -end, an amount of R596 994 (2023: R89 991) was written down.

### Inventory consumables

Opening balance	25 771 378	32 067 552
Add: Purchases	44 946 139	38 395 483
Less: Issues	(36 413 862)	(43 691 829)
Less: Adjustments:	-	-
(Increase)/decrease in slow moving stock	116 072	(999 828)
Closing balance	34 419 727	25 771 378

### Slow Moving Stock:

For the year ended 30 June 2024, there were certain inventory items that had longer turnover and therefore stayed a lot longer in stores. The increase/ decrease in slow moving stock amounted to R116 072 (2023: R-999 828).

### Inventory pledged as security

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

## 8. Receivables from exchange transactions

Other receivables	2 645 569	7 358 419
Sundry debtors	232 648	83 760
Vhembe District Municipality	-	9 881 800
Prepaid expenses - Insurance	424 782	793 046
	<b>3 303 002</b>	<b>18 117 026</b>

### Vhembe District Municipality

As of 30 June 2024, trade and other receivables from Vhembe District Municipality amounted to - (2023: 9 881 800) .

The reconciliation of the gross balance for VDM debt is as follows:

Opening balance	9 881 800	33 881 800
Settlements	(9 881 800)	(24 000 000)
Total	-	9 881 800
Closing balance	-	9 881 800

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>8. Receivables from exchange transactions (continued)</b>		
<b>Reconciliation of provision for impairment</b>		
Opening balance	-	(16 940 900)
Reversal of impairment	-	16 940 900
	<u>-</u>	<u>-</u>
<b>Sundry debtors pledged as security.</b>		
No trade and other receivables were pledged as security.		
<b>9. Receivables from non-exchange transactions</b>		
Fines	<u>737 650</u>	<u>1 239 500</u>
<b>Receivables from non-exchange transactions impaired</b>		
As of 30 June 2024, receivables from traffic fines of R16 506 640 (2023: R13 957 070) were impaired and provided for. The amount of the provision was R15 768 990 as of 30 June 2024 (2023: R12 717 570).		
<b>Gross Balances</b>		
Opening balance	13 957 070	10 289 770
Tickets issued	5 306 050	6 124 700
Withdrawals	(425 050)	(427 680)
Reductions	(58 880)	(275 150)
Payments	(2 272 550)	(1 754 570)
Closing Balance	<u>16 506 640</u>	<u>13 957 070</u>
Less: Provision for impairment	<u>(15 768 990)</u>	<u>(12 717 570)</u>
	<u><b>737 650</b></u>	<u><b>1 239 500</b></u>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	(12 717 570)	(8 466 685)
Contributions to allowance	(3 051 420)	(4 250 885)
	<u><b>(15 768 990)</b></u>	<u><b>(12 717 570)</b></u>
<b>Receivables from non-exchange transactions pledged as security</b>		
No receivables from non-exchange transactions were pledged as security.		
<b>10. VAT receivable</b>		
VAT receivable (SARS)	-	2 724 038
VAT receivable (Accrual)	<u>779 186</u>	<u>443 026</u>
	<u><b>779 186</b></u>	<u><b>3 167 064</b></u>

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	195 150 166	169 608 899
Consumer debtors - Electricity	103 093 659	97 996 925
Consumer debtors - Interest	166 895 176	139 202 128
Consumer debtors - Refuse	32 327 850	30 040 473
Consumer debtors - Sundries	39 233 708	19 658 463
Consumer debtors - VAT	18 000 205	16 976 536
Consumer debtors - Other	3 718 065	4 026 133
	<b>558 418 829</b>	<b>477 509 557</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(150 010 517)	(129 023 372)
Consumer debtors - Electricity	(42 319 597)	(59 242 733)
Consumer debtors - Interest	(144 440 924)	(120 681 325)
Consumer debtors - Refuse	(31 210 270)	(29 126 954)
Consumer debtors - Sundries	(22 676 283)	(17 572 726)
Consumer debtors - VAT	(14 527 299)	(14 580 214)
Consumer debtors - Other	(3 706 765)	(3 857 087)
	<b>(408 891 655)</b>	<b>(374 084 411)</b>
<b>Net balance</b>		
Consumer debtors - Rates	45 139 649	40 585 527
Consumer debtors - Electricity	60 774 062	38 754 192
Consumer debtors - Interest	22 454 252	18 520 803
Consumer debtors - Refuse	1 117 580	913 519
Consumer debtors - Sundries	16 557 425	2 085 737
Consumer debtors - VAT	3 472 906	2 396 322
Consumer debtors - Other	11 300	169 046
	<b>149 527 174</b>	<b>103 425 146</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	60 774 062	38 754 192
Interest	22 454 252	18 520 803
Refuse	1 117 580	913 519
Sundries	16 557 425	2 085 737
VAT	3 472 906	2 396 322
Other	11 300	169 046
	<b>104 387 525</b>	<b>62 839 619</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	45 139 649	40 585 527
	<b>149 527 174</b>	<b>103 425 146</b>
<b>Net balance</b>		
<b>Rates</b>		
Current (0 -30 days)	21 609 670	9 749 257
31 - 60 days	3 851 594	3 257 294
61 - 90 days	3 379 394	3 073 149
91 - 120 days	3 362 111	2 955 358
121 - 365 days	162 947 397	150 573 841
	<b>195 150 166</b>	<b>169 608 899</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Consumer debtors disclosure (continued)</b>		
<b>Electricity</b>		
Current (0 -30 days)	54 016 911	41 911 855
31 - 60 days	1 101 413	3 052 355
61 - 90 days	1 248 872	1 562 668
91 - 120 days	1 310 007	1 515 768
121 - 365 days	45 416 455	49 954 279
	<b>103 093 658</b>	<b>97 996 925</b>
<b>Interest</b>		
Current (0 -30 days)	6 971 503	6 431 591
31 - 60 days	3 437 137	3 120 602
61 - 90 days	3 380 855	3 061 156
91 - 120 days	3 328 221	3 034 983
121 - 365 days	149 777 461	123 553 796
	<b>166 895 177</b>	<b>139 202 128</b>
<b>Refuse</b>		
Current (0 -30 days)	1 562 232	1 594 113
31 - 60 days	469 670	488 501
61 - 90 days	447 985	467 973
91 - 120 days	437 960	456 641
121 - 365 days	29 410 002	27 033 245
	<b>32 327 849</b>	<b>30 040 473</b>
<b>Sundries</b>		
Current (0 -30 days)	15 057 497	2 540 608
31 - 60 days	1 581 789	769 498
61 - 90 days	4 332 755	516 861
91 - 120 days	554 829	498 324
121 - 365 days	17 706 837	15 333 172
	<b>39 233 707</b>	<b>19 658 463</b>
<b>VAT</b>		
Current (0 -30 days)	3 753 344	3 229 160
31 - 60 days	277 904	584 044
61 - 90 days	297 317	349 896
91 - 120 days	301 351	344 257
121 - 365 days	13 370 289	12 469 179
	<b>18 000 205</b>	<b>16 976 536</b>
<b>Other</b>		
Current (0 -30 days)	2 082	314 677
31 - 60 days	363	135 560
61 - 90 days	12 064	121 244
91 - 120 days	37 447	113 437
121 - 365 days	3 666 110	3 341 215
	<b>3 718 066</b>	<b>4 026 133</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Consumer debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Residential</b>		
Current (0 -30 days)	25 127 626	17 545 693
31 - 60 days	4 356 723	3 915 729
61 - 90 days	5 139 963	3 710 003
91 - 120 days	3 962 043	3 607 021
121 - 365 days	213 738 494	26 456 937
> 365 days	-	166 741 571
	<u>252 324 849</u>	<u>221 976 954</u>
Less: Allowance for impairment	<u>(227 044 175)</u>	<u>(211 729 727)</u>
	<b>25 280 674</b>	<b>10 247 227</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	35 976 087	28 147 806
31 - 60 days	1 908 749	3 009 745
61 - 90 days	2 607 499	1 608 574
91 - 120 days	1 762 874	1 537 392
121 - 365 days	46 752 573	9 732 000
> 365 days	-	37 983 878
	<u>89 007 782</u>	<u>82 019 395</u>
Less: Allowance for impairment	<u>(56 544 253)</u>	<u>(58 112 712)</u>
	<b>32 463 529</b>	<b>23 906 683</b>
<b>Agriculture</b>		
Current (0 -30 days)	41 869 526	20 077 761
31 - 60 days	4 454 398	4 482 380
61 - 90 days	5 351 781	3 834 371
91 - 120 days	3 607 009	3 774 354
121 - 365 days	161 803 483	29 193 850
> 365 days	-	112 150 492
	<u>217 086 197</u>	<u>173 513 208</u>
Less: Allowance for impairment	<u>(125 303 227)</u>	<u>(104 241 972)</u>
	<b>91 782 970</b>	<b>69 271 236</b>
<b>Total</b>		
Current (0 -30 days)	102 973 239	65 771 260
31 - 60 days	10 719 870	11 407 854
61 - 90 days	13 099 243	9 152 948
91 - 120 days	9 331 927	8 918 767
121 - 365 days	422 294 550	65 382 787
> 365 days	-	316 875 941
	<u>558 418 829</u>	<u>477 509 557</u>
Less: Allowance for impairment	<u>(408 891 655)</u>	<u>(374 084 411)</u>
	<b>149 527 174</b>	<b>103 425 146</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(52 933 342)	(52 072 195)
31 - 60 days	(8 561 350)	(8 921 853)
61 - 90 days	(10 461 620)	(7 158 336)
91 - 120 days	(7 452 879)	(6 975 188)
121 - 365 days	(329 482 464)	(51 134 558)
> 365 days	-	(247 822 281)

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Consumer debtors disclosure (continued)</b>		
	<b><u>(408 891 655)</u></b>	<b><u>(374 084 411)</u></b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(374 084 411)	(320 785 687)
Contributions to allowance	(44 331 333)	(54 859 417)
Debt impairment written off against allowance	9 524 089	1 560 693
	<b><u>(408 891 655)</u></b>	<b><u>(374 084 411)</u></b>

### Consumer debtors impaired

As of 30 June 2024, consumer debtors of R408 891 655 (2023: R374 084 411) 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	<u>149 527 174</u>	<u>103 425 146</u>
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### 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	14 648 904	146 582 745
Petty Cash	163	57
Cash Float	12 700	12 700
	<b><u>14 661 767</u></b>	<b><u>146 595 502</u></b>

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 12. 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 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB BANK - Primary account - 623-0832-9988	25 932 331	146 328 419	200 740 897	14 648 904	146 582 745	201 324 162
VBS MUTUAL BANK Investment account-010029570007	58 264 578	58 264 578	58 264 578	58 264 578	58 264 578	58 264 578
<b>Total</b>	<b>84 196 909</b>	<b>204 592 997</b>	<b>259 005 475</b>	<b>72 913 482</b>	<b>204 847 323</b>	<b>259 588 740</b>

#### Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2023: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.

### 13. Finance lease obligation

#### Minimum lease payments due

- within one year	1 416 000	327 704
- in second to fifth year inclusive	2 006 000	-
	<u>3 422 000</u>	<u>327 704</u>
less: future finance charges	(455 492)	(5 658)
<b>Present value of minimum lease payments</b>	<b><u>2 966 508</u></b>	<b><u>322 046</u></b>

#### Present value of minimum lease payments due

- within one year	1 126 839	322 046
- in second to fifth year inclusive	1 839 669	-
	<u>2 966 508</u>	<u>322 046</u>

Non-current liabilities	1 839 669	-
Current liabilities	1 126 839	322 046
	<u>2 966 508</u>	<u>322 046</u>

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	2 966 508	322 046
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For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 49 of the financial statements. The fair value of finance lease liabilities approximates their carrying amounts.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 14. 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. Except for Disaster Management Grant, all conditional grants were fully spent as at 30 June 2024.

#### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	-
Integrated National Electrification Programme	-	-
Finance Management Grant	-	-
Disaster Management Grant	4 558 461	3 500 000
Expanded Public Works Programmes	-	-
	<u>4 558 461</u>	<u>3 500 000</u>

#### Movement during the year

Balance at the beginning of the year	3 500 000	-
Additions during the year	137 733 000	131 426 000
Income recognition during the year	<u>(136 674 539)</u>	<u>(127 926 000)</u>
	<u>4 558 461</u>	<u>3 500 000</u>

See Note 31 for reconciliation of grants from national/provincial government.

### 15. Performance bonus obligation

The provision is to provide for the performance bonuses of the Section 57 employees. The provision is calculated at 10% of the total remuneration in terms of the performance agreements at the reporting date which is usually paid within one year.

Performance bonuses	-	<u>251 579</u>
<b>Reconciliation of performance bonuses</b>		
Balance at the beginning of the year	251 579	251 579
Less: Amount unutilised during the year	<u>(251 579)</u>	<u>-</u>
	<u>-</u>	<u>251 579</u>
<b>Total performance bonus obligation</b>		
Performance bonuses	-	<u>251 579</u>
	<u>-</u>	<u>251 579</u>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 16. Rehabilitation provision

#### Reconciliation of rehabilitation provision - 2024

	Opening Balance	Movement	Unwind interest	Closing Balance
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
	<b>31 010 086</b>	<b>(14 027 656)</b>	<b>3 338 524</b>	<b>20 320 954</b>

#### Reconciliation of rehabilitation provision - 2023

	Opening Balance	Movement	Unwind interest	Closing Balance
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	33 406 914	(9 423 500)	3 126 385	27 109 799
New Landfill Site [Permit Number:12/9/11/L413/6]	5 788 691	(2 502 497)	614 093	3 900 287
	<b>39 195 605</b>	<b>(11 925 997)</b>	<b>3 740 478</b>	<b>31 010 086</b>

Non-current liabilities		18 865 567	26 010 086
Current liabilities		1 455 387	5 000 000
		<b>20 320 954</b>	<b>31 010 086</b>

### Environmental rehabilitation provision

Long-term obligations comprising pollution control, rehabilitation and site closure result from environmental disturbances associated with the municipality's operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

#### Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects market assessments of the value of money. The increase in restoration provisions owing to the passage of time is charged to finance costs. All other charges in the carrying amount of the provision subsequent to initial recognition are included in profit or loss in the period in which they are incurred.

#### Ongoing rehabilitation cost

The cost of ongoing current programmes to prevent and control pollution is recognised as an expense when incurred.

#### Critical accounting estimates and assumptions

The municipality's activities are subject to various laws and regulations governing the protection of the environment. The municipality recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of site estimates and discount rates can affect the carrying amount of this provision.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and landfill site closure, are based on the municipality's environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

Rehabilitation costs have been calculated as the present value of future obligation, discounted at net effective discount rate of 5.0% for the Vondeling Landfill and 5.50% for the Makhado Landfill.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>17. Deferred Income</b>		
Deferred Income	99 695	153 578
<b>18. Payables from exchange transactions</b>		
Salary Control	15 817 120	13 519 860
Accrued operating creditors	148 799 149	158 955 394
Retentions	54 282 712	49 630 382
Advance payments	15 671 783	13 957 517
Other creditors	2 234 766	6 696 733
Leave pay accrual	40 440 873	36 147 715
Bonus accrual	8 288 972	7 273 104
	<b>285 535 375</b>	<b>286 180 705</b>
<b>Fair value of trade and other payables</b>		
Trade payables	285 535 375	286 180 705

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.

### 19. VAT payable

VAT payable (Accrual)	-	-
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The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>20. Consumer deposits</b>		
Electricity	14 372 770	15 210 158
Rental Properties	609 452	411 280
	<b>14 982 222</b>	<b>15 621 438</b>

During the financial period ended 30 June 2024, the municipality had guarantees in lieu of customers of R2 766 069 (2023: R3 231 099).

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.

### 21. Revenue

Service charges	454 445 770	385 664 462
Rental of facilities and equipment	425 659	321 030
Interest earned -outstanding receivables: exchange transactions	15 511 158	14 272 415
Agency services	3 273 967	4 556 844
Licences and permits	3 809 976	3 790 850
Other revenue from exchange transactions	21 935 915	53 559 025
Interest received from financial institutions	5 456 569	9 569 147
Actuarial gains	6 420 329	18 155 355
Property rates	120 692 497	97 299 879
Interest earned -outstanding receivables: non-exchange transactions	25 943 370	23 042 009
Government grants & subsidies	619 579 943	574 516 240
Other revenue from non - exchange transactions	27 163 217	-
Fines, Penalties and Forfeits	5 390 564	6 144 857
	<b>1 310 048 934</b>	<b>1 190 892 113</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	454 445 770	385 664 462
Rental of facilities and equipment	425 659	321 030
Interest earned -outstanding receivables: exchange transactions	15 511 158	14 272 415
Agency services	3 273 967	4 556 844
Licences and permits	3 809 976	3 790 850
Other revenue from exchange transactions	21 935 915	53 559 025
Interest received from financial institutions	5 456 569	9 569 147
Actuarial gains	6 420 329	18 155 355
	<b>511 279 343</b>	<b>489 889 128</b>

#### The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	120 692 497	97 299 879
Interest earned -outstanding receivables: non-exchange transactions	25 943 370	23 042 009
<b>Transfer revenue</b>		
Government grants & subsidies	619 579 943	574 516 240
Other revenue from non - exchange transactions	27 163 217	-
Fines, Penalties and Forfeits	5 390 564	6 144 857
	<b>798 769 591</b>	<b>701 002 985</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 21. Revenue (continued)

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

Donations		<u>7 907 617</u>
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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:**

Services in kind		<u>19 255 600</u>
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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 mobilisation of re-prioritised MIG and other grants with the objective to ensure job creation through labour intensive methods, poverty alleviation, service delivery and stimulation 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.

### 22. Service charges

Sale of electricity	439 239 234	371 261 779
Refuse removal	15 206 536	14 402 683
	<u>454 445 770</u>	<u>385 664 462</u>

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 R439 239 234 (2023: R371 261 779), is prepaid electricity of R89 789 653 (2023: R72 677 220), which is not billed on a monthly basis but purchased by consumers as and when the need arises.

### 23. Rental of facilities and equipment

#### Premises

Venue hire	<u>296 124</u>	<u>208 101</u>
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#### Facilities and equipment

Rental-Show Ground	129 535	97 117
Rental of equipment	-	15 812
	<u>129 535</u>	<u>112 929</u>
	<u>425 659</u>	<u>321 030</u>

### 24. Fines, Penalties and Forfeits

Overdue Books Fines	466	560
Pound Fees Fines	84 048	19 597
Municipal Traffic Fines	5 306 050	6 124 700
	<u>5 390 564</u>	<u>6 144 857</u>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>25. Agency services</b>		
Vehicle Registration & Licencing	3 273 967	4 556 844
<p>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.</p> <p>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.</p>		
<b>26. Licences and permits</b>		
Dog Licences	4 218	5 161
Trading Licences	321 041	283 975
Road and Transport	3 484 717	3 501 714
	<b>3 809 976</b>	<b>3 790 850</b>
<b>27. Interest earned - outstanding receivables</b>		
Interest earned - outstanding receivables: exchange transactions	15 511 158	14 272 415
Interest earned - outstanding receivables: non - exchange transactions	25 943 370	23 042 009
	<b>41 454 528</b>	<b>37 314 424</b>
<b>28. Other revenue from exchange transactions</b>		
Burial fees	153 826	170 613
Advertising	10 274	6 776
Land sales	2 143 793	20 309 765
Sundries	5 375 733	3 991 210
Sale of tender documents	27 000	75 000
Building plans	197 633	138 763
Landfill management	14 027 656	11 925 998
Reversal of impairment: VDM	-	16 940 900
	<b>21 935 915</b>	<b>53 559 025</b>
<b>29. Interest received from financial institutions</b>		
<b>Interest revenue</b>		
Interest received from primary account	5 456 569	9 569 147

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>30. Property rates</b>		
<b>Rates received</b>		
Residential	58 729 599	45 156 217
Commercial	34 762 184	29 410 592
Agricultural	27 200 714	22 572 322
Public Service Infrastructure	-	160 748
	<b>120 692 497</b>	<b>97 299 879</b>
<b>Valuations R'000</b>		
Residential	6 606 796	5 291 613
Commercial	2 469 545	2 189 659
Agricultural	8 471 581	6 203 288
Municipal	589 221	446 594
Churches	118 356	107 716
Government	2 165 769	3 917 637
Public Service Infrastructure	507 058	104 966
Public Benefit Organisation	17 670	2 470
	<b>20 945 996</b>	<b>18 263 943</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. 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 945 996 081 (2023: R18 263 942 347).

Rates are levied monthly on property owner's accounts.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 31. Government grants & subsidies

#### Operating grants

Equitable share	481 943 000	445 889 000
Expanded Public Works Programmes (EPWP)	2 768 000	3 259 000
Finance Management Grant (FMG)	1 950 000	1 950 000
Local Government Sector for Education and Training Authority	962 404	701 240
Disaster Management Grant	16 941 539	-
	<u>504 564 943</u>	<u>451 799 240</u>

#### Capital grants

Municipal Infrastructure Grant (MIG)	108 015 000	102 597 000
Integrated Electrification Program (INEP)	7 000 000	20 120 000
	<u>115 015 000</u>	<u>122 717 000</u>
	<u>619 579 943</u>	<u>574 516 240</u>

#### Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	115 015 000	122 717 000
Operational grants received	22 621 943	5 910 240
Equitable Share	481 943 000	445 889 000
	<u>619 579 943</u>	<u>574 516 240</u>

#### 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 1 711 665 (2023: 622 183), which is funded from the grant.

Current-year receipts	481 943 000	445 889 000
Conditions met - transferred to revenue	<u>(481 943 000)</u>	<u>(445 889 000)</u>
	-	-

#### Municipal Infrastructure Grant (MIG)

Current-year receipts	108 015 000	102 597 000
Conditions met - transferred to revenue	<u>(108 015 000)</u>	<u>(102 597 000)</u>
	-	-

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 year end - (see note 14).

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 31. Government grants & subsidies (continued)

#### Integrated National Electricity Programme (INEP)

Current-year receipts	7 000 000	20 120 000
Conditions met - transferred to revenue	(7 000 000)	(20 120 000)
	<u>-</u>	<u>-</u>

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were fully met at year end - (see note 14).

#### Expanded Public Works Programmes (EPWP)

Current-year receipts	2 768 000	3 259 000
Conditions met - transferred to revenue	(2 768 000)	(3 259 000)
	<u>-</u>	<u>-</u>

The grant was received from the Department of public works, roads, and infrastructure and spent on employing casual workers within community based projects. Conditions of the grant were fully met at year end - (see note 14).

#### Finance Management Grant (FMG)

Current-year receipts	1 950 000	1 950 000
Conditions met - transferred to revenue	(1 950 000)	(1 950 000)
	<u>-</u>	<u>-</u>

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns). Conditions of the grant were fully met at year end - (see note 14).

#### Local Government Sector for Education and Training Authority

Current-year receipts	962 404	701 240
Conditions met - transferred to revenue	(962 404)	(701 240)
	<u>-</u>	<u>-</u>

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters. The conditions of the grant were fully met- (see note 14).

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>31. Government grants &amp; subsidies (continued)</b>		
<b>Disaster Management Grant</b>		
Balance unspent at beginning of year	3 500 000	-
Current-year receipts	18 000 000	3 500 000
Conditions met - transferred to revenue	(16 941 539)	-
	<b>4 558 461</b>	<b>3 500 000</b>

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The conditions of the grant was partially met at year end - (see note 14).

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>32. Employee related costs</b>		
Basic	220 859 194	193 460 144
Bonus	16 985 056	14 777 211
Medical aid - company contributions	20 074 050	17 188 031
UIF	1 633 328	1 523 921
Other payroll levies	116 038	72 198
Leave pay provision charge	5 763 641	1 352 424
Pension fund contributions	40 660 064	36 128 255
Travel, motor car, accommodation, subsistence and other allowances	18 631 304	15 968 532
Overtime payments	35 316 324	34 172 598
Employee benefits - Current service costs	5 460 000	5 340 000
Employee benefits - Past Service Costs	8 854 000	-
Acting allowances	884 359	1 076 257
Allowances: Non-pensionable	142 380	502 376
Housing benefits and allowances	459 583	398 249
Standby allowance	3 142 508	3 006 032
Group life insurance	2 681 997	2 158 740
	<b>381 663 826</b>	<b>327 124 968</b>

### Remuneration of municipal manager

Annual Remuneration	1 219 739	848 323
Acting allowance	22 890	43 499
Car allowance	345 904	259 162
Contributions to UIF, Medical and Pension Funds	249 028	191 787
Other	16 950	21 916
	<b>1 854 511</b>	<b>1 364 687</b>

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

### Remuneration of chief finance officer

Annual Remuneration	-	147 802
Acting allowance	132 269	30 502
Car allowance	-	51 879
Contributions to UIF, Medical and Pension Funds	-	31 981
Other	-	21 916
	<b>132 269</b>	<b>284 080</b>

The position of Chief Finance Officer is on acting basis. The Chief Finance Officer was appointed subsequent to financial year end. Refer to AFS Note 51

### Remuneration of Director Technical Services

Annual Remuneration	277 414	445 230
Acting allowance	48 262	14 761
Car allowance	109 529	192 553
Contributions to UIF, Medical and Pension Funds	58 960	102 646
Other	15 255	21 916
	<b>509 420</b>	<b>777 106</b>

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	1 030 819	693 466
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# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>32. Employee related costs (continued)</b>		
Acting allowance	-	10 763
Car allowance	262 408	193 668
Contributions to UIF, Medical and Pension Funds	232 941	177 070
Other	16 950	23 492
	<b>1 543 118</b>	<b>1 098 459</b>

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

### Remuneration of Director Development Planning

Annual Remuneration	953 949	575 801
Acting allowance	-	14 338
Car allowance	355 706	235 934
Contributions to UIF, Medical and Pension Funds	212 387	145 836
Other	15 255	21 916
	<b>1 537 297</b>	<b>993 825</b>

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

### Remuneration of Director Community Services

Annual Remuneration	702 606	495 078
Acting allowance	-	12 186
Car allowance	228 634	187 322
Contributions to UIF, Medical and Pension Funds	178 090	140 299
Other	20 340	21 916
	<b>1 129 670</b>	<b>856 801</b>

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

### 33. Remuneration of councillors

Mayor	991 011	926 455
Speaker	802 540	747 473
Councillors	28 196 386	26 534 591
	<b>29 989 937</b>	<b>28 208 519</b>

### 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 49142 of 08 August 2023.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 33. Remuneration of councillors (continued)

#### Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

#### 30 June 2023

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI	690 492	230 164	5 799	926 455
Mr MR MAGADA	518 106	172 702	13 697	704 505
Mrs TM MALANGE	270 112	90 037	12 218	372 367
Mr FN MADZHIGA	218 517	72 839	19 210	310 566
Ms MS TSHILAMBYANA	218 517	72 839	28 195	319 551
Mr NF CHILILO	218 517	72 839	29 469	320 825
Mr ND DAVHANA	218 517	72 839	29 236	320 592
Mr TC MAMAFHA	218 517	72 839	12 171	303 527
Mrs R RALIPHADA	288 906	96 302	12 220	397 428
Mr N KUTAMA	218 517	72 839	19 878	311 234
Mrs MJ GABARA	218 517	72 839	16 286	307 642
Mr AZ MAPHAHLA	218 517	72 839	46 500	337 856
Mr TJ MAMAFHA	218 517	72 839	29 186	320 542
Mr S MASUKA	218 517	72 839	29 733	321 089
Ms NB JONES	288 906	96 302	22 387	407 595
Mr MJ MPASHE	218 517	72 839	22 541	313 897
Mr NS NEMUDZIVHADI	280 431	93 477	29 403	403 311
Ms MG FURUMELE	218 517	72 839	12 266	303 622
Mr MA SELAPYANA	182 098	60 699	40 300	283 097
Ms GT MUKWEVHO - MITILENI	518 106	172 702	11 230	702 038
Ms NJ SIMANGWE	280 431	93 477	18 278	392 186
Mr MD NDOU	280 431	93 477	12 732	386 640
Mr T KUTAMA	218 517	72 839	11 050	302 406
Mr ME MULEFU	218 517	72 839	29 175	320 531
Mr NV MALIVHA	502 682	167 561	15 586	685 829
Mrs MR MOKGOADI	218 517	72 839	15 282	306 638
Mr ET SITHI	218 517	72 839	11 948	303 304
Mr K MAPHUBU	288 906	96 302	14 374	399 582
Mr N MUNYAI	518 106	172 702	13 197	704 005
Mr SR BALOYI	518 106	172 702	13 287	704 095
Mr R MUKHUBA	218 517	72 839	12 071	303 427
Mr R MUKHUDWANA	218 517	72 839	14 685	306 041
Mr R BALOYI	218 517	72 839	9 511	300 867
Ms L MASHAMBA	218 517	72 839	14 712	306 068
Ms HG MALULEKE	218 517	72 839	12 831	304 187
Mr MC MALANGE	218 517	72 839	28 509	319 865
Mr DJ SEBOLA	218 517	72 839	11 112	302 468
Mr M MARAGA	280 431	93 477	11 108	385 016
Ms M RAMALIVHANA	218 517	72 839	14 020	305 376
Mr MR MAKWALA	280 431	93 477	14 685	388 593
Ms M SWALIVHA	218 517	72 839	14 502	305 858
Mr PA SMALLE	218 517	72 839	46 500	337 856
Miss TC MASHAU	218 517	72 839	13 074	304 430
Mr TR RAVELE	218 517	72 839	41 750	333 106
Mr TT MAKAMU	280 431	93 477	11 089	384 997
Mr PN MASIPA	218 517	72 839	14 706	306 062
Ms KP MAPHAKELA	218 517	72 839	24 583	315 939
Mr AS DZHIVHUHO	218 517	72 839	14 723	306 079
Mr A MADAVHA	218 517	72 839	8 574	299 930
Ms HG MABUDU	218 517	72 839	17 995	309 351

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
<b>33. Remuneration of councillors (continued)</b>				
Mr MW RAMALWA	241 980	80 660	46 500	369 140
Mr ME MULAUDZI	218 517	72 839	15 627	306 983
Mr K MUKHELI	218 517	72 839	10 622	301 978
Mr M MUKOSI	218 517	72 839	10 891	302 247
Mr W MABASA	218 517	72 839	11 091	302 447
Ms NS MAHOSI	280 431	93 477	10 884	384 792
Mr MD SINGO	218 517	72 839	28 114	319 470
Miss IA TSHIDAVHU	280 431	93 477	10 707	384 615
Ms B HLANGWANI	218 517	72 839	14 713	306 069
Mr FP MAKHUBELE	218 517	72 839	14 713	306 069
Mr SE BALOYI	218 517	72 839	13 834	305 190
Mr P MASHAU	218 517	72 839	15 164	306 520
Mr NA MUDUNUNGU	218 517	72 839	46 500	337 856
Mrs TT MUSHANDANA	218 517	72 839	13 804	305 160
Mr MI PHULUWA	218 517	72 839	14 564	305 920
Mr L PHANGAMI	218 517	72 839	46 500	337 856
Mr MR MUKOSI	218 517	72 839	12 638	303 994
Mr FB Hlongwani	218 517	72 839	29 078	320 434
Mrs RT MAINGO	288 906	96 302	15 872	401 080
Miss KN MANGANYE	82 455	27 485	11 352	121 292
Ms NJ MATUMBA	518 106	172 701	46 500	737 307
Ms MD Mboyi	552 398	184 132	10 943	747 473
Mrs LM MATHALISE	280 431	93 477	14 971	388 879
Ms TA MARAGA	168 529	56 176	8 956	233 661
Miss TT RAMALATA	218 517	72 839	12 804	304 160
Mr CD HALGREEN	163 888	54 629	15 621	234 138
Mr WL ESTERHUIZEN	54 629	18 210	11 100	83 939
Mr TR MATIDZA	36 420	12 140	7 400	55 960
Mrs SM SINYOSI	2 249	750	1 200	4 199
Ms D RATSHIKUNI	5 412	1 804	1 200	8 416
Mr T SESHOKI	2 249	750	1 200	4 199
Mr BK JONES	2 249	750	1 200	4 199
Mr J KHODOGA	2 249	750	1 200	4 199
Ms MS MACHETHE	2 249	750	1 200	4 199
Ms TP MAMOROBELA	5 412	1 804	1 200	8 416
Mrs MF MUKHARI	2 249	750	1 200	4 199
Mr A DU PLOOY	2 249	750	1 200	4 199
Mr SZ MTHOMBENI	2 886	962	1 200	5 048
Mrs LB MOGALE	-	-	3 600	3 600
Mrs VS LUDUVHUNGU	2 249	750	1 200	4 199
Mrs MN NDOU	2 249	750	1 200	4 199
Ms S MADULA	2 249	750	1 200	4 199
Mr J LUKHELI	2 249	750	1 200	4 199
Mr SI BULALA	2 249	750	1 200	4 199
Ms TE TAMBANI	2 249	750	1 200	4 199
Mr MA MASHAMBA	2 249	750	1 200	4 199
Mr A MATUMBA	2 973	991	1 200	5 164
Ms MF NETHULWE	2 249	750	1 200	4 199
Mr G TSHIBVUMO	2 249	750	1 200	4 199
Mrs LR TSHIAMBWA	2 249	750	1 200	4 199
Mrs TJ MOHLABA	2 249	750	1 200	4 199
Mr KM MALULEKE	2 886	945	1 200	5 031
Mr T BALIBALI	2 249	750	1 200	4 199
Mrs MC NEMATANDANI	2 249	750	1 200	4 199
Mr SS TSHIFURA	2 249	750	1 200	4 199
Mrs TM BABADU	2 249	750	1 200	4 199
Ms MG PHOSHOKO	2 249	750	1 200	4 199
Mr KS RAMAVHOYA	2 249	750	1 200	4 199
Mr LG MASUTHA	2 249	750	1 200	4 199

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand			2024	2023
<b>33. Remuneration of councillors (continued)</b>				
Mrs LG MADUWA	2 249	750	1 200	4 199
Mr E MADUWA	2 249	750	1 200	4 199
Mr SS NYELISANI	2 249	750	1 200	4 199
Mr PN MUSANDIWA	2 249	750	1 200	4 199
Ms GM RAMUSHAVHA	2 249	750	1 200	4 199
Ms ML MASENGANA	2 249	750	1 200	4 199
Mr VO MAUDA	2 249	750	1 200	4 199
Mrs TE DZIVHANI	2 249	750	1 200	4 199
Mrs JJ HLONGWANE	658	219	300	1 177
	<b>20 017 493</b>	<b>6 672 489</b>	<b>1 518 537</b>	<b>28 208 519</b>

### 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 S.R 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
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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>33. Remuneration of councillors (continued)</b>		
Mr R MUKHUDWANA	235 125	78 375
Mr S MASUKA	235 125	78 375
Mr SE BALOYI	235 125	78 375
Mr T KUTAMA	235 125	78 375
Mr TC MAMAFHA	235 125	78 375
Mr TJ MAMAFHA	235 125	78 375
Mr TR MATIDZA	228 205	76 068
Mr TR RAVELE	235 125	78 375
Mr TT MAKAMU	301 743	100 581
Mr W MABASA	235 125	97 693
Mr WL ESTERHUIZEN	229 589	76 530
Mrs LM MATHALISE	301 743	100 581
Mrs MJ GABARA	235 125	78 375
Mrs MR MOKGOADI	216 223	91 393
Mrs R RALIPHADA	460 306	153 435
Mrs RT MAINGO	310 863	103 621
Mrs TM MALANGE	269 610	89 870
Mrs TT MUSHANDANA	235 125	78 375
Ms B HLANGWANI	235 125	78 375
Ms HG MABUDU	235 125	78 375
Ms HG MALULEKE	235 125	78 375
Ms KP MAPHAKELA	235 125	78 375
Ms L MASHAMBA	235 125	78 375
Ms M RAMALIVHANA	235 125	78 375
Ms M SWALIVHA	235 125	78 375
Ms MG FURUMELE	235 125	78 375
Ms MS TSHILAMBYANA	235 125	78 375
Ms NB JONES	310 863	103 621
Ms NJ MATUMBA	557 001	185 667
Ms NJ SIMANGWE	301 743	100 581
Ms NS MAHOSI	301 743	100 581
	<b>21 294 982</b>	<b>7 136 964</b>
	<b>1 557 991</b>	<b>29 989 937</b>
<b>34. Depreciation and amortisation</b>		
Property, plant and equipment	157 029 955	139 215 026
Investment properties	379 142	381 711
Intangible assets	608 177	604 528
<b>Total depreciation and amortisation</b>	<b>158 017 274</b>	<b>140 201 265</b>
<b>35. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	4 252 095	4 567 245
<b>36. Finance costs</b>		
Interest cost: Actuarial valuation	13 440 000	13 465 000
Interest cost: Trade and other payables	915 592	169
Interest cost: Finance leases	224 932	46 446
Interest cost: Landfill site	3 338 524	3 740 479
	<b>17 919 048</b>	<b>17 252 094</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
<b>37. Debt impairment</b>				
Consumer debtors	38 548 985	46 630 270		
Traffic Fines	3 051 420	4 250 885		
	<b>41 600 405</b>	<b>50 881 155</b>		
<b>38. Bulk purchases</b>				
Electricity - Eskom	371 986 217	299 070 654		
<p>Included in the rand value of the bulk purchases for sale is 12% of the total units purchased R45 848 926 (2023: 11% R32 725 648) which relate to distribution losses.</p> <p>Makhado Municipality gets billed by Eskom on a monthly basis for electricity used /or given to the municipality based on the readings.</p>				
<b>Electricity losses</b>				
	KWH 2024	KWH 2023		
Units purchased	191 623 898	181 910 524	-	-
Units sold	(167 764 315)	(162 005 062)	45 848 926	32 725 648
<b>Total loss</b>	<b>23 859 583</b>	<b>19 905 462</b>	<b>45 848 926</b>	<b>32 725 648</b>
Comprising of:				
Non-technical losses	23 859 583	19 905 462	45 848 926	32 725 648
Percentage Loss:				
Non-technical losses	12 %	11 %	12 %	11 %
<b>39. Contracted services</b>				
<b>Outsourced Services</b>				
Business and Advisory		2 654 628	2 967 316	
Cleaning Services		708 300	721 570	
Clearing and Grass Cutting Services		48 250	463 676	
Internal Auditors		4 824 339	5 758 223	
Meter Management		3 948 276	3 167 969	
Security Services		33 216 506	29 378 936	
<b>Consultants and Professional Services</b>				
Business and Advisory		28 076 805	26 906 667	
Infrastructure and Planning		-	2 565 755	
Audit Committee		1 418 152	513 598	
Legal Cost		36 706 966	27 051 021	
<b>Contractors</b>				
Electrical		2 987 769	14 931 459	
Employee Wellness		2 911 497	3 860 653	
Maintenance of Equipment		3 823 674	1 502 025	
Maintenance of other assets		58 980 242	64 730 515	
		<b>180 305 404</b>	<b>184 519 383</b>	

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. General expenses</b>		
Cost of sales: Land	271 000	3 030 000
Advertising & publications	8 478 766	6 555 125
Auditors remuneration	6 486 983	6 499 272
Bank charges	1 934 210	1 975 098
Consumables	48 292 321	43 326 680
Donations	350 000	140 000
Insurance	2 267 264	3 735 246
Bursaries	25 000	25 000
IT expenses	813 244	219 834
Skills Development Fund Levy	3 241 786	2 904 617
Pre-paid electricity commission	1 754 396	1 420 438
Ward committees allowances	7 154 180	6 292 313
Postage and courier	207 082	188 852
Motor Vehicle Licence & Registrations	1 027 672	1 012 021
Workmens compensation	1 244 020	1 282 734
Subscriptions and membership fees	3 879 113	3 879 113
Telephone and fax	4 943 175	4 870 210
Travel and Subsistence	7 015 147	7 693 772
Uniform expenses	3 489 055	4 221 132
Indigent policy	1 711 665	622 183
Special programmes	572 035	871 430
Other expenses	3 044 267	1 912 634
	<b>108 202 381</b>	<b>102 677 704</b>
<b>41. Actuarial gains/(losses)</b>		
Post -Employment Medical Aid Benefits	7 075 070	17 008 420
Long Service Awards	(654 741)	1 146 935
	<b>6 420 329</b>	<b>18 155 355</b>
<b>42. Inventories losses/write-downs</b>		
Land	(596 994)	(89 991)
Consumables	-	(999 828)
	<b>(596 994)</b>	<b>(1 089 819)</b>
<b>43. Gain/(Loss) on disposal of assets</b>		
Property, plant and equipment	(16 167 112)	(27 746 829)

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>44. Cash generated from operations</b>		
(Deficit) surplus	(651 759)	7 552 478
<b>Adjustments for:</b>		
Depreciation and amortisation	158 017 274	140 201 265
Impairment of non-cash generating assets	4 252 095	4 567 245
Loss on disposal of assets	16 167 112	27 746 829
Inventory adjustment	596 994	1 089 819
Gains/(losses): Actuarial valuation	(6 420 329)	(18 155 355)
Finance costs - Finance leases	224 932	46 446
Interest Cost: Actuarial valuation	13 440 000	13 465 000
Current Service Costs: Actuarial valuation	5 460 000	5 340 000
Past service cost - Actuarial valuation	8 854 000	(975 000)
Interest Cost: Provision for rehabilitation	3 338 524	3 740 479
Debt impairment	41 600 405	50 881 155
Impairment reversal	-	(16 940 900)
Movement in provision for landfill site	(14 027 656)	(11 925 997)
Other income- donated assets	(27 163 217)	-
Employee benefit vesting	(6 727 458)	(5 335 645)
<b>Changes in working capital:</b>		
Inventories	(7 430 355)	9 556 165
Receivables from exchange transactions	14 814 024	3 157 358
Receivables from non-exchange transactions	501 850	583 585
Consumer Debtors -Exchange transactions	(41 547 906)	15 449 974
VAT receivable	2 387 878	(3 167 064)
Consumer Debtors -Non- Exchange transactions	(4 554 103)	(4 007 496)
Payables from exchange transactions	(645 332)	(14 229 073)
VAT payable	-	(17 681 944)
Unspent conditional grants and receipts	1 058 461	3 500 000
Consumer deposits	(639 216)	(336 380)
Deferred Income	(53 883)	(20 669)
Performance bonus obligation	(251 579)	-
	<b>160 600 756</b>	<b>194 102 275</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>45. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>413 323 462</u>	<u>234 404 868</u>
<b>Total capital commitments</b>		
Already contracted for but not provided for	<u>413 323 462</u>	<u>234 404 868</u>
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Operational costs	<u>164 322 340</u>	<u>23 644 525</u>
<b>Total operational commitments</b>		
Already contracted for but not provided for	<u>164 322 340</u>	<u>23 644 525</u>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	413 323 462	234 404 868
Authorised operational expenditure	164 322 340	23 644 525
	<u><b>577 645 802</b></u>	<u><b>258 049 393</b></u>

This committed expenditure relates to plant and equipment and other operational costs. These commitments will be financed by available retained surpluses, internally generated funds and government grants. Commitment values are disclosed VAT inclusive.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 46. 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 R273.9 million (2023 : R270.6 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: Plaintiff's child drowned in sewage drain[Case Number: 1305/2019]	1 950 000	1 950 000
Khulani Timber Industries: Plaintiff claiming settlement of amounts for service rendered. [Case Number: 970/2019]	144 291	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 increment 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>46. Contingencies (continued)</b>		
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	300 000
MEPF: Application to remove members from contributing to the fund.	500 000	500 000
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
Illegal Occupants: Prevention of illegal occupants at clouds end hotel	350 000	350 000
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
Themba Baloyi: Claim sounding in money as a result of theft and our attorneys of record are busy drafting summons.	128 000	128 000
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	-
DDP Valuers: Claim sounding in money against municipality. [Case number:2871/2024]	1 054 203	-
Pilo GPS system: Claim sounding in money against municipality. [Case number:6247/2024]	988 500	-
Frinjansuite TRD CC To compel municipality to reconnect electricity supply to applicant. [Case Number: 182/2024]	200 000	-
	<b>273 868 545</b>	<b>270 625 842</b>

### Contingent assets

Litigations is in process and the municipality is a plaintiff in the following cases, should the judgement or ruling be in favour of the municipality, the municipality will be entitled to receive the estimated value of the damages as indicated below. The provisional estimate based on management assessment is R58.3 million (2023 : 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	58 264 578	58 264 578
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# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 47. 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

The position is vacant

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 33

No member of the municipality's management has significant influence over the financial or operating policies of the municipality. No business transactions took place between the municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the municipality.

### Related party transactions

#### Section 57 Managers and Councillors:

Refer to Note 32 for detail of remuneration paid to Section 57 Managers and to Note 33 for remuneration paid to Councillors.

#### Loans granted to related parties:

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 01 March 2004.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand

2024

2023

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### 48. 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:

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 48. Prior-year adjustments (continued)

#### Statement of financial position

#### 2023

	Note	As previously reported	Correction of error	Re-classification	Restated
<b>Current Assets</b>					
Inventories	7	119 081 129	-	-	119 081 129
Receivables from exchange transactions	8	18 033 266	-	83 759	18 117 025
Receivables from non-exchange transactions	9	1 239 500	-	-	1 239 500
VAT receivable	10	3 167 064	-	-	3 167 064
Consumer debtors- Exchange transactions	11	62 839 619	-	-	62 839 619
Consumer debtors- Non- Exchange transactions	11	40 585 546	-	-	40 585 546
Cash and cash equivalents	12	146 595 502	-	-	146 595 502
<b>Non-current Assets</b>					
Investment property	2	15 438 133	-	-	15 438 133
Property, plant & equipment	3	1 823 292 525	91 866	-	1 823 384 391
Intangible assets	4	1 609 780	-	-	1 609 780
Heritage assets	5	2 160 329	-	-	2 160 329
<b>Current Liabilities</b>					
Employee benefit obligation	6	(5 138 000)	-	-	(5 138 000)
Finance lease obligation	13	(322 046)	-	-	(322 046)
Unspent conditional grants and receipts	14	(3 500 000)	-	-	(3 500 000)
Performance bonus obligation	15	(251 579)	-	-	(251 579)
Rehabilitation provision	16	(5 000 000)	-	-	(5 000 000)
Deferred Income	17	(153 578)	-	-	(153 578)
Payables from exchange transactions	18	(286 096 946)	-	(83 759)	(286 180 705)
Consumer deposits	20	(15 621 438)	-	-	(15 621 438)
<b>Non-current liabilities</b>					
Employee benefit obligation	6	(106 614 000)	-	-	(106 614 000)
Rehabilitation provision	16	(26 010 086)	-	-	(26 010 086)
Accumulated surplus		1 785 334 720	(91 866)	-	1 785 426 586
		-	-	-	-

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 48. Prior-year adjustments (continued)

#### Statement of financial performance

#### 2023

	Note	As previously reported	Correction of error	Restated
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	22	385 664 462	-	385 664 462
Rental of facilities and equipment	23	321 030	-	321 030
Agency services	25	4 556 844	-	4 556 844
Licences and permits	26	3 790 850	-	3 790 850
Interest earned -outstanding receivables	27	14 272 415	-	14 272 415
Other revenue	28	53 559 025	-	53 559 025
Interest received from financial institutions	29	9 569 147	-	9 569 147
Actuarial gains	41	18 155 355	-	18 155 355
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>				
Interest earned -outstanding receivables	27	23 042 009	-	23 042 009
Property rates	30	97 299 879	-	97 299 879
<b>Transfer revenue</b>				
Fines, penalties and forfeits	24	6 144 857	-	6 144 857
Government grants & subsidies	31	574 516 240	-	574 516 240
<b>Expenditure</b>				
Employee related costs	32	(327 124 968)	-	(327 124 968)
Remuneration of councillors	33	(28 208 519)	-	(28 208 519)
Depreciation and amortisation	34	(140 293 131)	91 866	(140 201 265)
Impairment of non - cash generating assets	35	(4 567 245)	-	(4 567 245)
Finance costs	36	(17 252 094)	-	(17 252 094)
Debt Impairment	37	(50 881 155)	-	(50 881 155)
Bulk purchases	38	(299 070 654)	-	(299 070 654)
Contracted services	39	(184 519 383)	-	(184 519 383)
General Expenses	40	(102 677 704)	-	(102 677 704)
Inventories losses/write-downs	42	(1 089 819)	-	(1 089 819)
Loss on disposal of assets	43	(27 746 829)	-	(27 746 829)
<b>Surplus for the year</b>		<b>7 460 612</b>	<b>91 866</b>	<b>7 552 478</b>

#### Errors

The following prior period errors adjustments occurred:

#### Error 1

#### Risk Management Disclosure:

In the previous financial year, the below items were erroneously disclosed as financial instruments under AFS Note ,49 where as they do not fall within the GRAP 104 - Financial instruments disclosure. The error was subsequently identified and corrected in the current financial year.

#### Disclosure Items:

Receivables from non-exchange transactions	1 239 500
Consumer debtors – Non exchange transactions	40 585 546
Performance bonus obligation	(251 579)
Rehabilitation provision	(31 010 086)
Deferred income	(153 578)
	<b>10 409 803</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 48. Prior-year adjustments (continued)

#### Error 2

##### Property, plant and equipment:

In the previous financial year ended 30 June 2023, there are transport assets in the asset register that were not depreciated using the estimated useful lives (EUL), the error was identified by the auditors during the audit of the Annual Financial Statements for the year ended 30 June 2024.

The effect of the correction of the errors is as follows:

##### Financial Statement Area

Increase in carrying amount of Transport assets (SOFP)	91 866
Decrease in depreciation expense of Transport assets (SFPER)	(91 866)
	<u>-</u>

#### Error 3

##### Contingent Assets and Liabilities:

Adjustment made to opening balance of contingent liabilities is due to inclusion of Andre Naude: Notice to compel municipality to switch on electricity, matter was finalised in favor of municipality during the year. [Case Number:5697/2023]. The error was identified and corrected in the current year. Refer to Note 46

##### Contingent Assets and Liabilities

Opening balance	271 625 842
Legal case finalised during the year	(1 000 000)
<b>Restated opening balance</b>	<b><u>270 625 842</u></b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2024

2023

### 48. Prior-year adjustments (continued)

#### Error 4

#### Additional disclosure in terms of Municipal Finance Management Act:

The disclosure for PAYE and UIF as well as Pension and Medical Aid deductions in the previous year was incorrect, as it did not show an amount outstanding at year end. Payments to SARS for PAYE and UIF and other third parties are due by the 7th of the following month. Therefore, at the reporting date, the amounts for June were only paid in July. In this instance, the disclosures in note 55 in the prior year financial statements are incorrect as there is a payable at the reporting date which is not reflected in the reconciliation.

The error was identified and corrected in the current year. Refer to Note 54:

#### PAYE and UIF

Current year amount - Employer	1 367 387
Current year amount - Employees	53 966 710
Amount paid - current year	(50 766 318)

#### Outstanding balance at year -end

**4 567 779**

#### Pension and Medical Aid Deductions

Current year amount - Employer	55 470 087
Current year amount - Employees	29 574 568
Amount paid - current year	(77 777 633)

#### Outstanding balance at year -end

**7 267 022**

#### Reclassifications

The following reclassifications adjustment occurred:

#### Reclassification 1

#### Property, plant and equipment:

In the previous financial year on AFS Note ,3 there was a disclosure error on the PPE reconciliation note between Cost and Accumulated depreciation. The cost element of the disposed assets was erroneously included under the column for accumulated depreciation. The error was subsequently identified and corrected in the current financial year. The impact of the error correction is as follows:

#### Financial Statements Area

BUILDINGS:	-
Decrease in Cost [SOFP]	(298 302)
Decrease in Accumulated depreciation [SOFP]	298 302
MACHINERY AND EQUIPMENT:	-
Decrease in Cost [SOFP]	(3 054 245)
Decrease in Accumulated depreciation [SOFP]	3 054 245
FURNITURE AND OFFICE EQUIPMENT:	-
Decrease in Cost [SOFP]	(3 105 916)
Decrease in Accumulated depreciation [SOFP]	3 105 916
TRANSPORT ASSETS:	-
Decrease in Cost [SOFP]	(2 566 792)
Decrease in Accumulated depreciation [SOFP]	2 566 792
COMPUTER EQUIPMENT:	-
Decrease in Cost [SOFP]	(1 969 752)
Decrease in Accumulated depreciation [SOFP]	1 969 752
INFRASTRUCTURE ASSETS:	-
Decrease in Cost [SOFP]	(45 505 606)

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>48. Prior-year adjustments (continued)</b>		
Decrease in Accumulated depreciation [SOFP]		45 505 606
COMMUNITY ASSETS:		-
Decrease in Cost [SOFP]		(4 135)
Decrease in Accumulated depreciation [SOFP]		4 135
LIBRARY BOOKS:		-
Decrease in Cost [SOFP]		(22 648)
Decrease in Accumulated depreciation [SOFP]		22 648
		<u>-</u>

### Reclassification 2

#### Receivables from exchange transactions:

In the previous financial year, receivables from exchange transactions to the amount of R83 759.33 were misallocated to trade and other payables from exchange transactions. The error was discovered in the current financial year and corrected. The impact of the correction is as follows:

#### Financial Statements Area

Increase in Receivables from exchange transactions (SoFP)	83 759
Increase in Trade & other payables from exchange transactions (SoFP)	(83 759)
	<u>-</u>

### 49. 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 municipalities' risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Accounting Officer.

The Accounting Officer receives regular reports from the Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The municipality's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee. The overall objective of Council is to set policies that seek to reduce risks as far as possible without unduly affecting the Municipality's competitiveness and flexibility.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 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	(285 535 375)	-	-	-
Consumer deposits	(14 982 222)	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(393 244)	-	-	-
Payables from exchange transactions	(286 180 705)	-	-	-
Consumer deposits	(15 621 438)	-	-	-

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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### 49. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one 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	2024	2023
Receivables from exchange transactions	3 303 071	18 117 026
Consumer debtors -exchange transactions	104 387 525	62 839 619
Cash and cash equivalents	14 661 767	146 595 502

#### 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.

### 50. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 1 784 774 828 and that the municipality's total assets exceed its liabilities by 1 784 774 828.

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

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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 51. Events after the reporting date

Below are the material events that occurred between the end of the reporting period 30 June 2024 and the date that the financial statements were authorised for issue.

#### Appointment of Chief Financial Officer:

For the financial year ended 30 June 2024, the position of Chief Financial Officer was on an acting basis. The appointment was done subsequent to financial year end on the 01st of August 2024.

#### High Court Judgement: NERSA's methodology for determining electricity tariff increases:

On the 8th of July 2024, under Case Number 2024/061993, the High Court made a substantial finding that NERSA's methodology of approving municipal tariff increases for the 2024/25 financial year was unlawful and consequently ordered NERSA and the municipalities to only increase tariffs based on the cost of supply studies.

The High Court granted non compliant municipalities 60 days from the date of the court order to supplement electricity tariff applications with cost of supply studies. As at the date of submission of the Annual Financial Statements in terms of section 126 of MFMA, 31 August 2024, Makhado Local Municipality had not submitted the cost of supply studies. Management, however, intent to submit the cost of supply studies to NERSA within 60 days, in order to comply with the High Court directive.

### 52. Fruitless and wasteful expenditure

Opening balance	426 191	207 812
Add: Fruitless and wasteful expenditure identified - current	915 592	259 169
Less: Amount recovered - current	(244 104)	(40 790)
<b>Closing balance</b>	<b>1 097 679</b>	<b>426 191</b>

#### **Amount recovered**

After the council committee investigations, council adopted the council committee recommendations to recover an amount of - from persons involved.

Amounts recovered on interest charged by SARS	-	(8 774)
Amounts recovered from stolen fuel cards	-	(32 016)
Amounts recovered for ghost ward committees	(244 104)	-
	<b>(244 104)</b>	<b>(40 790)</b>

### 53. Irregular expenditure

Opening balance	636 468	130 850
Add: Irregular expenditure - current	550 900	562 570
Less: Amount recovered - current	(4 000)	-
Less: Amount written off - current	-	(56 952)
<b>Closing balance</b>	<b>1 183 368</b>	<b>636 468</b>

### 54. Additional disclosure in terms of Municipal Finance Management Act

#### **Subscription fees**

Current year subscription / fee	3 879 113	3 879 113
Amount paid - current year	(3 879 113)	(3 879 113)
	<b>-</b>	<b>-</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>54. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Distribution Losses</b>		
<b>Kilowats Hours</b>		
Units Purchased	191 623 898	181 910 524
Units Sold	(167 764 315)	(162 005 062)
<b>Distribution Loss (Units)</b>	<b>23 859 583</b>	<b>19 905 462</b>
<b>Rand Values</b>		
Electricity	45 848 926	32 725 648
	<b>45 848 926</b>	<b>32 725 648</b>
<p>Distribution losses for electricity relates to unaccounted for electricity. This mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. During the year 23 859 583 (2023: 19 905 462 ) kilowatts per hour were lost. This represented 12% (2023: 11%) of the electricity purchases for the year, which has been included in bulk purchases. An average price per kilowatt hour of R1.92 (2023: R1.64) was used.</p>		
<b>Audit fees</b>		
Current year audit fees charged	6 486 983	6 499 272
Current year audit fees settled	(6 486 983)	(6 499 272)
	-	-
<b>PAYE and UIF</b>		
Current year amount - Employer	1 435 474	1 367 387
Current year amount - Employees	61 868 287	53 966 710
Amount paid - current year	(57 682 236)	(50 766 318)
	<b>5 621 525</b>	<b>4 567 779</b>
<b>Pension and Medical Aid Deductions</b>		
Current year amount - Employer	63 413 931	55 470 087
Current year amount - Employees	34 193 975	29 574 568
Amount paid - current year	(89 289 412)	(77 777 633)
	<b>8 318 494</b>	<b>7 267 022</b>
<b>VAT</b>		
VAT( receivable) /payable	(779 186)	(3 167 064)

VAT output payables and VAT input receivables are shown in Note 10 and 19. All VAT returns have been submitted by the due date throughout the year.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 54. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

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
	<b>13 953</b>	<b>281 011</b>	<b>294 964</b>
30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebola DJ	3 852	-	3 852
Phuluwa MI	8 043	180 350	188 393
Halgreen CD	185	-	185
Jones NB	64	273	337
Mudunungu NA	220	141	361
Baloyi RS	2 951	63 244	66 195
Tshidavhu IA	4 073	4 054	8 127
	<b>19 388</b>	<b>248 062</b>	<b>267 450</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2024	Highest outstanding amount	Aging (in days)
Phuluwa MI	204 543	90
Halgreen CD	158	90
Jones NB	505	90
Baloyi RS	75 805	90
	<b>281 011</b>	<b>360</b>
30 June 2023	Highest outstanding amount	Aging (in days)
Phuluwa MI	180 350	90
Jones NB	273	90
Mudunungu NA	141	90
Baloyi RS	63 244	90
Tshidavhu IA	4 054	90
	<b>248 062</b>	<b>450</b>

### 55. Actual operating expenditure versus budgeted operating expenditure

Refer to **Appendix C** for the comparison of actual operating expenditure versus budgeted expenditure.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 56. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

The following is the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Quotation deviations for the 2023/24 financial year in terms of the Supply Chain Management Regulations amounted to R1 240 364 [2023: R1 759 455].

Period		
Quarter 1	302 617	248 812
Quarter 2	400 576	621 180
Quarter 3	91 516	386 836
Quarter 4	445 655	502 627
	<u>1 240 364</u>	<u>1 759 455</u>

### 57. Key Assumptions and Estimates Used

The key assumptions and estimates used are as follows: (1) Long Service Award: A number of valuation variables were used. Should these valuation assumptions be different from the actual variables, the provision for Long Service Award may be different from the one disclosed. (2) Post Retirement Medical Aid Benefit Obligation: By its nature, estimating the Post Retirement Medical Aid Benefit requires use of estimates and significant judgement. This was the case in the computation of the relevant obligation.

### 58. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and Public Services, Economic and Environmental Services and Trading 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

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 58. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2024

	Community and Public Services	Economic and Environmental Services	Trading Services	Other Reportable Segments	Total
<b>Revenue</b>					
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	454 642 116	48 536 163	511 279 343
<b>Total segment revenue</b>	<b>364 772</b>	<b>124 839 786</b>	<b>464 410 116</b>	<b>720 434 260</b>	<b>1 310 048 934</b>
<b>Entity's revenue</b>					<b>1 310 048 934</b>
<b>Expenditure</b>					
Contracted services	1 514 702	26 085 454	42 659 381	110 045 867	180 305 404
Bulk purchases	-	-	371 986 217	-	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	35 204 643	119 689 262	188 738 035
<b>Total segment expenditure</b>	<b>20 337 431</b>	<b>193 696 526</b>	<b>531 773 866</b>	<b>564 892 870</b>	<b>1 310 700 693</b>
<b>Total segmental surplus/(deficit)</b>					<b>(651 759)</b>
<b>Assets</b>					
Current assets	-	-	145 502 353	150 017 910	295 520 263
Non current assets	17 637 552	408 517 361	233 967 818	1 284 945 049	1 945 067 780
<b>Total segment assets</b>	<b>17 637 552</b>	<b>408 517 361</b>	<b>379 470 171</b>	<b>1 434 962 959</b>	<b>2 240 588 043</b>
<b>Total assets as per Statement of financial Position</b>					<b>2 240 588 043</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	Community and Public Services	Economic and Environmental Services	Trading Services	Other Reportable Segments	Total
	-	-	215 113 000	101 005 979	316 118 979
	-	-	36 300 293	103 393 943	139 694 236
	-	-	<b>251 413 293</b>	<b>204 399 922</b>	<b>455 813 215</b>

### 58. Segment information (continued)

#### Liabilities

Current Liabilities					
Non current liabilities					
<b>Total segment liabilities</b>					
<b>Total liabilities as per Statement of financial Position</b>					

### 2023

	Community and Public Services	Economic and Environmental Services	Trading Services	Other Reportable Segments	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	20 157	112 228 575	23 379 000	565 375 253	701 002 985
Revenue from exchange transactions	253 834	25 840 367	385 664 460	78 130 467	489 889 128
<b>Total segment revenue</b>	<b>273 991</b>	<b>138 068 942</b>	<b>409 043 460</b>	<b>643 505 720</b>	<b>1 190 892 113</b>
<b>Entity's revenue</b>					<b>1 190 892 113</b>

#### Expenditure

Contracted Services	1 297 333	31 790 316	34 417 753	117 013 981	184 519 383
Bulk purchases	-	-	299 070 654	-	299 070 654
Depreciation and Amortisation	5 508 460	56 262 716	42 026 923	36 403 166	140 201 265
Employee Related Cost	8 912 391	108 133 305	62 539 653	147 539 619	327 124 968
Remuneration of councillors	-	-	-	28 208 519	28 208 519
Other expenses	1 435 809	35 183 591	38 091 479	129 503 967	204 214 846
<b>Total segment expenditure</b>	<b>17 153 993</b>	<b>231 369 928</b>	<b>476 146 462</b>	<b>458 669 252</b>	<b>1 183 339 635</b>
<b>Total segmental surplus/(deficit)</b>					<b>7 552 478</b>

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)  
Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 58. Segment information (continued)

#### Assets

Segment assets:	-	-	-	-	-	-
Current assets	1 314 695	52 269 214	37 348 513	300 692 964	391 625 386	-
Non current assets	6 185 315	245 913 749	175 715 532	1 414 778 037	1 842 592 633	-
<b>Total segment assets</b>	<b>7 500 010</b>	<b>298 182 963</b>	<b>213 064 045</b>	<b>1 715 471 001</b>	<b>2 234 218 019</b>	<b>-</b>
<b>Total assets as per Statement of financial Position</b>						<b>2 234 218 019</b>

#### Liabilities

Segment liabilities:	-	-	-	-	-	-
Current Liabilities	180 396	-	262 228 455	53 758 496	316 167 347	-
Non current liabilities	-	-	36 300 293	96 323 793	132 624 086	-
<b>Total segment liabilities</b>	<b>180 396</b>	<b>-</b>	<b>298 528 748</b>	<b>150 082 289</b>	<b>448 791 433</b>	<b>-</b>
<b>Total liabilities as per Statement of financial Position</b>						<b>448 791 433</b>

### 59. Accounting by principals and agents

Makhado Local Municipality is a party to a principal-agent arrangement.

# MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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### 59. Accounting by principals and agents (continued)

Details of the arrangement(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 273 967 (2023: R4 556 844) as disclosed in note 25.

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 2024, the municipality paid R16 402 789 (2023:R21 840 467) over to the Department of Transport.

#### ***Makhado Local Municipality as Principal and Contour Technology Pvt Ltd as agent:***

The municipality entered into an agreement with Contour Technology Pvt 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 R 89 789 653 (2023: R 72 677 220) as disclosed in note 22

#### ***Fee paid***

Fee paid as compensation to the agent	1 754 396	1 420 438
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**MAKHADO LOCAL MUNICIPALITY**  
**MAKHADO LOCAL MUNICIPALITY**

**Appendix B**  
 June 2024

**Analysis of property, plant and equipment as at 30 June 2023**  
**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
<b>Land and buildings</b>														
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	(866 468)	-	-	-	(144 894)	(1 011 362)	2 475 984
Nonresidential structures	49 976 849	7 389 818	-	(621 915)	-	-	56 744 752	(19 546 320)	298 302	-	(849 327)	(1 885 221)	(21 982 566)	34 762 186
	<b>286 666 420</b>	<b>7 389 818</b>	<b>-</b>	<b>(621 915)</b>	<b>-</b>	<b>-</b>	<b>289 434 323</b>	<b>(20 412 788)</b>	<b>298 302</b>	<b>-</b>	<b>(849 327)</b>	<b>(2 030 115)</b>	<b>(22 993 928)</b>	<b>270 440 395</b>
<b>Infrastructure</b>														
Electricity	1 109 633 441	66 167 110	-	(9 975 513)	-	-	1 165 825 038	(670 738 054)	5 814 983	-	(2 237 787)	(46 179 035)	(713 339 893)	452 485 145
Roads	1 280 282 631	157 019 227	-	(63 680 267)	-	-	1 373 631 591	(667 404 909)	39 690 623	-	(936 992)	(67 031 084)	(695 682 362)	677 949 229
Solid waste disposal	28 537 782	469 226	-	-	-	-	29 007 008	(11 235 300)	-	-	(32 114)	(1 260 379)	(12 527 793)	16 479 215
	<b>2 418 463 854</b>	<b>223 655 563</b>	<b>-</b>	<b>(73 655 780)</b>	<b>-</b>	<b>-</b>	<b>2 568 463 637</b>	<b>(1 349 378 263)</b>	<b>45 505 606</b>	<b>-</b>	<b>(3 206 893)</b>	<b>(114 470 498)</b>	<b>(1 421 550 048)</b>	<b>1 146 913 589</b>
<b>Community Assets</b>														
Cemeteries	9 252 583	4 817 189	-	-	-	-	14 069 772	(4 797 599)	-	-	(43 110)	(454 353)	(5 295 062)	8 774 710
Cemeteries perimeter protection	7 812 671	3 076 992	-	(570)	-	-	10 889 093	(1 201 739)	545	-	(20 017)	(329 347)	(1 550 558)	9 338 535
Community center	80 813 903	13 980 540	-	(6 410)	-	-	94 788 033	(19 353 405)	3 591	-	(227 170)	(3 025 647)	(22 602 631)	72 185 402
Libraries	1 238 958	-	-	-	-	-	1 238 958	(790 638)	-	-	-	(44 771)	(835 409)	403 549
Sports and recreational facilities	42 044 994	1 304 707	-	-	-	-	43 349 701	(5 623 605)	-	-	(86 236)	(1 727 990)	(7 437 831)	35 911 870
Library books	2 470 476	82 156	-	(24 227)	-	-	2 528 405	(2 334 684)	22 648	-	-	(73 839)	(2 385 875)	142 530
	<b>143 633 585</b>	<b>23 261 584</b>	<b>-</b>	<b>(31 207)</b>	<b>-</b>	<b>-</b>	<b>166 863 962</b>	<b>(34 101 670)</b>	<b>26 784</b>	<b>-</b>	<b>(376 533)</b>	<b>(5 655 947)</b>	<b>(40 107 366)</b>	<b>126 756 596</b>

**MAKHADO LOCAL MUNICIPALITY  
MAKHADO LOCAL MUNICIPALITY**

**Appendix B**

June 2024

**Analysis of property, plant and equipment as at 30 June 2023  
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
<b>Work In Progress</b>														
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
	<b>173 318 568</b>	<b>283 960 811</b>	<b>(253 824 808)</b>		<b>(10 168 913)</b>		<b>193 285 658</b>							<b>193 285 658</b>
<b>Other assets</b>														
Machinery and equipment	61 215 141	6 310 238	-	(3 190 213)	-	-	64 335 166	(30 778 335)	3 054 245	-	(26 323)	(6 285 304)	(34 035 717)	30 299 449
Furniture and office equipment	17 201 205	418 233	-	(3 180 006)	-	-	14 439 430	(12 481 292)	3 105 916	-	(12 947)	(1 370 118)	(10 758 441)	3 680 989
Computer Equipment	14 722 559	2 538 165	-	(2 144 164)	-	-	15 116 560	(7 243 360)	1 969 752	-	(30 620)	(2 006 154)	(7 310 382)	7 806 178
Transport assets	78 167 816	8 437 490	-	(3 170 048)	-	-	83 435 258	(34 403 341)	2 566 792	-	(175)	(7 396 893)	(39 233 617)	44 201 641
	<b>171 306 721</b>	<b>17 704 126</b>		<b>(11 684 433)</b>			<b>177 326 414</b>	<b>(84 906 328)</b>	<b>10 696 705</b>		<b>(70 065)</b>	<b>(17 058 469)</b>	<b>(91 338 157)</b>	<b>85 988 257</b>

**MAKHADO LOCAL MUNICIPALITY**  
**MAKHADO LOCAL MUNICIPALITY**  
**Appendix B**

June 2024

**Analysis of property, plant and equipment as at 30 June 2023**  
**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
<b>Total property plant and equipment</b>														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	293 434 323	(20 412 788)	298 302	-	(849 327)	(2 030 115)	(22 993 928)	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	2 568 463 637	(1 349 378 263)	45 505 606	-	(3 206 893)	(114 470 496)	(1 421 550 048)	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	166 863 962	(34 101 670)	26 784	-	(376 533)	(5 655 947)	(40 107 366)	126 756 596
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	177 326 414	(84 906 328)	10 696 705	-	(70 065)	(17 058 469)	(91 338 157)	85 988 257
	<b>3 193 389 148</b>	<b>555 971 902</b>	<b>(253 824 808)</b>	<b>(85 993 335)</b>	<b>(10 168 913)</b>	<b>-</b>	<b>3 399 373 994</b>	<b>(1 488 799 049)</b>	<b>56 527 397</b>	<b>-</b>	<b>(4 502 818)</b>	<b>(139 215 029)</b>	<b>(1 575 989 499)</b>	<b>1 823 384 495</b>
<b>Heritage assets</b>														
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
	<b>2 160 329</b>						<b>2 160 329</b>							<b>2 160 329</b>
<b>Intangible assets</b>														
Computers - software	8 699 729	58 550	-	(24 227)	-	-	8 734 052	(6 543 971)	22 648	-	-	(604 528)	(7 125 851)	1 608 201
	<b>8 699 729</b>	<b>58 550</b>		<b>(24 227)</b>			<b>8 734 052</b>	<b>(6 543 971)</b>	<b>22 648</b>			<b>(604 528)</b>	<b>(7 125 851)</b>	<b>1 608 201</b>
<b>Investment properties</b>														
Developed land	4 979 659	-	-	-	-	-	4 979 659	-	-	-	-	-	-	4 979 659
Dwellings	6 372 122	-	-	-	-	-	6 372 122	(2 145 336)	-	-	(64 426)	(177 451)	(2 387 213)	3 984 909
Non residential structures	8 107 646	-	-	-	-	-	8 107 646	(1 429 821)	-	-	-	(204 260)	(1 634 081)	6 473 565
	<b>19 459 427</b>						<b>19 459 427</b>	<b>(3 575 157)</b>			<b>(64 426)</b>	<b>(381 711)</b>	<b>(4 021 294)</b>	<b>15 438 133</b>
<b>Total</b>														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	293 434 323	(20 412 788)	298 302	-	(849 327)	(2 030 115)	(22 993 928)	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	2 568 463 637	(1 349 378 263)	45 505 606	-	(3 206 893)	(114 470 496)	(1 421 550 048)	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	166 863 962	(34 101 670)	26 784	-	(376 533)	(5 655 947)	(40 107 366)	126 756 596
Work In Progress	173 318 568	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	177 326 414	(84 906 328)	10 696 705	-	(70 065)	(17 058 469)	(91 338 157)	85 988 257
	<b>2 160 329</b>						<b>2 160 329</b>							<b>2 160 329</b>
Heritage assets	8 699 729	58 550	-	(24 227)	-	-	8 734 052	(6 543 971)	22 648	-	(64 426)	(604 528)	(7 125 851)	1 608 201
Investment properties	19 459 427	-	-	-	-	-	19 459 427	(3 575 157)	-	-	-	(381 711)	(4 021 294)	15 438 133
	<b>3 223 708 633</b>	<b>556 030 452</b>	<b>(253 824 808)</b>	<b>(86 017 562)</b>	<b>(10 168 913)</b>	<b>-</b>	<b>3 429 727 802</b>	<b>(1 498 918 177)</b>	<b>56 550 045</b>	<b>-</b>	<b>(4 567 244)</b>	<b>(140 201 266)</b>	<b>(1 587 136 644)</b>	<b>1 842 591 158</b>

**MAKHADO LOCAL MUNICIPALITY**  
**MAKHADO LOCAL MUNICIPALITY**

**Appendix B**  
 June 2024

**Analysis of property, plant and equipment as at 30 June 2024**  
**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
<b>Land and buildings</b>														
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	-	-	-	-	(1 011 362)	3 487 346	(1 011 362)	-	-	-	(187 407)	(1 198 769)	2 288 577
Nonresidential structures	56 744 752	40 427 062	-	(605 132)	-	(21 982 566)	96 566 682	(21 982 566)	454 969	-	(347 250)	(3 577 993)	(25 452 840)	71 113 842
	<b>293 434 323</b>	<b>40 427 062</b>	-	<b>(605 132)</b>	-	<b>(22 983 928)</b>	<b>333 256 253</b>	<b>(22 983 928)</b>	<b>454 969</b>	-	<b>(347 250)</b>	<b>(3 765 400)</b>	<b>(26 651 609)</b>	<b>306 604 644</b>
<b>Infrastructure</b>														
Electricity	1 165 825 038	45 103 415	-	(12 653 923)	-	(713 339 893)	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)	-	(695 682 362)	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)	-	(12 527 793)	46 224 280	(12 527 793)	2 388 130	-	(21 369)	(911 425)	(11 072 457)	35 151 823
	<b>2 568 463 535</b>	<b>186 642 325</b>	-	<b>(63 730 298)</b>	-	<b>(1 421 550 048)</b>	<b>2 691 375 562</b>	<b>(1 421 550 048)</b>	<b>47 982 487</b>	-	<b>(3 508 589)</b>	<b>(125 484 247)</b>	<b>(1 502 560 417)</b>	<b>1 188 815 145</b>
<b>Community Assets</b>														
Cemeteries	14 069 772	-	-	(99 381)	-	(5 295 062)	13 970 391	(5 295 062)	69 543	-	(35 135)	(580 201)	(5 840 855)	8 129 536
Cemeteries perimeter protection	10 889 093	-	-	-	-	(1 550 558)	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)	-	(22 602 631)	99 807 976	(22 602 631)	17 762	-	(100 837)	(3 976 606)	(26 662 314)	73 145 662
Libraries	1 238 958	-	-	-	-	(835 409)	1 238 958	(835 409)	-	-	-	(44 893)	(880 302)	358 656
Sports and recreational facilities	43 349 701	5 581 482	-	(500)	-	(7 437 831)	48 930 663	(7 437 831)	465	-	(243 422)	(2 034 407)	(9 715 195)	39 215 488
Library books	2 528 405	-	-	(44 936)	-	(2 385 875)	2 483 469	(2 385 875)	43 982	-	-	(61 390)	(2 403 283)	80 186
	<b>166 863 962</b>	<b>10 636 843</b>	-	<b>(180 235)</b>	-	<b>(40 107 366)</b>	<b>177 320 570</b>	<b>(40 107 366)</b>	<b>131 752</b>	-	<b>(396 315)</b>	<b>(7 079 914)</b>	<b>(47 451 843)</b>	<b>129 868 727</b>

**MAKHADO LOCAL MUNICIPALITY**  
**MAKHADO LOCAL MUNICIPALITY**  
**Appendix B**  
June 2024

**Analysis of property, plant and equipment as at 30 June 2024**  
**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
<b>Work In Progress</b>														
Work In Progress	193 285 658	259 109 540	(211 386 385)	-	(23 786 533)	-	217 222 280	-	-	-	-	-	-	217 222 280
	<b>193 285 658</b>	<b>259 109 540</b>	<b>(211 386 385)</b>	-	<b>(23 786 533)</b>	-	<b>217 222 280</b>	-	-	-	-	-	-	<b>217 222 280</b>
<b>Other assets</b>														
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	15 116 580	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
	<b>177 326 414</b>	<b>18 561 904</b>	-	<b>(1 314 587)</b>	-	-	<b>194 573 731</b>	<b>(91 338 157)</b>	<b>1 070 269</b>	-	<b>22 512</b>	<b>(20 700 397)</b>	<b>(110 945 773)</b>	<b>83 627 958</b>

**MAKHADO LOCAL MUNICIPALITY**  
**MAKHADO LOCAL MUNICIPALITY**  
**Appendix B**  
 June 2024

**Analysis of property, plant and equipment as at 30 June 2024**  
**Accumulated depreciation**  
**Cost/Revaluation**

	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
<b>Total property plant and equipment</b>	<b>3 399 373 892</b>	<b>515 377 674</b>	<b>(211 386 385)</b>	<b>(65 830 252)</b>	<b>(23 786 533)</b>	-	<b>3 613 748 396</b>	<b>(1 575 989 499)</b>	<b>49 639 457</b>	-	<b>(4 229 642)</b>	<b>(157 029 958)</b>	<b>(1 687 609 642)</b>	<b>1 926 138 754</b>
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)	(23 786 533)	-	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)	-	-	-	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
	<b>3 399 373 892</b>	<b>515 377 674</b>	<b>(211 386 385)</b>	<b>(65 830 252)</b>	<b>(23 786 533)</b>	-	<b>3 613 748 396</b>	<b>(1 575 989 499)</b>	<b>49 639 457</b>	-	<b>(4 229 642)</b>	<b>(157 029 958)</b>	<b>(1 687 609 642)</b>	<b>1 926 138 754</b>
<b>Heritage assets</b>														
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
	<b>2 160 329</b>						<b>2 160 329</b>							<b>2 160 329</b>
<b>Intangible assets</b>														
Computers - software & programming	8 758 278	726 723	-	-	-	-	9 485 001	(7 148 498)	-	-	-	(608 177)	(7 756 675)	1 728 326
	<b>8 758 278</b>	<b>726 723</b>					<b>9 485 001</b>	<b>(7 148 498)</b>				<b>(608 177)</b>	<b>(7 756 675)</b>	<b>1 728 326</b>
<b>Investment properties</b>														
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
	<b>19 459 427</b>						<b>19 459 427</b>	<b>(4 021 294)</b>				<b>(379 143)</b>	<b>(4 400 437)</b>	<b>15 058 990</b>
<b>Total</b>														
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)	(23 786 533)	-	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)	-	-	-	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
	<b>3 429 751 926</b>	<b>516 104 397</b>	<b>(211 386 385)</b>	<b>(65 830 252)</b>	<b>(23 786 533)</b>	-	<b>3 644 853 153</b>	<b>(1 587 159 291)</b>	<b>49 639 457</b>	-	<b>(4 229 642)</b>	<b>(158 017 276)</b>	<b>(1 699 766 754)</b>	<b>1 945 086 399</b>

**MAKHADO LOCAL MUNICIPALITY**  
**Appendix C**  
 June 2024

**Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024**

	Current year 2024		Current year 2024		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal. Rand	Adjusted budget Rand	Variance Rand	Var	
<b>Revenue</b>					
Service charges	454 445 770	631 932 000	(177 486 230)	(28.1)	The municipality billed less revenue than expected.
Rental of facilities and equipment	425 659	332 000	93 659	28.2	More revenue than budgeted was collected from rental of halls and facilities. Management saw an influx of activities and events during the year, that was not anticipated during the budget process.
Property rates	120 692 497	125 077 000	(4 384 503)	(3.5)	
Interest received from debtors: Exchange transactions	15 511 158	17 082 305	(1 571 147)	(9.2)	Management billed customers less revenue than budgeted.
Agency services	3 273 967	-	3 273 967	-	The budget for agency fees is under other income
Government grants & subsidies	619 579 943	623 176 000	(3 596 057)	(0.6)	
Fines, Penalties and Forfeits	5 390 564	4 562 000	828 564	18.2	Road traffic offences were higher than budgeted. More traffic offenders were billed during the year surpassing the target.
Licences and permits	3 809 976	3 603 000	206 976	5.7	More Road users renewed and got their drivers licences than budgeted.
Interest received from debtors: Non - exchange transactions	25 943 370	28 319 695	(2 376 325)	(8.4)	Management billed customers less revenue than budgeted
Other income	21 935 915	91 796 000	(69 860 085)	(76.1)	Management collected less revenue from other income than budgeted.
Other revenue - non exchange	27 163 217	-	27 163 217	-	
Interest received from financial institutions	5 456 569	7 229 000	(1 772 431)	(24.5)	The amounts received from interest on bank balance fluctuated during the year, resulting in less revenue collected than budgeted.
<b>Expenses</b>					
Personnel	(381 663 826)	(382 488 000)	824 174	(0.2)	Expenditure is within the budget.
	303 628 605	533 109 000	(229 480 395)	(15.0)	

**Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2024**

	Current year 2024	Current year 2024 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Remuneration of councillors	(29 989 937)	(32 000 000)	2 010 063	(6.3) Expenditure is within the budget.
Depreciation & amortisation	(161 764 147)	(162 420 000)	655 853	(0.4) Expenditure is within the budget.
Amortisation	-	-	-	-
Finance costs	(17 919 048)	(19 762 000)	1 842 952	(9.3) Expenditure is within the budget
Debt Impairment	(41 600 405)	(73 677 000)	32 076 595	(43.5) Expenditure is within the budget.
Bulk purchases	(371 986 217)	(374 092 000)	2 105 783	(0.6) Expenditure is within the budget.
Contracted Services	(180 305 404)	(229 725 000)	49 419 596	(21.5) Expenditure is within the budget.
General Expenses	(108 202 381)	(117 458 000)	9 255 619	(7.9) Expenditure is within the budget.
Other revenue and costs	293 431 365	391 622 000)	98 190 635	(7.1)
Gain or( loss) on disposal of assets	(16 167 112)	(17 500 000)	1 332 888	(7.6) Expenditure is within the budget
Gain or( loss) on actuarial valuation	6 420 329	-	6 420 329	-
Inventory losses/write downs	(596 994)	(700 000)	103 006	(14.7) Expenditure is within the budget.
Net surplus/ (deficit) for the year	(10 343 777)	(18 200 000)	7 856 223	(43.2)
	(146 537)	123 287 000	(123 433 537)	100.1)

MAKHADO LOCAL MUNICIPALITY  
Appendix F  
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003  
June 2024

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	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec				Mar	Jun	Jul	Sep	Dec	Mar	Jun
Municipal Infrastructure Grant	National Treasury	-	84 878	10 850	12 287	-	-	34 201	43 408	23 265	(7 141)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	
Integrated Electrification Program	Department of Energy	-	2 500	3 000	1 500	-	-	(260)	(4 014)	(1 408)	(1 318)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes		
Financial Management Grant	National Treasury	-	1 950	-	-	-	-	(527)	(762)	(225)	(436)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes		
EPWP	Department of Public Works COGTA	-	733	1 319	716	-	-	(733)	(733)	(692)	(610)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes		
Disaster Management Grant	COGTA	3 500	-	-	18 000	-	-	(1 658)	(793)	-	14 490	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes		
		3 500	90 061	15 169	32 503	-	-	37 379	49 710	25 590	23 995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			



# Maruleng Celtic hold United Artists to draw

BY FRANK MAVHUNGU

United Artists were unexpectedly held to a goalless draw by Maruleng Celtic in their Motsepe Foundation Championship League match at Makhuvha Stadium last Saturday.

United Artists head coach Thikhedzo Mashau described the result as a major setback for his team, stating that drop-

ping crucial points at home had put their promotion ambitions in jeopardy. He expressed concern over the team's ongoing struggle, noting that they had now gone six matches without a win.

The team is still searching for its first victory of the year, with their last win - a 1-0 triumph over Winners Park - dating back to Friday, 6 December. Once among the top four contenders,

United Artists have since dropped to eighth place from their poor run in recent games.

Despite their struggles, Mashau remains optimistic, insisting that promotion was still within reach. With eight matches remaining in the season, he pointed out that there were still 24 points up for grabs, keeping their hopes alive.

Reflecting on last Saturday's game, Mashau admitted that his team had only themselves to blame for the disappointing result. He noted that they had had several scoring opportunities in the first half but had been let down by poor finishing.

Meanwhile, Celtic head coach Lucas Mashele was pleased with the outcome, saying that securing a draw away from home was a great result for his side. He acknowledged that United Artists had given them one of their toughest matches yet and said he had learned valuable lessons to apply in their upcoming fixture against White Vultures on Sunday.

The match also saw some controversy, as a Celtic official was sent off in the 70th minute for hurling vulgar insults at the referees.



Ntuthuko Ntuli of Artists (right) and Kgotso Maja of Celtic are focused on the ball. Photo: Frank Mavhungu.

# Tshimbupfe Stars sink struggling Phadziri FC

BY FRANK MAVHUNGU

Tshimbupfe Disco Stars compounded the woes of the struggling Phadziri FC with a 2-1 victory in their Safa Vhembe Regional League match at the Tshimbupfe Grounds last Sunday.

Despite playing away, Phadziri

initially managed to match Disco Stars pound for pound. They came close to scoring just three minutes into the game when striker Dennis Ndzwabi's powerful ground cutter struck the crossbar and bounced out for a goal kick.

That near miss served as a wake-up call for the home side, who respond-

ed with a series of attacks from deep. Their efforts paid off ten minutes in when Ashley Mudau broke through Phadziri's defence and unleashed a powerful strike from the edge of the box, leaving goalkeeper Wavhudi Munyai with no chance as the ball sailed past him.

Disco Stars doubled their lead just four minutes later when Ntshureko Chabalala found the net with a half volley after a well-timed pass from Fhulufhelo Mathavha.

Despite conceding twice early on, Phadziri remained resilient and continued to fight. Towards the end of the first half, they were awarded a penalty after a Disco Stars defender handled the ball inside the box. Ndifelani Mandiba made no mistake from the spot, reducing the deficit to 2-1.

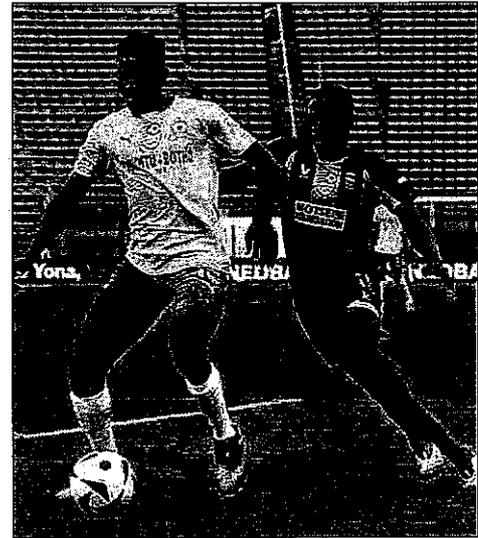
The home side was reduced to 10 men in the 70th minute when Lindani Mukhaha received a straight red card for dangerous play.

Phadziri FC's future in the Safa Vhembe Regional League now hangs by a thread. They remain rooted at the bottom of the log with just one point from eight matches. Meanwhile, the victory has strengthened Disco Stars' promotion hopes. They are among the top three teams in Stream F2, having collected 18 points from eight matches.



Nkhumeleni Ligege of Phadziri hooks the ball. Photo: Frank Mavhungu.

ARTICLE D  
ANNEXURE D



Bathusi Anbaas of Sundowns dribbles with the ball, with Lafani Mulaudzi on guard. Photo: Kaiser Nengovhela.

# Sundowns clear the Mpheni Defenders hurdle in Nedbank Cup battle

BY KAIZER NENGOVHELA

Mamelodi Sundowns delivered the result their fans expected, beating Mpheni Home Defenders 2-0 at Lucas Moripe Stadium on Sunday to book their place in the next round of the Nedbank Cup. The match was no walk in the park, with the visitors putting up a determined fight.

Sundowns dominated from the opening whistle and created two early chances. Sphelele Mkhulise squandered the first when he received a well-placed pass from Maligonge Khoza but fired wide from outside the box. Minutes later, Arthur Sales hesitated too long before taking a shot and lost possession.

The breakthrough came in the eighth minute when Tasheg Matthews easily slotted home to give Sundowns the lead. Bathusi Abbas doubled their advantage in the 26th minute, capitalising on a lapse in concentration from

Defenders' goalkeeper Buhle Thompson and blasting in a powerful shot from the edge of the box.

Defenders fought back towards the end of the first half, but Sundowns' defence, led by Aseko Tiwani and Khoza, denied them two clear chances.

In the second half, Sundowns were reduced to 10 men when Matthews received a second yellow card for a rough tackle on Ernest Munyadziwa. Defenders pushed forward in search of a goal in the closing stages, but it was too late to change the outcome.

After the match, Defenders coach Vhutshilo Phuruvathu said he was pleased that his team's efforts were being recognised. "The boys played very well, despite the loss. We will now focus on our league fixtures, and I am confident we can win the ABC Motsepe League for the third time and represent Limpopo in the national play-offs," he said.

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**Mirror**

**MAKHADO LOCAL MUNICIPALITY**  
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**INVITATION TO PUBLIC PARTICIPATION OF MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)**

The Speaker of Makhado Local Municipality, Honourable Councillor G T Mukwevho-Mitleni, hereby invites all community members and stakeholders to attend the MPAC Public Participation of the Draft Annual Report for 2023/2024 financial year which is scheduled as follows:

Date : Wednesday, 26 February 2025  
Time : 10:00  
Venue : Muduluni Community Hall

To RSVP and arrange for submissions, please contact:

1. Mr D Nethengwe – telephone no. 015 519 3036; or
2. Mr K Sigidi – telephone no. 015 519 3110/3041

**NB.:** Members of the public are not allowed to make verbal submissions at the Public Participation.

Civic Center,  
83 Krogh Street  
Louis Trichardt  
File No 4/33  
Notice No. 18 of 2025

Madam Speaker Cllr GT Mukwevho-Mitleni

**MR KM NEMANAME**  
MUNICIPAL MANAGER

# Trump cuts grants for HIV projects in SA

By MIA MALAN

Pepfar-funded HIV organisations in SA, who receive their funds through the United States Agency for International Development (USAID), woke up to letters that were sent overnight telling them their grants have been ended – permanently.

Pepfar, the President's Emergency Plan for Aids, is an Aids fund that was launched in 2003 to help fight Aids in countries with high HIV infection rates such as SA. The country has since received around \$8bn (about R145bn) of which \$439,537,828 (about R8.1bn) was for the current US financial year, which stretches from October 1 2024 to September 30 2025.

USAID-funded district health projects, supported outside of Pepfar, but with other US government funds administered by USAID, have also been instructed to close down.

The Anova Health Institute, the organisation in SA which receives the most Pepfar funding, lost all its funding, a senior Anova Health Institute official confirmed. Anova helped to test people for HIV and make treatment available in under-staffed government clinics.

TB programmes funded through USAID also report having received such letters. Letters were also sent to partners of the Accelerating Programme Achievements to Control the Epidemic (Apace), which include large nonprofits such as the Wits Reproductive Health Institute, Broadreach Healthcare and Right to Care.

The Apace projects conducted HIV testing, got people who tested positive onto treatment, got HIV-negative people who needed it onto preventive anti-HIV



Former US Agency for International Development (USAID) administrator Samantha Power. /Nathan Howard /Reuters



**BHEKISISA**  
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pills, increased children's access to HIV treatment and also tested and treated

people for TB, the most common illness that people with HIV get when not on treatment.

It's not confirmed if all of the USAID-funded organisations received letters, but Bhekisisa has seen confirmation from several projects working on fighting HIV within key populations such as LGBTI+ groups, and also those working with orphans and vulnerable children, to close down their projects immediately.

The new Trump administration froze funding globally for all US-funded aid projects on January 24.

It then announced a limited waiver for some projects on February 1.

Earlier in February, USAID-funded projects in SA were asked to apply for 90-day limited waivers, which excluded all HIV prevention activities but most included treatment programmes.

They were asked to resubmit work plans that adhered with the waiver rules and also to submit adjusted budgets. But no one had heard back.



Police arrest Thabo Chele for alleged fraud in a new case yesterday, seconds after he appeared at the Pretoria Magistrate's court for fraud. /HERMAN MOLOI

# WOMAN 'ARRESTS' HER 'SCAMMER' APPEARING FOR ANOTHER CASE

● Man allegedly defrauded the former teacher of R800,000

By HERMAN MOLOI

"I have been looking for you, and you thought I would never find you. I want my money." This is what a woman wearing a facemask screamed at fraud accused Thabo Chele, 60, and grabbed his hand as he stepped off the dock.

Police then cuffed the man's hands and put shackles on his ankles. He said he did not know the woman. Police took him away to a police station.

This scene played out at the Pretoria magistrate's court yesterday morning where Chele appeared along "Dr" Kingsley Chele, who's said to be his son, and three home affairs officials, who are all facing charges of fraud and corruption. The officials allegedly provided Kingsley, who is allegedly a fake doctor, a fraudulent ID.

The state alleges that Thabo and Kingsley scammed their victims of more than R1.2m. It's alleged that Chele targeted medical workers and convinced them to invest in his non-existent pharmacy business before allegedly disappearing with their money.

The woman, a former teacher, is believed to be the latest victim after she was scammed of R800,000 of her pension money in April last year. She had been looking for the two most of last year until she saw a picture of Thabo in Sowetan in December after his arrest investigator Col Masoding Simon Motolla's contact details attached. "I immediately called Motolla

and informed him about my situation with Mr Chele [Thabo]," said the woman who did not want to be named.

She said Matolla told her Thabo would be appearing in court yesterday as he was out on bail. She then travelled with her husband from Deneyville, Free State, to Pretoria to confront and identify Thabo to the police. "As I was sitting in court, I saw him coming in and getting into the witness box and by that time Motolla was not yet inside court..." she said.

"A few minutes later, I saw him walking in. When the case was postponed, I saw Thabo getting out of the dock and I grabbed him and pulled him outside the court. That's when I started making a noise that he defrauded me and I asked him for my money back. He just kept quiet. Police came and arrested him."

The woman said she was introduced by someone she knew as Moosa to Thabo, who posed as a herbalist. The two allegedly convinced her to invest in the business they were running. "They knew I was about to retire but they convinced me to take an early retirement and cash out my pension and give it to them, and that my investment will grow into R5m."

After withdrawing the money, Thabo and Moosa called the woman to bring her money to an ancestral ceremony in Vereeniging, where Thabo would perform rituals to increase her investment. She claimed the two disappeared with her money after the ceremony.

Police spokesperson Col Mavela Masondo confirmed that a new case of fraud was opened against Thabo Chele yesterday.

## MAKHADO

LOCAL MUNICIPALITY

### INVITATION TO PUBLIC HEARING OF MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

The Speaker of Makhado Local Municipality, Honourable Councilor G T Mukwevho-Mtsheni, hereby invites all community members and stakeholders to attend the MPAC Public Hearing of the Draft Annual Report for 2023/2024 financial year which is scheduled as follows:

Date: Tuesday, 4 March 2025  
Time: 10:00  
Venue: Makhado Show ground Hall

To RSVP and arrange for submissions, please contact:

1. Mr D Nthengwe – telephone no. 015 519 3207
2. Mr K Sigidi – telephone no. 015 519 3110/3041

NB.: Members of the public are allowed to make verbal submissions at the Public Hearing

Civic Centre, 83 Krogh Street  
MAKHADO, 0920

File No.: 4/33  
Notice No.: 26 of 2025

Madam Speaker:  
Gt G T Mukwevho - Mtsheni

**MR K M NEMANAME**  
MUNICIPAL MANAGER