



**ZULULAND DISTRICT MUNICIPALITY**  
**ANNUAL REPORT**  
**2014/2015**

[Redacted]

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

### COMPONENT A: MAYOR'S FOREWORD



Cllr MA Hlatshwayo

#### **Vision**

As a District Municipality, the core existence of the Zululand District Municipality (ZDM) is to improve the quality of life for all our communities by providing and fast-tracking access to water and sanitation. We are still committed to the provision, in line with the Constitution of the Republic of South Africa.

#### **Key Service Delivery Improvements**

As it is always the case, even on this financial year our core function and focus has not changed, we are still committed to the provision of potable water and sanitation to about one million residents of our district.

I am aware of the backlogs especially in the provision of water which is partly due to the devastating drought ravaging our province of KwaZulu-Natal and inadequate funding that we continue to receive from Municipal Infrastructure Grant (MIG).

Some of our water schemes are running dry because of these devastating drought and we are doing our best to mitigate that situation through the drought relief aid received from the Department of Water and Sanitation (DWS).

We have established drought relief interventions within all five local municipalities under ZDM. The R37.4 million drought relief aid that was allocated to our District is being utilized according to the minimal requirements for each local municipality.

Despite hiccups brought about by the drought, work is still in progress in our 10 Regional Water Schemes Work and other standalone water schemes to eradicate water crisis within the district.

However as the Mayor of ZDM, I believe you are aware that ZDM needs more than R3.2billion to eradicate water and sanitation backlogs within the Zululand district.

But with the meagre grants that we are allocated annually, we are struggling to fulfil our mandate.

As a service delivery driven district municipality, we always ensure that all funds allocated to ZDM for water and sanitation are always exhausted, but backlogs remains as we do not get enough allocations.

On top of our core delivery function, ZDM continues to have Local Economic Development (LED) programme whereby income generating projects within our 89 wards are funded to the tune of R60 000 per ward. There is also a budget set aside to fund income-generating projects for widows' and orphans clubs also within our 89 wards to the tune of R20 000 per ward. These programmes play an important role in mitigating high rate of unemployment and poverty alleviation within the district of Zululand.

#### **PUBLIC PARTICIPATION**

During each and every financial year as per relevant legislations, our municipality continues to hold budget and IDP road shows within all the five local municipalities under ZDM, which are ;Nongoma, Ulundi, Phongola, eDumbe and AbaQulusi. Besides these road shows within the borders of our district, we also regularly hold other road shows in Durban and Johannesburg as most of our economic active citizens from our district are based there.

We also hold regular meetings with all stakeholders within our district and beyond to get their views on how we can best provide our core services to them.

#### **FINANCIAL CONTROL SYSTEMS**

For the past 14 consecutive year our municipality has received an unqualified audit opinion from the office of the Auditor-General. During the 2014/2015 financial we for the second time in the history of the municipality we received a clean audit opinion and the Auditor-General even visited our district to congratulate us and to witness how we deliver services to our people.

We will continue to strive to be a corrupt-free and well-run District Municipality as we have done in the past.

Receiving these good financial reports was no coincidence but had been as a result of implementing good financial management systems and stringent fiscal controls that makes it easier to detect any wrong doing.

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## **FUTURE ACTION**

We are doing all we can to ensure that all the citizens of Zululand receive potable water and good sanitation.

Our 10 Regional Water Schemes which are; Usuthu, Mandlakazi, Simdlangentsha West, Simdlangentsha Central, Simdlangentsha East, Nkonjeni, Hlahiindlela, Khambi, Coronation and Mkhuke are central towards eradicating water challenges within our district. Some of these schemes together with other standalone water schemes are already operational while others are still under construction.

A large chunk of our Budget goes and will continue to go to our core function which is water and sanitation.

## **CONCLUSION**

As a District Municipality, core function will still remain being water and sanitation, however our we have other primary function like LEDs, Disaster Management, Tourism, Health, Regional Airport, and ensuring good governance as well as community and social services. We would like to assure residents from our district that we will continue providing them with all these services to the best of our ability.

## **SPEAKER'S FORWARD**



**Cllr V. O Mbuyisa**

Let me say from the outset that I am proud of the Zululand District Municipality (ZDM). I marvel at our courage and perseverance. Zululand District Municipality has stood on the legacy of good governance for the past 16 years and has kept hope alive. As ZDM, we have emerged as champions of excellence in terms of service delivery in Local Economic Development (LED) as well as in Integrated Development Plan (IDP).

I want to thank our Council, Honourable Mayor, Executive committee, Management Committee and all ZDM Staff members for leading us appropriately in achieving great success. We have been tested to the nth degree: This has instilled a desire to work hard and diligently in ensuring that we stay true to ZDM's motto as well as in ensuring that services is delivered to our communities with integrity.

Considering how we have been assailed from every side, it is remarkable that over a period of 16 consecutive years, Zululand District Municipality has obtained an unqualified Audit Report from the office of the "Auditor General". The endless prophecies of doom have come to naught. We have never been ashamed of stressing our utter dependence and our core functions as Zululand District Municipality. Water and Sanitation is still ZDM's core function. It is also unfortunate that ZDM is the area, where the largest backlog is. It is frustrating to know that so many residents still do not have access to basic water and sanitation.

I want to re-iterate that we are proud that the Municipality has been mentioned in various platforms as one of the top performing municipalities in South Africa. The 16<sup>th</sup> year was not just about achieving an unqualified but a CLEAN AUDIT. The district prides itself of this

achievement. I have no hesitation in assuring that together we are going to ensure that the good work done in the past will be improved upon.

Zululand District Municipality is doing everything possible to source more funding as means of insuring an improved service delivery to our communities, while forecasting for future funding. This indicates that all residents will only be receiving these services in years to come. Although we can boast with more accolades received. I don't think it would be fair to boast when there are still enormous challenges and shortcomings that need to be addressed. There is no time to rest. We are in the service of the residents of Zululand and I commit myself and the Management team to do everything possible to ensure that they are served to the best of our ability and always with integrity.

I have great faith that as we look forward to the future, may Zululand District Municipality become the champions of hope. Let us give people of Zululand hope as we safeguard democracy. Let us give hope as we push for development. Zululand District Municipality is the District Municipality of integrity, vision and hope, with one mission and at the centre of our people as we are joining hands for the sake of the community we serve.

To Zululand District Municipality team be ready to continue to work hard and make a difference to the residents of Zululand.

I thank you

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 SUMMARY MUNICIPAL MANAGER'S OVERVIEW



As an Accounting Officer for the Zululand District Municipality (ZDM) it is with great pleasure for me to report on our district municipality's performance during the past financial year ending on 30 June, 2015.

Whilst we have consolidated and improved on achievements attained in the past, we are still faced with a mammoth challenge of eradicating the backlogs in terms of providing all the citizens of Zululand with potable water and sanitation.

ZDM still needs more than R3.2billion to eradicate water and sanitation backlogs and with the rate of annual funds allocated to the district for that purpose through the Municipal Integrated Grants (MIGs), we are yet to overcome the backlogs challenge.

For the past years, at ZDM we have done our utmost best to ensure that the funds allocated to us are fully utilized for their purpose and we have a good history of exhausting all funds that are allocated to us every financial year. No funds allocated to us are returned to the central government unused and we have no history of underperforming on programmes we set for ourselves.

ZDM continues to be one of the best performing district municipalities in KwaZulu-Natal and the country as was mentioned by the Honourable State President Jacob Zuma during his 2014 State of the Nation Address.

Since the establishment of this District Municipality, we have made it a point that the finances of the Municipality are well-looked after. Hence we have attained a record of 14 Unqualified Audit Opinions, consecutively, from the Office of the Auditor-General.

It came as no surprise in 2013/2014 when we received the most sought-after Clean Audit Opinion.

After receiving the Clean Audit opinion from the Office of the Auditor-General during the 2013/2014 financial year, at the beginning of 2015 we were visited by the Auditor-General and staff from his office as well as from provincial office, who commended ZDM on the good work performed by our Municipality.

Whilst we pride ourselves for this achievement, it was because of good working relations between the Council, the Executive Committee, the Management Committee, the Mayor and the Municipal Manager which filtered down to all staff members.

This instilled a desire to work hard and diligently thereby ensuring that true to ZDM's motto, services were delivered to the communities with integrity.

The province of KwaZulu-Natal is experiencing the most devastating drought in 30 years and the Zululand District has not been immune from being affected by the drought.

After being mistakenly left out when most KZN Districts were declared as disaster struck areas, Zululand District was included in the list and we were allocated a R37.4 million Drought Relief Aid.

We have already done our Drought Relief Interventions Programme which will see all affected areas within the five local municipalities under ZDM benefitting from the programme.

There is no time to rest. We are in the service of the residents of Zululand and I commit myself and the Management team as well as all ZDM staff members, to do everything possible to ensure that they are served to the best of our ability and always with integrity.

I am pleased to have worked very well with the newly appointed Mayor, Cllr MA Hlatshwayo, during this past financial year which was his first as ZDM Mayor.

I want to re-iterate that ALL of the Zululand District Municipality teams are ready to continue to work hard and make a difference to the lives of the residents of Zululand.

I thank you

## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

| No. | Functions as per the Constitution of the Republic of South Africa; Municipal Structures Act | What has been done?  |
|-----|---|--|
|     | Integrated development planning for the district municipality                               | Regional/Sectoral Planning, Spatial Planning Land Use Policy |
|     | Bulk supply water   | Provision and regulation                                     |
|     | Bulk sewage purification works and main sewage  | Provision  |

|  |   |  |
|--|---|--|
|  | disposal  |  |
|  | Municipal (district) roads  | Not yet defined  |
|  | Regulation of passenger transport services  | planning of infrastructure<br>Regulating (permits, control)  |
|  | Municipal airports (regional)   | operation, management  |
|  | Municipal health services   | Limited to Environmental health services and Includes regulation of Air and noise pollution, storm water management, water and sanitation, refuse and solid waste disposal |
|  | Fire fighting services  | Planning, coordinating and regulating<br><br>Standardization of infrastructure, vehicles and procedures<br><br>Disaster Management Plan                                    |
|  | The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality | The need for a regional fresh produce market does not exist.   |
|  | The establishment, conduct and control of cemeteries and crematoria   | The study revealed that there is no need for a regional cemeteries   |

|  |  |   |
|--|--|---|
|  | Promotion of local tourism for the area of the district municipality   | Co-ordination, strategic planning   |
|  | Municipal public works relating to any of the above functions or any other functions assigned to the district municipality | construction and maintenance of public infrastructure and facilities  |
|  | The receipt, allocation and if applicable the distribution of grants made to the district municipality                     | The grants gazette for ZDM are received and spent according the grant conditions. ZDM does not distribute grants. |

### 1.2.1 Key issues from the table above

#### Water and Sanitation

In terms of municipal service provision i.e. water and sanitation, the Zululand District Municipality is a water service authority. Most of the district population is indigent which throws a challenge towards long term, sustainable water service provision. Nonetheless, this does not prevent the municipality providing the entire population in the district free basic water and sanitation.

The municipality has also regularly spent its entire MIG allocation towards establishing a reliable and quality water service to its citizens.

#### Integrated Development Planning

Integrated Development Planning is constantly improving with the district refining its co-ordination role in so far as infrastructure, spatial, community and environmental planning is concerned. Several structures including portfolio committees and administrative have been meeting regularly within these sectors to ensure vertical and horizontal alignment of service delivery within the district.

## **1.2.2 VISION, MISSION, AND VALUES**

The ZDM Council adopted the following long- term development vision.

“We are the ZULULAND region and proud of our heritage. We are mindful of the needs of the poor and we seek to reflect the aspirations of our communities. We are committed to responsible and accountable actions, tolerance and concern for racial harmony, the protection of our environment, and the strengthening of the role of woman and youth. We will strive to improve the quality of life in Zululand by providing sustainable infrastructure, promoting economic development and building capacity within our communities”

‘WE SERVE THE PEOPLE’

### **MISSION**

To create an affluent district by:

Provision of optimal delivery of essential services Supporting sustainable local economic development, and Community participation in services delivery

### **Core values**

- Transparency
- Commitment
- Innovation
- Integrity
- Co-operation

The above vision strategic focus areas of the Zululand District Municipality are:

- To facilitate the delivery of sustainable infrastructure and services
- To promote economic development
- To promote social development

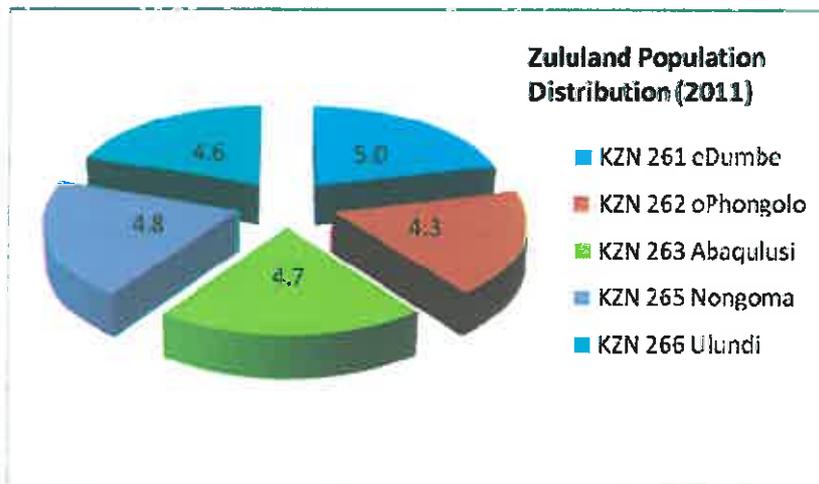
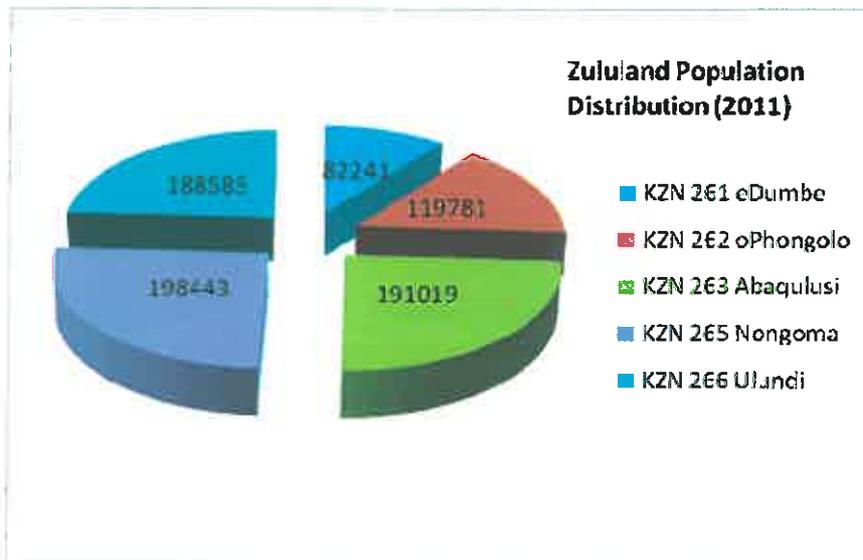
These focus areas are broken down to objectives and strategies, which is used to set KPI’s for the measurement of the Municipality’s performance, and progress with its service delivery mandate. It is important to note that the national KPAs as set that relate to community participation, good governance, municipal transformation and financial viability are considered as of a cross-cutting nature and therefore form an integral part of each of the strategic focus areas:

## **1.2.3 Population Profile**

| <b>MDB Code</b> | <b>Municipality</b> | <b>Population</b> |             |
|-----------------|---------------------|-------------------|-------------|
|                 |                     | <b>2001</b>       | <b>2011</b> |
| KZN 261         | eDumbe              | 82241             | 82053       |
| KZN 262         | oPhongolo           | 119781            | 127238      |

|              |                 |               |               |
|--------------|-----------------|---------------|---------------|
| KZN 263      | Abaqulusi       | 191019        | 211060        |
| KZN 265      | Nongoma         | 198443        | 194908        |
| KZN 266      | Ulundi          | 188585        | 188317        |
| <b>DC 26</b> | <b>Zululand</b> | <b>780069</b> | <b>803575</b> |
| RSA          | South Africa    | 44819777      | 51770561      |
| KZN          | KwaZulu Natal   | 9584129       | 10267300      |

*Source: Census 2011* Population Distribution Graph



| MDB Code | Municipality | Sex Ratio             |
|----------|--------------|-----------------------|
|          |              | Males per 100 females |

| Year    |                  | 2001 | 2011 |
|---------|------------------|------|------|
| KZN 261 | eDumbe           | 89.7 | 88.2 |
| KZN 262 | oPhongolo        | 88.3 | 88.5 |
| KZN 263 | Abaqulusi        | 91.4 | 90.9 |
| KZN 265 | Nongoma          | 80.2 | 83.2 |
| KZN 266 | Ulundi           | 81.4 | 82.4 |
| DC 26   | Zululand         | 85.4 | 86.3 |
| RSA     | South Africa     | 91.7 | 94.8 |
| KZN     | KwaZulu<br>Natal | 87.7 | 90.5 |

*Source: Census 2011*

Gender proportions in Zululand indicate that there is a higher proportion of females as compared to males. The highest number of females (131,599) is found in Nongoma and the majority of males are concentrated in Abaqulusi.

Gender proportions for each municipality and from the table demonstrate that there is significant variation among the municipalities. Abaqulusi (90.9%), oPhongolo (88.5%) and eDumbe (88.2%) have relatively high proportions of females in their respective populations.

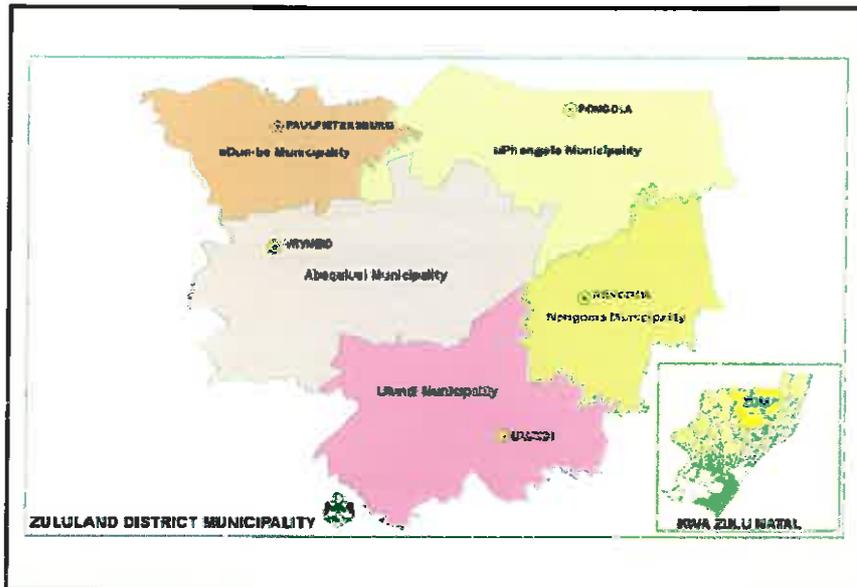
It is a known trend that women are classified under disadvantaged groups and with them being in the majority the municipality has devised several programmes and interventions to address the plight of women in the district.

#### **Age dependency ratio**

With the graph below it is evident that the Zululand District Municipality has one of the highest dependency ratios between children and adults respectively. This demonstrates a need to sustain social development programmes and support to communities by the municipality and its stakeholders (see strategic plan and budget).

| MDB Code | Municipality     | Dependency Ratio |      |
|----------|------------------|------------------|------|
|          |                  | per 100 (15-64)  |      |
| Year     |                  | 2001             | 2011 |
| KZN 261  | eDumbe           | 87.0             | 81.7 |
| KZN 262  | oPhongolo        | 82.0             | 77.3 |
| KZN 263  | Abaqulusi        | 73.9             | 70.5 |
| KZN 265  | Nongoma          | 103.8            | 88.0 |
| KZN 266  | Ulundi           | 91.9             | 81.1 |
| DC 26    | Zululand         | 87.9             | 79.2 |
| RSA      | South Africa     | 58.7             | 52.7 |
| KZN      | KwaZulu<br>Natal | 65.4             | 58.5 |

*Source: Census 2011*



### 1.3 FINANCIAL HEALTH OVERVIEW

The financial health review is covered in the CFO report.

### 1.4 “AUDITOR - GENERAL’S REPORT”

For the year ended 30 June 2015, a clean audit report was achieved for the second consecutive year. A full report is also annexed for further information.

### 1.5 STATUTORY ANNUAL REPORT PROCESS

| No | Activity  | Timeframe |
|----|---|-----------|
| 1  | Consideration of next financial year’s Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period. | July      |
| 2  | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).   |           |
| 3  | Finalise 4 <sup>th</sup> quarter Report for previous financial year   |           |
| 4  | Submit draft 14/15 Annual Report to Internal Audit and “Auditor-General”  |           |

|        |  |                     |
|--------|--|---------------------|
| 5      | Municipal entities submit draft annual reports to MM   |                     |
| 6      | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)                                  | August              |
| 8      | Mayor tables the unaudited Annual Report   |                     |
| 9      | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to "Auditor General". |                     |
| 10     | Annual Performance Report as submitted to "Auditor General" to be provided as input to the IDP Analysis Phase                            |                     |
| 11     | "Auditor General" assesses draft Annual Report including consolidated Annual Financial Statements and Performance data                   | September - October |
| 12     | Municipalities receive and start to address the Auditor General's comments   | November            |
| 13     | Mayor tables Annual Report and audited Financial Statements to Council complete with the "Auditor General's Report"                      |                     |
| 14     | Audited Annual Report is made public and representation is invited   |                     |
| 15     | Oversight Committee assesses Annual Report   |                     |
| 16     | Council adopts Oversight report  | December            |
| 17     | Oversight report is made public  |                     |
| 18     | Oversight report is submitted to relevant provincial councils  |                     |
| 19     | Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.         | January             |
| T1.7.1 |  |                     |

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Executive Committee, Speaker and the Municipal Manager



Standing from L-R: Cllr ME Khumalo, Cllr BB Zwane, Cllr SS Ntombela and Cllr SE Nkwanyana

Seated from L-R: The Municipal Manager- Mr. JH de Klerk, the Honourable Mayor-Cllr MA Hlatshwayo, the Deputy mayor- Cllr SE Qwabe and the Honourable Speaker, Cllr OV Mbuyisa

### **2.1.1 EXCO MEMBERS**

#### **MAYOR**

CLLR MA HLATSHWAYO

#### **DEPUTY MAYOR**

CLLR SE QWABE

Function

#### **SPEAKER**

CLLR OV MBUYISA

#### **MEMBERS OF THE EXECUTIVE COMMITTEE**

CLLR SE NKWANYANA

CLLR BB ZWANE

CLLR SS NTOMBELA

CLLR ME KHUMALO

The Council of the Zululand District Municipality consists of 35 Councilors, 40% of which are proportionally elected and 60% elected to the district municipality from respective local municipalities. The Council is chaired by the Speaker, The Honorable Cllr OV Mbuyisa.

•The Executive Committee is chaired by His Worship The Mayor, Cllr MA Hlatshwayo. The political parties represented in our council are the IFP (14), NFP (10), ANC (10) and the DA with (1) Councilor(s) respectively.

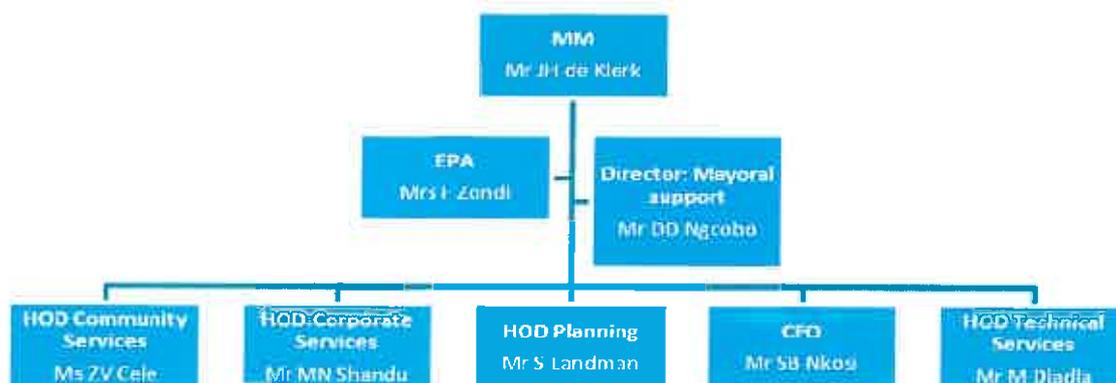
## 2.1.2 Members of the Full Council

|           | POLITICAL PARTY | SURNAME    | NAME                     | %        |
|-----------|-----------------|------------|--------------------------|----------|
| DC26      | ANC             | Zulu       | Richard Mxolisi          | DC "40%" |
| DC26      | ANC             | Mabaso     | Maria Buyisile           | DC "40%" |
| DC26      | ANC             | Khumalo    | Mkhawuleni Ettuel        | DC "40%" |
| DC26      | ANC             | Lushaba    | Mavis Thabisile          | DC "40%" |
| DC26      | IFP             | Buthelezi  | Phumzile TAN             | DC "40%" |
| DC26      | IFP             | Mjaja      | July Nelson              | DC "40%" |
| DC26      | IFP             | Zwane      | Bongiwe Benedicta        | DC "40%" |
| DC26      | IFP             | Mncwango   | Bhekithemba Jerome       | DC "40%" |
| DC26      | IFP             | Lukhele    | Thembelihle Brenda       | DC "40%" |
| DC26      | IFP             | Nkwanyana  | Sibusiso Elwin           | DC "40%" |
| DC26      | NFP             | Ntombela   | SphamandlaSiyethemba     | DC "40%" |
| DC26      | NFP             | Hlatshwayo | MpiyakheAlson            | DC "40%" |
| DC26      | NFP             | Dumakude   | Lucky Sithembiso         | DC "40%" |
| DC26      | NFP             | Mbuyisa    | Vusumuzi Osborn          | DC "40%" |
| Abaqulusi | ANC             | Ntshangase | Mncedisi Simon           | LC"60%   |
| Abaqulusi | ANC             | Qwabe      | Sesi Esther              | LC"60%   |
| Abaqulusi | DA              | Bunge      | Terrence Raymond         | LC"60%   |
| Abaqulusi | IFP             | Buthelezi  | Zaminhlahla.Simon        | LC"60%   |
| Abaqulusi | IFP             | Mhlungu    | Richman Bonginhlanhla    | LC"60%   |
| Abaqulusi | NFP             | Hadebe     | Israel Sizwe Muziwandile | LC"60%   |
| Pongolo   | ANC             | Nhlabathi  | BawinileCycilia          | LC"60%   |
| Pongolo   | IFP             | Mntungwa   | Mbongiseni Milton        | LC"60%   |
| Pongolo   | NFP             | Nxumalo    | KwenzakakufaniEzaro      | LC"60%   |
| eDumbe    | ANC             | Mbatha     | Ilgo Abel Thulani.       | LC"60%   |
| eDumbe    | NFP             | Nhlabathi  | Nomsa Margaret           | LC"60%   |
| Nongoma   | ANC             | Xaba       | Nomusa                   | LC"60%   |
| Nongoma   | IFP             | Khumalo    | Tholi Jane.              | LC"60%   |
| Nongoma   | IFP             | Dlamini    | Qedi Maxwell             | LC"60%   |
| Nongoma   | NFP             | Zulu       | Sbusiso Johnson          | LC"60%   |
| Nongoma   | NFP             | Zulu       | Nomsa Fikile             | LC"60%   |
| Ulundi    | ANC             | Siyaya     | Zanele                   | LC"60%   |
| Ulundi    | IFP             | Buthelezi  | Mkhawuleni Ezrom         | LC"60%   |
| Ulundi    | IFP             | Mkhize     | Thokozani Kenneth        | LC"60%   |
| Ulundi    | IFP             | Ximba      | Sindisiwe Pearl          | LC"60%   |
| Ulundi    | NFP             | Khumalo    | Themba Lillian           | LC"60%   |

## POLITICAL DECISION TAKING

The various committees within the municipality allow for issues to be deliberated prior to any implementation. All Items are submitted through the relevant Portfolio Committee who then make recommendations to the Executive Committee which takes final decisions for implementation on matters delegated to them, and those not delegated are recommended to the Full Council for consideration. The Municipal Public Accounts Committee (MPAC) is a very interactive committee which has enhanced the oversight function within the municipality. 100% of Council Resolutions were implemented in terms of decisions taken

## 2.2 ADMINISTRATIVE GOVERNANCE



**Municipal Manager**

**Mr J.H de Klerk**



**Head of Department Corporate Services**

**Mr MN Shandu**



**Chief Financial Officer**

**Mr S.B nkosi**



**Mr MA Dladla**  
**HEAD OF DEPARTMENT: Technical services**



**Ms ZV Cele**  
**HEAD OF DEPARTMENT: Community Services**



**Mr S Landman**  
**HEAD OF DEPARTMENT: PLANNING SERVICES**

## 2.2.1 CORPORATE SERVICES



Corporate Services is headed by Mr Michael Shandu and manages the governance affairs of the municipality. Our objective is to ensure that the administrative affairs of this council and administration are of a high standard. This Department is responsible for council and committees, legal affairs, general administration, human resources management and communication.

Our main objective is to render an effective and efficient service to our internal and external stakeholders and to ensure that our customers are satisfied with the level of service that we provide.

### **MANAGEMENT SERVICES**

This Section is responsible for the effective functioning of various Council functions:

#### **Secretariat: Council & Committees**

Secretariat and Corporate support to Council and its Committees, which covers the whole spectrum of Decision Management from the stage when an Item is submitted to the Council or its Committees until the resolution has been taken and implemented. Part of the responsibilities of this functional area is to ensure that Council policies are observed including the standing rules of order, and providing general administrative support to the municipality.

#### **Customer Care**

Promote the principles of the Batho Pele and Good Customer Relation which underpin the municipality's vision "service delivery with integrity". As well as effectively coordinating all customer complaints, reporting and analysis and ensure that the municipality achieves the targets and objectives set in the Customer Care Policy.

## **Overview of Human Resources**

The Human Resources function is a staff function aimed at providing the organization with labour, and giving it specialized human resource services to help it to achieve the goals of the organization. The Human Resources section provides the following functions: Human resources provisioning, comprising human resources planning, recruitment, selection, placement and induction.

## **Labour Relations**

This section is responsible for ensuring that all policies adopted by Council, relating to labour, and the enabling legislation and Bargaining Council Agreements to improve the levels of discipline and productivity of employees.

## **Skills Development and Training**

The team is responsible for conducting a Skills Audit of all employees within the Municipality, advancing the skills of the employees of the Municipality through Training and facilitating awarding of Tuition Assistance and financial assistance to learners.

## **Interpretation**

Providing interpretation services during council meetings and interpretation of documents

## **AUXILLIARY SERVICES**

This Section is responsible for executing the following functions:

### **Registry & Archives**

Providing general registry duties including electronic document management systems to facilitate effective circulation, response, storage and retrieval of all documents. The municipality has embarked on the use of electronic distribution of correspondence to minimize the usage of paper.

## **Fleet Management**

The municipal fleet comprises 103 vehicles, including Trucks and Tractors. Vehicles are monitored on an automotive fleet-tracking device which pinpoints the position of each vehicle at any given time

## **Telecommunication**

Implementation of appropriate telecommunications systems and expenditure control to ensure cost effective and service delivery orientated telephone and cellular communication within the Council and within the community.

## **Printing and messenger services**

This unit provides printing and messenger services to the municipality by ensuring that all units have access to printing documents by maintaining stock levels adequate to meet the demands of the municipality and associated daily printing.

## **Switchboard**

Our switchboard operators ensure that phone calls are directed efficiently and that customers are assisted upon entry to the municipality's offices whilst upholding the image of the municipality.

## **DISASTER MANAGEMENT DIVISION**

The Zululand District has become prone to disasters over the years. The main cause of the disasters being natural disasters such as lightning, storms and strong winds and rains which makes it imperative for the district to ensure that it mitigates, minimises, and responds efficiently and effectively to these disasters.

The responsibility for reducing disaster risk, preparing for disasters, and responding to disasters is shared among all departments and employees of municipalities within the Zululand District Municipality, all provincial and national organs of state operating within the municipality, all sectors of society within the municipality and, perhaps most importantly, all the residents of the municipality.

The Disaster Management structure for the Zululand District Municipality must deal with both pro-active and reactive disaster management issues and encompasses more than the department which is responsible for the function.

This unit engages the community by conducting disaster awareness throughout the district mainly in schools, local tribal authorities and high risk areas of the various hazards encountered. The team also assess all reported incidents and responds accordingly.

It is important to note that disaster management has different structure which it needs to operate in. Disaster Management in the Zululand district interfaces the local municipality and provincial sphere of government through the various forums.

This communication is coupled with decision making ability and ultimate responsibility and accountability present on three different and all very important levels which are:

The Municipality has an active Disaster Management Advisory Forum as well as a Disaster Management Practitioners Forum.

***Fire***



***Fire***



***Heavy Rain***



***Heavy Rain***



### Assistance was provided



### Assistance given by Zululand District

The affected families were visited and assessment was done by Zululand District Disaster Management officials. Assessment has been completed. Victims were assisted with the following items by Zululand District Municipality:

- a) Tents;
- b) Blankets;
- c) Plastic sheeting; and
- d) Grocery.

### ZDM INCIDENTS THAT OCCURRED: 2014/2015

| MUNICIPALITY | HEAVY RAINS | FIRE | STRONG WINDS | LIGHTNING | STORMS | DROWNED | TOTAL NO OF INCIDENTS OCCURRED |
|--------------|-------------|------|--------------|-----------|--------|---------|--------------------------------|
| Abaqulusi    | 159         | 46   | 45           | 3         | 0      | 0       | 34                             |
| Edumbe       | 21          | 19   | 3            | 8         | 8      | 0       | 3                              |
| uPhongolo    | 131         | 49   | 6            | 6         | 1      | 0       | 10                             |
| Nongoma      | 3           | 30   | 25           | 17        | 23     | 6       | 14                             |
| Ulundi       | 0           | 58   | 190          | 12        | 6      | 0       | 14                             |

## PROVISION OF AIRPORT SERVICES

The District has managed to maintain the Airport Operations compliant to all relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements with airport infrastructure that is required to operate the facility in its designated category of operation, in a safe and legal manner as per ICAO Annex 14, SA CAA Regulations / CATS including Refuelling Services and flight operations by Federal Air.

The airport continues to be a gateway to Zululand through Federal Air that continues to operate scheduled chartered flights connecting the District to the business hubs i.e. Durban, Pietermaritzburg and Johannesburg.

This state of the art facility constantly assists this part of the Province with efficient emergency services when patients need to be flown to institutions that are equipped for advanced medical interventions, as well as ferrying relief doctors in the morning to assist in nearby hospitals each day and flown out in the afternoon.



The newly built Tourism Hub building houses the ZDM Tourism offices, Car Rental offices, a training facility and a coffee/restaurant facility.

The FLY ZULULAND Facebook Page is continually updated with developments especially flight related matters

## **COMPONENT B: 2.2.2 INTERGOVERNMENTAL RELATIONS**

There are effective structures in place which support the co-operative governance and intergovernmental relations concept. However some challenges are being experienced in terms of the lack of knowledge of the aforementioned concepts from both provincial and local municipal structures.

### **PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

1. Premiers Coordinating Forum
2. Provincial Disaster Management Advisory Forum
3. Provincial Aids Councils
4. Inter Departmental Committee: HIV/Aids
5. Provincial IDP Coordinating Committee
6. Provincial Batho Pele Forum

### **RELATIONSHIPS WITH MUNICIPAL ENTITIES**

ZDM is in the process of establishing its own Development Agency

### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

(Input from other departments required should there be any structures)

#### **Planning department**

1. District Planners Forum
2. IDP Representative Forum
3. Pongola Port dam Inter Municipal Forum
4. Zululand / Umkhanyakude cross boundary bulk water supply Technical Committee

#### **Community Services**

##### **Social Services**

1. Human rights forum
2. Sports forum
3. Gender forum
4. Youth Council
5. Men's forum (about to be launched)
6. District Aids Council
7. Local Aids Council

##### **LED Section**

1. Tourism forum
2. Agricultural forum
3. Business forum

### Corporate Services

Corporate Services Technical Forum  
District Disaster Management Advisory Forum  
District Disaster Management Practitioners Forum  
Skills Development Facilitators Forum

### Finance

District CFO Forum: This forum comprises of all CFO's in the district.

### Office of the Mayor and Municipal Manager

District Coordinating Forum  
Mayors Coordinating Forum  
MM's Technical Committee

### BY-LAWS

| By-laws introduced during 2014 / 20125 |         |  |                               |                             |                     |
|--|---------|--|-------------------------------|-----------------------------|---------------------|
| Newly developed                        | Revised | Public Participation Conducted Prior to Adoption of by-Laws (Yes / No) | Dates of Public Participation | By-Laws Gazetted (Yes / No) | Date of Publication |
| None                                   | None    | None   | None                          | None                        | None                |
|  |         |  |                               |                             |                     |
|  |         |  |                               |                             | T2.9.1              |

**HUMAN RESOURCE SERVICES**

| <b>Employees: Corporate Services</b> |                  |                  |                  |  |   |
|--------------------------------------|------------------|------------------|------------------|--|---|
|                                      | <b>2013/2014</b> | <b>2014/2015</b> |                  |  |   |
|                                      | Employees<br>No. | Posts<br>No.     | Employees<br>No. | Vacancies (full time<br>equivalents) No. | Vacancies ( as a %<br>of total posts) % |
|                                      | 57               | 75               | 74               | 1  | 0.05%                                   |

| <b>Employees: Planning and Development</b> |                  |                  |                  |  |  |
|--|------------------|------------------|------------------|--|--|
|  | <b>2013/2014</b> | <b>2014/2015</b> |                  |  |  |
|  | Employees<br>No. | Posts<br>No.     | Employees<br>No. | Vacancies (full time<br>equivalents) No. | Vacancies ( as a %<br>of total posts)<br>% |
|  | 21               | 21               | 20               | 1  | 0.05%                                      |

| <b>Employees: Technical</b> |                  |                  |                  |  |  |
|-----------------------------|------------------|------------------|------------------|--|--|
|                             | <b>2013/2014</b> | <b>2014/2015</b> |                  |  |  |
|                             | Employees<br>No. | Posts<br>No.     | Employees<br>No. | Vacancies (full time<br>equivalents) No. | Vacancies ( as a %<br>of total posts)<br>% |
|                             | 340              | 349              | 346              | 3  | 0.01%                                      |

| <b>Employees: Finance</b> |                          |                      |                          |  |   |
|---------------------------|--------------------------|----------------------|--------------------------|--|---|
|                           | <b>2013/2014</b>         | <b>2014/2015</b>     |                          |  |   |
|                           | <b>Employees<br/>No.</b> | <b>Posts<br/>No.</b> | <b>Employees<br/>No.</b> | <b>Vacancies (full time<br/>equivalents) No.</b> | <b>Vacancies ( as a<br/>% of total posts)<br/>%</b> |
|                           | 50                       | 52                   | 51                       | 1  | 0.02%   |

| <b>Employees: Community Services</b> |                          |                      |                          |  |   |
|--------------------------------------|--------------------------|----------------------|--------------------------|--|---|
|                                      | <b>2013/2014</b>         | <b>2014/2015</b>     |                          |  |   |
|                                      | <b>Employees<br/>No.</b> | <b>Posts<br/>No.</b> | <b>Employees<br/>No.</b> | <b>Vacancies (full time<br/>equivalents) No.</b> | <b>Vacancies ( as a<br/>% of total posts)<br/>%</b> |
|                                      | 36                       | 60                   | 60                       | 0  | 0%  |

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

| KPA NO | National General Key Performance Areas | FA No | Focus Area                             | Key Objective  | Strategy  | Action  |
|--------|--|-------|--|--|---|---|
| 3.1    | Institutional Transformation           | 3.1.1 | Employment Equity                      | To transform the organisation  | To assess & review race, gender & disability imbalance          | Regularly review & implement Employment Equity Plan       |
|        |  |       | Skills development & Capacity Building | To develop capacity in the organisation for effective service delivery | To assess & review skills development needs and address the gap | Annual review and implement Skills Development Plan       |
|        |  |       |  |  | To provide social support to employees                          | Regularly review and implement Employee Assistance Policy |

| Details          | Total appointment as of beginning of year. | Terminations during the Financial year. | Turn - over Rate |
|------------------|--|---|------------------|
| <b>2014/2015</b> | <b>809</b>                                 | <b>43</b>                               | <b>0.05%</b>     |
| <b>2013/2014</b> | <b>791</b>                                 | <b>70</b>                               | <b>9%</b>        |
| <b>2012/2013</b> | <b>792</b>                                 | <b>55</b>                               | <b>7%</b>        |
| <b>2011/2012</b> | <b>732</b>                                 | <b>93</b>                               | <b>13%</b>       |
| <b>2010/2011</b> | <b>626</b>                                 | <b>168</b>                              | <b>27%</b>       |
| <b>2009/2010</b> | <b>684</b>                                 | <b>84</b>                               | <b>12%</b>       |
|                  |  |   | <b>T4.1.3</b>    |

| Vacancy rate   |                           |   |   |
|--|---------------------------|---|---|
| Designation  | *Total Approved Posts No. | *Variances (Total time that vacancies exist using fulltime equivalents) No. | *Variances(as a proportion of total posts in each category) % |
| Municipal Manager  | 1                         | 0   | 0%  |
| CFO  | 1                         | 0   | 0%  |
| Other S57 Managers (excluding Finance Posts)                       | 5                         | 0   | 0%  |
| Other S57 Managers (Finance posts)                                 | 0                         | 0   | 0   |
| Fire Fighters  | 10                        | 01  | 10%   |
| Senior management: Level 13 – 15 (excluding Finance posts)         | 13                        | 1   | 8%  |
| Senior management : Level 13 – 15 (Finance posts)                  | 2                         | 0   | 0   |
| Highly skilled supervision: levels 9 – 12 (excluding finance post) | 50                        | 2   | 4%  |

| Details          | Total appointment as of beginning of year. | Terminations during the Financial year. | Turn - over Rate |
|------------------|--|---|------------------|
| <b>2014/2015</b> | 809  | 43                                      | 0.05%            |
| 2013/2014        | 791  | 70                                      | 9%               |
| 2012/2013        | 792  | 55                                      | 7%               |
| 2011/2012        | 732  | 93                                      | 13%              |

|           |     |     |     |
|-----------|-----|-----|-----|
| 2010/2011 | 626 | 168 | 27% |
|-----------|-----|-----|-----|

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.3 PUBLIC MEETINGS IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria*                                      | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators?          | Yes    |
| Does the IDP have priorities, objectives, KPIs, development strategies?        | Yes    |
| Does the IDP have multi-year targets?  | Yes    |
| Are the above aligned and can they calculate into a score?                     | Yes    |
| Does the budget align directly to the KPIs in the strategic plan?              | No     |
| Do the IDP KPIs align to the Section 57 Managers                               | Yes    |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP?                 | Yes    |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes              | Yes    |
| Were the indicators communicated to the public?                                | Yes    |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes    |
| * Section 26 Municipal Systems Act 2000  |        |

## COMPONENT D: CORPORATE GOVERNANCE

### 2.4 RISK MANAGEMENT

The risk assessment exercise for the 2014/2015 was done with the assistance of Provincial Treasury. The ensuing risks identified were then tabled to the audit committee and the Internal Audit procedures were based on the identified risks.

### 2.5 ANTI-CORRUPTION AND FRAUD

The Fraud prevention strategy and policy is in place. In addition, a fraud risk exercise was performed and the report recommendations will be implemented in the 2015/2016 financial year.

### 2.6 SUPPLY CHAIN MANAGEMENT

The SCM Management system was effectively implemented. The Annual SCM report for the 2014/2015 financial year was tabled to council in August 2015.

### 2.7 WEBSITES

| Municipal Website: Content and Currency of Material  |          |                 |
|--|----------|-----------------|
| Documents published on the Municipality's / Entity's Website   | Yes / No | Publishing Date |
| Current annual and adjustments budgets and all budget-related documents  | Yes      | 06 June 2014    |
| All current budget-related policies  | Yes      | 06 June 2014    |
| The previous annual report (Year 1314)   | Yes      | 30 Jan 2014     |
| The annual report (Year 2014/15) published/to be published   | Yes      | 31 Jan 2015     |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards  | Yes      | 01 July 2014    |
| All service delivery agreements (Year 0)   | Yes      | 01 July 2014    |
| All long-term borrowing contracts (Year 0)   | No       | No              |
| All supply chain management contracts above a prescribed value (give value) for Year 0   | Yes      | Once appointed  |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1  | No       | No              |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section  | No       | No              |
| Public-private partnership agreements referred to in section 120 made in Year 0  | No       | No              |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 0   | yes      | Once tabled     |
| <p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p> |          |                 |

T 2.10.1



## COMPONENT A: BASIC SERVICES

### 3.1 INTRODUCTION TO BASIC SERVICES

Zululand District Municipality has been hurdled by severe drought during the previous fiscal year, but remains at the helm amongst those that rapidly develop and service delivery proficient municipalities in KZN, infrastructural development is happening rather gradually, with current estimation of 80% of the district being rural and under developed.

Focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP Toilet) Programme.

The RWSS programme provides the services to consumers by installing the yard taps as a long term plan for the District whereas the Interim Programme is deemed to comprise a combination of communal standpipes within 800m walking distances to fetch water and provision is also made for Sanitation services in form of a VIP Toilet Programme.

Resemblance is drawn with RWSS but the principle of interim services initiative acknowledges a fact that there are large numbers of communal settlements that would have had to wait years to be addressed with basic services, but given their location in relations to socio and economic opportunities, Zululand District Municipality continues to provide them with interim services so that they are immediately addressed, and they should by no means be interpreted as a substitute for the Regional Development Plan for the District.

A table below reflects a notable comparative reduction in the percentage backlogs reduction, estimated at 2, 5% in water and 2-3% in sanitation per annum.

| <b>Basic Services</b> | <b>Existing Backlog<br/>(Households) as at 30<br/>June 2013</b> | <b>Existing Backlog<br/>(Households) as at 30<br/>June 2014</b> |
|-----------------------|---|---|
| Water                 | 58559   | 32566   |
| Sanitation            | 56757   | 36150   |

Out of a total of 39 Water and Waste Water Treatment Works (W/WWTW), Ulundi WTW is the largest with a design capacity of 25Mℓ/Day. This treatment plant has been compromised by repeated power outages from ESKOM on an average of two whole day(s) per week, and as this is still continuing, it has led to severely intermittent water supply challenges, massively. In this regard, Zululand District Municipality has made yet another remarkable intervention by acquiring a fuel operated stand by engine that will cover a whole Water Works during these ESKOM outages. This project has been completed but not fully commissioned.

Further to that, Zululand District Municipality implements its own internally funded CAPEX Projects Programme. As alluded to previously, a large number of settlements within ZDM are located to extremely out skirted rural areas, which makes access to basic education difficult and to a larger extent impossible, due to lack of basic and pre-educational and facilities to these areas.

It is for this reason that ZDM identified a need to build crèches and some classes extensions where necessary, implemented under this programme which is monitored through the Municipality's CAPEX and WATER PROVISION PORTFOLIO COMMITTEE that receives quarterly feedback on progress of projects and its ultimate aim is to achieve 100% capital spend and to assess if any carry overs and budget relocations. This has proved to be an effective strategy to improve capital budget spend and thereby meeting the Government on its educational goals.

### **3.1.1 WATER PROVISION**

In this Annual Report, ZDM would like to share its vision and goal to become top three Municipalities in the Blue and Green Drop Assessments, come the near future.

These assessments bring about an opportunity for all our basic service delivery initiatives to be bench marked and examined towards achieving a common goal that is proficient, efficient and effective delivery of basic services. These assessments also involve audits for the management of Wastewater and the scope of work entailed in the treatment of waste waters before discharging back to our rivers.

Zululand District Municipality received an Award during the 13/14 Financial Year named SALGA Water Services Operational Performance Award.

We are also impelled by this achievement goal that we are determined to effect improvements on other operational areas such as Non-Revenue and Unaccounted for Water.

### 3.1.2 WATER LOSS PROGRAMME

Zululand District Municipality implemented an UAW Programme during the 2012/2013 Financial year which has achieved some stable results which were stabilised by dealing directly with a large scope of physical ground work and equipment required to collect data for analysis purposes, and which is currently being undertaken.

The following on-going interventions are currently being instituted to reach a target of 70% water losses by the 2015/2016 Financial Year:-

- Introduction of lowered pressure standards from an average of 600Kpa to 300Kpa subsequent to relevant water balancing initiatives currently being undertaken.
- Replace domestic and non-domestic meters in line with Municipality's Asset Management Plan.
- Ensure every bulk water consumers and business consumers are metered and meters read and billed monthly.

Below, is a table illustrating implementation of the above and to reaffirm that the above will assist Zululand District Municipality fulfill its mandate efficiently in order to provide utmostly acceptable services to the people that we serve.

| YEAR      | WATER PRODUCED (Mℓ) | ESTIMATED UAW VOL (%) |
|-----------|---------------------|-----------------------|
| 2012/2013 | 10 898              | 38%                   |
| 2013/2014 | 15 630              | 11%                   |
| 2014/2015 | 15 614              | 18%                   |

### 3.2. WATER PROVISION

| Water Service Delivery Levels                     |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Households  |               |               |               |               |
| Description                                       | 11/12         | 12/13         | 13/14         | 14/15         |
|   | Actual<br>No. | Actual<br>No. | Actual<br>No. | Actual<br>No. |
| <b>Water: (above min level)</b>                   |               |               |               |               |
| Piped water inside dwelling                       | -             | -             | -             | 1,650         |
| Piped water inside yard (but not in dwelling)     | -             | -             | -             | 3,521         |
| Using public tap (within 200m from dwelling )     | -             | -             | -             | 2,385         |
| Other water supply (within 200m)                  | -             | -             | -             | -             |
| <i>Minimum Service Level and Above sub-total</i>  | -             | -             | -             | 7556          |
| <i>Minimum Service Level and Above Percentage</i> |               |               |               | 23%           |
| <b>Water: (below min level)</b>                   |               |               |               |               |
| Using public tap (more than 200m from dwelling)   |               |               |               |               |
| Other water supply (more than 200m from dwelling) |               |               |               | 1,415         |
| No water supply                                   |               |               |               |               |
| <i>Below Minimum Service Level sub-total</i>      | -             | -             | -             | 34,215        |
| <i>Below Minimum Service Level Percentage</i>     |               |               |               | 79%           |
| <b>Total number of households*</b>                | -             | -             | -             | 43,186        |
| <i>* - To include informal settlements</i>        |               |               |               | T 3.1.3       |

| EMPLOYEES: WATER SERVICES |               |           |               |                                     |                                     |
|---------------------------|---------------|-----------|---------------|-------------------------------------|-------------------------------------|
| Job Level                 | 2013/2014     | 2014/2015 |               |                                     |                                     |
|                           | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalent) No. | Vacancies (as a % of total posts) % |
| HOD                       | 1             | 1         | 1             | 1                                   | 0%                                  |
| DD                        | 4             | 4         | 4             | 4                                   | 0%                                  |
| TO                        | 8             | 10        | 10            | 10                                  | 0%                                  |
| Tech                      | 2             | 4         | 4             | 4                                   | 0%                                  |
| Princ Supt                | 2             | 2         | 2             | 2                                   | 0%                                  |
| Art Supt                  | 2             | 2         | 2             | 2                                   | 0%                                  |
| Supt                      | 10            | 12        | 12            | 12                                  | 0%                                  |
| Team Leaders              | 6             | 7         | 7             | 7                                   | 0%                                  |
| senior proc controller    | 3             | 3         | 3             | 3                                   |                                     |
| Proc controllers          | 63            | 67        | 67            | 67                                  | 0%                                  |
| Art Pl                    | 14            | 12        | 12            | 12                                  | 0%                                  |
| Handym                    | 1             | 5         | 5             | 5                                   | 0%                                  |
| W/Insp                    | 1             | 1         | 1             | 1                                   | 0%                                  |
| GA                        | 40            | 40        | 40            | 40                                  | 0%                                  |
| Driver                    | 12            | 21        | 21            | 21                                  | 0%                                  |
| Clerical                  | 1             | 1         | 1             | 1                                   | 0%                                  |
| M/Officers                | 213           | 201       | 201           | 201                                 | 0%                                  |
| WT FP Supervisor          | 10            | 3         | 3             | 3                                   | 0%                                  |

| Operating Expenditure Year 2014/2015<br>Water Services<br>R'000 |                    |           |                   |                    |                               |                     |
|---|--------------------|-----------|-------------------|--------------------|-------------------------------|---------------------|
| Description   | 2013/2014          | 2014/2015 |                   |                    |                               |                     |
|   | Actual Expenditure | Budget    | Adjustment Budget | Actual Expenditure | Variance from Original Budget | Total Project Value |
| Total Operational Revenue                                       | 0                  | 0         | 0                 | 0                  | 0%                            |                     |
| Expenditure:  |                    |           |                   |                    |                               |                     |
| Employees   | 60 451             | 61 789    | 0                 | 64 405             | 0%                            | 64 405              |
| Repairs and Maintenance   | 43 368             | 37 244    | 0                 | 36 893             | 0%                            | 36 893              |
| General Expenses  | 223 215            | 199 319   | 0                 | 218 711            | 0%                            | 218 711             |
| Other   |                    |           |                   |                    | 0%                            |                     |
| Total Operational Expenditure                                   | 327 035            | 298 352   | 0                 | 320 009            | 0                             | 320 009             |
| Net Operational Expenditure                                     | 327 035            | 298 352   |                   | 320 009            | 0%                            | 320 009             |

| Capital Expenditure Year 2014/2015 |                    |           |                   |                    |                               |                     |
|------------------------------------|--------------------|-----------|-------------------|--------------------|-------------------------------|---------------------|
| Water Services                     |                    |           |                   |                    |                               |                     |
| R'000                              |                    |           |                   |                    |                               |                     |
| Capital Projects                   | 2013/2014          | 2014/2015 |                   |                    |                               |                     |
|                                    | Actual Expenditure | Budget    | Adjustment Budget | Actual Expenditure | Variance from Original Budget | Total Project Value |
| Total All                          |                    |           | 0                 |                    | 0%                            |                     |
|                                    |                    |           |                   |                    | 0%                            |                     |
| Usuthu RWSS                        | 41 546             | 41 082    | -                 | 45 885             | 0%                            | 45 885              |
| Nkonjeni RWSS                      | 42 074             | 18 959    | -                 | 19 222             | 0%                            | 19 222              |
| Mandlakazi RWSS                    | 10 644             | 6 935     | -                 | 6 634              | 0%                            | 6 634               |
| Simdlangentsha Central RWSS        | 13 234             | 63 691    | -                 | 6 643              | 0%                            | 6 643               |
| Simdlangentsha East RWSS           | 25 194             | 1 214     | -                 | 11 480             | 0%                            | 11 480              |
| Simdlangentsha West RWSS           | 17 977             | 4 168     | -                 | 1 553              | 0%                            | 1 553               |
| Gumbi RWSS                         | 1 253              | 3 275     | -                 | 2 723              | 0%                            | 2 723               |
| Coronation RWSS                    | 7 700              | 25 375    | -                 |                    | 0%                            | -                   |
| Khambi RWSS                        | 5 436              | 3 319     | -                 | 3 382              | 0%                            | 3 382               |
| Rudimentary Water                  | 29 948             | 12 060    | -                 | 12 580             | 0%                            | 12 580              |
| Hlahindlela/Emondlo                | 30 452             | 2 958     | -                 | 34 076             | 0%                            | 34 076              |

### 3.3 SANITATION SERVICES

| Sanitation Service Delivery Levels                |             |             |             |            |
|---|-------------|-------------|-------------|------------|
| Description                                       | *Households |             |             |            |
|   | 11/12       | 12/13       | 13/14       | 14/15      |
|   | Outcome No. | Outcome No. | Outcome No. | Actual No. |
| <b>Sanitation/sewerage: (above minimum level)</b> |             |             |             |            |
| Flush toilet (connected to sewerage)              |             |             |             | 1,650      |
| Flush toilet (with septic tank)                   |             |             |             | 866        |
| Chemical toilet                                   |             |             |             | 0          |
| Pit toilet (ventilated)                           |             |             |             | 10,730     |
| Other toilet provisions (above min.service level) |             |             |             | 0          |
| <i>Minimum Service Level and Above sub-total</i>  | -           | -           | -           | 13,246     |
| <i>Minimum Service Level and Above Percentage</i> |             |             |             | 29.0%      |
| <b>Sanitation/sewerage: (below minimum level)</b> |             |             |             |            |
| Bucket toilet                                     | -           | -           | -           |            |
| Other toilet provisions (below min.service level) | -           | -           | -           | 0          |
| No toilet provisions                              | -           | -           | -           | 46,027     |
| <i>Below Minimum Service Level sub-total</i>      | -           | -           | -           | 46,027     |
| <i>Below Minimum Service Level Percentage</i>     |             |             |             | 78.0%      |
| <b>Total households</b>                           | -           | -           | -           | 59,273     |

| Job Level                   | 2013/2014     | 2014/2015 |           |                                     |                                   |
|-----------------------------|---------------|-----------|-----------|-------------------------------------|-----------------------------------|
|                             | Employees No. | Posts No. | Employees | Vacancies (Fulltime equivalent) No. | Vacancies (as a % of total posts) |
| Principal Superintendent    | 0             | 0         | 0         | 0                                   | 0%                                |
| Superintendent              | 1             | 1         | 1         | 0                                   | 0%                                |
| Snr Process Controllers     | 1             | 1         | 1         | 0                                   | 0%                                |
| Process Controllers         | 6             | 6         | 6         | 0                                   | 0%                                |
| Assistant Plant Operator    | 0             | 0         | 0         | 0                                   | 0%                                |
| General Assistants          | 18            | 18        | 18        | 0                                   | 0%                                |
| Net Operational Expenditure | 26            | 26        | 26        | 0                                   | 0%                                |

| Operating Expenditure Year 2014/2015<br>Sanitation Services<br>R'000 |                    |           |                   |                    |                               |                     |
|--|--------------------|-----------|-------------------|--------------------|-------------------------------|---------------------|
| Description  | 2013/2014          | 2014/2015 |                   |                    |                               | Total Project Value |
|  | Actual Expenditure | Budget    | Adjustment Budget | Actual Expenditure | Variance from Original Budget |                     |
| Total Operational Revenue  | 0                  | 0         | 0                 | 0                  | 0%                            |                     |
| Expenditure:   |                    |           |                   |                    |                               |                     |
| Employees  | 2 467              | 3 144     |                   | 2 711              | 0%                            | 2 711               |
| Repairs and Maintenance  | 606                | 888       |                   | 883                | 0%                            | 883                 |
| General Expenses   | 4 186              | 4 213     |                   | 4 997              | 0%                            | 4 997               |
| Other  |                    |           |                   |                    |                               |                     |
| Total Operational Expenditure  | 7 259              | 8 245     | 0                 | 8 591              | 0%                            | 8 591               |
| Net Operational Expenditure  | 7 259              | 8 245     |                   | 8 591              | 0%                            | 8 591               |

### 3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT

Approximately 80% of citizens in Zululand are estimated to be indigent. The culture of non-payment which is being tackled at a political level both have negative effects on the sustainable provision of basic services. Funding is mainly in the form of grants such as MIG and DWA.

The fact that the municipality has a limited rates base means that sources of income are limited. A Revenue Enhancement Strategy has been budgeted for in the 2014/15 Financial Year which will analyse the financial position of the municipality and suggest options for alternative means of generating income for the municipality



**CONSTRUCTION HOLINYOKA PUMP STATION AT NONGOMA**



**A R20M KLIPFONTEIN RISING MAIN PROJECT**

## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage)

### 3.5 ROADS

#### Road Infrastructure

Pending the completion of the Road Classification Programme (RISFSA) and other parallel programmes, the district is unable to perform this function.

#### Rural Roads Asset Management System

National Department of Transport via DORA has allocated more than R1.688, 000.00 to identified district municipalities to develop a rural road asset management system in line with the municipal finance management act. This grant will be issued every financial year for the next 3/4 years. The Zululand District Municipality is also covered under this multi year programme expected whose expected completion is 2014/2015.

There is an estimated 3000 kilometres of road within the district. Further data on the accurate length and condition of roads will be captured within the process of developing a rural roads asset management system.

### 3.6 TRANSPORT

In 2008, the Zululand District Municipality reviewed its Current Public Transport Record to develop a Public Transport Plan.

A Multi-Year plan was developed to respond to key issues identified in the analysis of the state of public transport in the district. The table below is a summary of costs for implementation of interventions over a 5 year period.

**SUMMARY OF COST FOR ZDM FOR A FIVE YEAR PERIOD**

| <b>Item</b>                                 | <b>Estimated Cost</b> |
|---|-----------------------|
| Operating Licence Strategy related projects | R39 150 000           |
| Rationalisation Strategy                    | R660 000              |
| Public Transport Plan                       | R 56 410 000          |
| <b>Total</b>                                | <b>R 96 140 000</b>   |

Even if the plan is implemented in phases, the municipality does not have these funds and will continue to engage with its partners in government and private sector to source resources for implementation of interventions identified in the plan.

## COMPONENT C: PLANNING AND DEVELOPMENT

### PLANNING AND DEVELOPMENT



Stefan Landman: Head of Department: Planning

### 3.7 PLANNING AND DEVELOPMENT

In 2014-2015 financial year an allocation of R 211, 662,000 was received from MIG and was successfully spent 100% by the end of June 2015. Further R 67 million was received from DWA as a conditional grant. R39, 205,000 was received from MWIG. These grants were spent successfully.

The largest percentage of MIG funds was spent as follows: 79% was spent on water, 20% was spent on sanitation and 1% on sporting facilities. The large amount of money is currently spent in the development of bulk infrastructure and as the bulk line passes communities, reticulation networks are installed. The bulk infrastructure comprises of the terminal reservoirs, water treatment works, rising mains as well as secondary reservoirs whereas reticulation comprises of distribution main and households meter installations.

DWA funding only focuses on the bulk infrastructure.

#### 3.7.1 Water Service Authority

##### Consultation and Participation

The table below shows community engagement of various stakeholders on the IDP/Budget/Performance and LED process:

| Local Municipality | Date                    |
|--------------------|-------------------------|
| oPhongolo          | 4/11/2014<br>11/05/2015 |
| eDumbe             | 5/11/2014<br>15/05/2015 |
| Vryheid            | 6/11/2014<br>14/05/2015 |
| Nongoma            | 7/11/2014<br>13/05/2015 |
| uLundi             | 8/11/2014<br>12/05/2015 |

The section consists of 3 civil engineers and secretary in the planning and management of the Water Service Authority function.

The profile of the staff in terms of cost to employer is as follows:

| Personnel                        | Total | Cost to Employer |
|----------------------------------|-------|------------------|
| Professional                     | 3     | R 1 250 500.00   |
| Field (Supervisors/Foreman)      | 1     | R 365 000.00     |
| Office (Clerical/Administration) | 1     | R 195 502.00     |

The responsibility of a Water Services Authority (WSA) is to ensure that water is adequately provided to every single individual households falling within its area of jurisdiction. The provision of water to consumers should be in accordance with the minimum quality and quantity standards set by The Department of Water Affairs (DWA). The Water provision should be sustainable, affordable and efficient.

Provision of adequate water supply across the entire district is very crucial. The District relies on both surface and ground water in achieving water delivery goals. Unfortunately drought has impacted negatively in water provision and four out of five towns in ZDM are in dire need of water provision. Both Black and White Mfolozi have ran dry and all water supply schemes abstracting water from the two water sources mentioned lack production and water service provision has been impaired as a result.

R37, 5m drought grant from the Department of Water and Sanitation was allocated to ZDM and was split among all the Local Municipalities to benefit. Spring protections, boreholes drilling as well as the refurbishment of the existing schemes were planned to be the main deliverables under the drought grant. Much has been achieved even though the crisis suggests that more funding is required to overcome the water shortages. A second Business Plan requesting additional funding has since been submitted to the Department of Water and Sanitation and is awaiting approval.

Services Authority has the following Duties:

**Duty to provide access to water services**

- This duty is subject to-
- The availability of resources;
- The need for an equitable allocation of resources to all consumers and potential consumers within the authority's area of jurisdiction;
- The need to regulate access to water services in an equitable way, with any prescribed norms and standards for tariffs for water services;
- The duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services;
- The duty to conserve water resources;
- The nature, topography, zoning and situation of the land in question; and
- The right of relevant water services authority to limit or discontinue the provision of water services if there is failure to comply with reasonable conditions set for provision of such service.

- In ensuring access to water services, a water services authority must take into account among other factors-
- Alternative ways of providing access to water services;
- The need for regional efficiency;
- The need to achieve the benefit of scale;
- The need for low costs;
- The requirements of equity and
- The availability of resources from neighboring water services authorities.
- The above is in accordance with the Water Services Act No. 108 of 1997.
- Duty to prepare draft Water Services Development Plan (WSDP)

### **3.7.2 Water Services Development Plan (WSDP)**

Every Water Services Authority must, within one year after the commencement of this Act-

as part of the process of preparing any integrated development plan in terms of Local Government Transition Act, 1993 (Act No. 209 of 1993); or separately, if no process contemplated in paragraph a) has been initiated, prepare a draft water service development plan for its area of jurisdiction and, summary of a plan

#### **The Content of draft Water Services Development Plan (WSDP)**

- The annual WSDP contains the following details: the physical attributes of the area to which it applies; the size and the distribution of population within the area; the time frame for the plan, including the implementation programme for the following five years;
- The existing water within the area of jurisdiction;
- The total number of backlogs both on water and sanitation within the area expressed as a number of households figures as well as a percentage compared to the entire area where services are provided;
- The operations; maintenance; repair and replacement of existing and future infrastructure
- The WSDP must display the number and location of persons to whom water services cannot be provided within the next five years setting out-the reason thereof;
- The time frame within which it may be reasonably be expected that a basic sanitation will be provided to those people, and of existing and proposed water conservation, recycling and environmental protection measures.

### 3.7.3 Water Service Development Plan Process

The Zululand District Municipality WSDP for 2014/2015 was completed and approved by council on 28 May 2014.

The following key issues were addressed by the 2014/2015 WSDP:

- Eradication of water backlogs through Regional schemes rollout and Rudimentary programme.
- Eradication of sanitation backlogs
- Water supply to schools and clinics
- Refurbishment requirements of water and sanitation infrastructure

There are three types of water service delivery

- Regional Water Supply schemes
- Rudimentary Water Supply scheme
- Stand alone scheme

#### Water Services Development Plan (WSDP)

The WSDP is a multi-year sectoral plan addressing water and sanitation backlogs and infrastructure. Backlogs below are extracted from the 2014/15 WSDP;

| <b>WATER</b>      | <b>TOTAL HOUSEHOLDS</b> | <b>BACKLOGS</b> | <b>% BACKLOGS</b> | <b>% OF TOTAL BACKLOGS</b> |
|-------------------|-------------------------|-----------------|-------------------|----------------------------|
| AbaQulusi LM      | 40 302                  | 8 134           | 20.18%            | 16.97%                     |
| eDumbe LM         | 16 880                  | 3 664           | 21.71%            | 7.64%                      |
| Nongoma LM        | 38 171                  | 20 182          | 52.87%            | 42.10%                     |
| Ulundi LM         | 37 365                  | 9 755           | 26.11%            | 20.35%                     |
| uPhongolo LM      | 25 136                  | 6 199           | 24.66%            | 12.93%                     |
| <b>Total</b>      | <b>157 854</b>          | <b>47 934</b>   | <b>30.37%</b>     | <b>100.00%</b>             |
|                   |                         |                 |                   |                            |
| <b>SANITATION</b> | <b>TOTAL HOUSEHOLDS</b> | <b>BACKLOGS</b> | <b>% BACKLOGS</b> | <b>% OF TOTAL BACKLOGS</b> |
| AbaQulusi LM      | 40 302                  | 10 003          | 24.82%            | 26.57%                     |
| eDumbe LM         | 16 880                  | 1 500           | 8.89%             | 3.98%                      |
| Nongoma LM        | 38 171                  | 9 825           | 25.74%            | 26.10%                     |
| Ulundi LM         | 37 365                  | 10 840          | 29.01%            | 28.79%                     |
| uPhongolo LM      | 25 136                  | 5 482           | 21.81%            | 14.56%                     |
| <b>Total</b>      | <b>157 854</b>          | <b>37 650</b>   | <b>23.85%</b>     | <b>100.00%</b>             |

DWA funding only focuses on the bulk infrastructure 2014/15.

| Regional Water Supply Scheme | MIG          | DWA          | Project scope  |
|------------------------------|--------------|--------------|--|
| Usuthu RWSS                  | R 21,617,121 | R 74,000,000 | Reservoirs,reticulation,rising mains,bulk line             |
| Nkonjeni RWSS                | R 25,602,121 |              | Reservoirs,reticulation,rising mains,bulk line             |
| Mandlakazi RWSS              | R 16,455,434 | R 35,000,000 | Bulk line and terminal reservoirs                          |
| Rudimentary                  | R 22,162,200 |              | Drilling of boreholes,testing, equipping and small schemes |
| Rural Sanitation             | R 44,324,400 |              | Supply of VIP units and installation                       |

### **Spatial Development Framework**

As part of the IDP Process, the Spatial Development Framework is developed in line with the Municipal Systems Act No 32 of 2000. The SDF which is a spatial manifestation of municipal strategies and roll out of municipal services will be linked with National and Provincial principles so that it is implementable. Zululand District Municipality has reviewed its Spatial Development Framework which was incorporated and adopted on the 29th May 2014 along with the IDP.

- A Comprehensive Infrastructure Plan was developed by the municipality to properly quantify all sectoral backlogs and the cross-cutting impact, the plan was completed in May 2014.
- Rural Roads Asset Management System
- Please refer to early chapters in the report.
- Development Planning Shared Services
- In response to the new statutory function allocated to municipalities in terms of the new Planning and Development Act, a new unit of called Development Planning Shared Services (DPSS) was established to capacitate and support municipalities in the Zululand area in terms of

Development Planning and Geographic Information Systems. Funding contribution are staggered over a 3 year period with financial support from Co-Operative

- Governance and Traditional Affairs. Thereafter, the Shared Services will be funded in total by the Zululand Family of Municipalities.
- Divided into two Directorates of Planning and GIS, the section consists of 8 staff including Planners, Geographic Information Systems Officials, Administrators and Secretary.
- In terms of an arrangement between the Zululand Family of Municipalities, the Planning Directorate is placed at Abaqulusi Local Municipality owing to its central location.
- The key objective of the Planning Directorate is to assist and capacitate local municipality planners in terms of the Planning and Development Act, SPLUMA plus Statutory and Strategic Planning. The key objective of the GIS Directorate is to assist local municipalities and the district to manage and upgrade technical GIS capacity.

#### **SPLUMA**

The new act SPLUMA commenced 1<sup>st</sup> July 2015 hence the impact and performance against the act will be applicable and reported on in the 2015/2016 annual report. However, discussions are underway within the district and its stakeholders to configure institutional structures in compliance with the act.

#### **Spatial Planning**

Municipalities who are contributing financially to the administration of the DPSS have already begun reaping the benefits in terms of assistance in dealing with current and new development applications. In terms of the Planning and Development Act, municipalities have taken over the balance of planning functions that were previously carried out at a Provincial level, and has helped improve and fast-track development application processes. Development Planning Shared Services has and continues to guide Zululand municipalities through this process.

There are various support functions that were performed by Development Planning Shared Services including;

#### **Delegations**

Municipalities are not in a position to authorize development applications without having delegations approved by council and the MEC in place in terms of the Planning and Development Act. Delegations in all of the local municipalities have been adopted.

Conditions in the Planning and Development Act are new to municipalities. Therefore monthly workshops are held in partnership with Co-Operative Governance to improve levels of understanding of planning procedures and standards of Planners in Zululand.

#### **Training of Municipal Councillors and Traditional Authorities**

Allocation of land involves different stakeholders and custodians of land including traditional authorities. Councillors also play a role in the approval process of development applications.

Training for councillors and traditional authorities to understand their roles and responsibilities of the Planning and Development Act happens on a continuous basis especially with the pending implementation of the new Spatial Planning & Land Use Management Act (SPLUMA).

#### **Assessment of Building Plans**

In order to improve capacity of municipalities to deal with building plan approval, a position for a Building Inspector has been created within the development Planning Shared Services to support all municipalities in Zululand.

In the interim, Development Planning Shared Services continue to support municipalities in Zululand to fulfill this role.

#### **Assessment of Development Applications**

In order to sign off on approved development applications, Municipal Planners must be registered with the South African Council of Planners. Development Planning Shared Services are supporting Municipal Planners in Zululand to ensure that they are all registered.

Further to, Development Planning Shared Services have been supporting municipalities to assess more than 27 development applications in line with the new Planning and Development Act.

#### **Review of Spatial Development Framework**

Nongoma Local Municipality and Edumbe Local Municipalities have reviewed their Spatial Development Frameworks and Land Use Management Systems respectively. Nongoma council must now approve the framework.

Ulundi Local Municipality is reviewed its Town Planning Scheme and is finalising development of its Spatial Development Framework.

### **Integrated Development Planning Support**

Development Planning Shared Services have also supported local municipalities with their Integrated Development Plans, most notably Nongoma Local Municipality.

### **3.8 GEOGRAPHICAL INFORMATION SYSTEMS**

Zululand District Municipality (ZDM) appointed a GIS Technician who will be responsible for attending to specific GIS needs of the District

The Development Planning Shared Services (DPSS) GIS Unit team is there to provide GIS support to the GIS Technician that will be appointed by ZDM. The mandate of DPSS is also to provide

GIS support to the local municipalities within the district. Where municipalities do not have GIS capacity to fulfill their mandates, DPSS serves as that capacity.

DPSS is in the process of developing and improving Geographic Information Systems capacity of the Zululand Municipalities.

The GIS Unit with the Development Planning Shared Services has now been operational for 4 years. Tremendous progress has been made in ensuring that the Zululand family of municipalities has an effective district-wide geographical information platform which can support decision-making especially around the area of development planning, as per the original mandate.

Strides have also been made in providing GIS support not only to planning departments in Municipalities but also to other departments like Finance and Technical Services.

### **3.9 KEY PROJECTS:**

#### **MPRA MAPPING PROJECTS**

Municipalities is the Municipal Public Rates Act (MPRA) mapping project. It is a key project, the main purpose of this initiative is to provide GIS support which seeks to assist Local Municipalities in complying

with provisions of the MPRA act which give the Municipalities the right to impose rates on property owners and recover this revenue. The contribution of GIS in this endeavor is to map the spatial distribution of rate paying customers and identify the geographical locations of where people are not paying rates or complying with the act so that the Municipalities can take necessary action. At this stage, property valuation rolls of all the Local Municipalities have been mapped. The next phase of the project is to link the spatial data with billing information so that municipalities can see where people where customers who are not paying rates are geographically located.

### **3.10 ArcREADER DEVELOPMENT INITIATIVE**

The main purpose of this project was and still is, to bring geographical information closer to the people that need to use it i.e. decision-makers. In other words make it more accessible. The secondary aim was use access to geographical information as a means of aiding the improvement of the quality of the information so that the system can be more relevant. Over 100 people were provided with GIS training in all Zululand Municipalities from Municipal Manager's to HOD to senior managers. ArcReader GIS software was installed on their computers and training manuals on how to use the GIS software was also provides. This initiative is currently being duplicated in other Municipalities in KZN as GIS best practice initiative which seeks to make Municipal staff more geographically literate about the areas in which they work and enable them to make better evidence based-decisions.

### **3.11 SHARED SERVICES GIS STRATEGIC PLAN**

The GIS Unit has completed a GIS Strategic Plan. This purpose of this plan is to present the strategic Geographical Information System (GIS) needs of municipalities in Zululand and develop a strategic direction and action plan which will enable the delivery of effective GIS support to municipalities. All Municipalities will be engaged so that needs can be identified for an implementation plan to be set in motion.

**The following challenges with Geographic Information Systems were identified for Zululand Municipalities;**

- Outdated hardware and software equipment
- Data sitting with consultants not handed over to the municipalities
- Limited knowledge capacity
- Outdated software and hardware still remains a challenge in some municipalities. This is a challenge because it limits our ability to share GIS information with Municipalities especially those that have some internal GIS capacity.

The issue of data sitting with consultants and not being handed over to municipalities is also a challenge because it forces Municipalities to be dependent on consultants for information which they should have the intellectual property rights to, since they paid the consultants to produce such information. To try and address this GIS Unit has drafted a GIS Data Specifications policy document to all Municipalities for adoption. This specification is a brief technical document that sets the standard for the supply of digital spatial data sets by Consultants/Professional

Service Providers undertaking studies and/or projects for Municipalities to incorporate them into their corporate Geographic Information System (GIS).

Most Municipalities have chosen ESRI ArcView as its corporate GIS software platform, and thus this specification has been formulated to ensure that work carried out for the municipality is delivered in a format and to a standard that is acceptable to their GIS requirements. Due to staff and budget constraints, the exercise of converting, "cleaning" and correcting of spatial data by the municipal GIS staff must be eliminated. The policy document calls for Consultants/Professional Service Providers to be required to deliver spatial data sets in accordance with this technical specification, and must ensure that

~~the final project datasets supplied to the municipality are free from ambiguities. We hope that the~~

inclusion of this policy as an addendum to the appointment letters of professional service providers in Municipalities will enable Municipalities to have control over their geographical information.

GIS Capacity is yet another challenge. Although strides have been made to provide basic GIS training to staff, more needs to be done. The Geomatics Profession Act 19 of 2013 was assented to by the President and *gazetted* into law on the 10<sup>th</sup> December 2013. The Act, “provides for different categories of registered persons”. Section 13 of the Bill, outlines the categories under which a person may be registered for them to practice. Sub-section 2 (a) states that a person may not perform any work which is reserved for any of the categories unless they work under the supervision of a registered person and such registered person assumes responsibility for any work performed. Most, if not all provincial and national government departments are currently complying with the provisions of the Bill. It is important and recommended that municipalities also comply with the Bill so that they are not left wanting when it is enacted.

The DPSS GIS specialist is an accredited Mentor and is assisting GIS practitioners in local municipalities to be registered with The South African Council for Professional & Technical Surveyors (PLATO), the main proponents of the Geomatics Profession Act. To date the GIS Officer in Nongoma municipality has successfully been registered by PLATO as a GISc Technician. Although DPSS is in the process of mentoring other GIS practitioners in the district, local municipalities are yet to be compliant with the provisions of the Geomatics Profession Act

### **3.11.1 OTHER GIS INITIATIVES**

Other GIS initiatives which have been identified for roll out are the following:

Undertaking IDP / capital investment (MIG) mapping, data analysis and presentation to municipal management

Undertaking illegal development mapping, illegal development poses a risk on the ability of the municipality to collect revenue from rates and taxes. It also disrupts the well thought out planning roll outs for human settlements and places a huge strain on already planned for existing resources. It is important for the municipality to know where illegal development is taking place and what the extent of the illegal development is so that suitable strategies can be developed to address it.

### **Mapping of all municipal development plans**

Providing support to Municipal Planners w.r.t. compilation, mapping and analysing municipal SDFs, schemes, LUMS and development applications. The purpose of this exercise To compile or provide support to consultants appointed by municipalities with the preparation of SDFs, Schemes and LUMS.

Mapping of customer complaints & termination of municipal services, The purpose of this task is to provide the municipality with a spatial representation of complaints by municipal ratepayers so that the municipality can more effectively be made aware of service delivery challenges.

These projects have been identified in the GIS strategic plan and will require support from municipal management for them to be successfully implemented.

The Strategic Direction of the municipality is guided by 5 key performance areas namely:

**Basic Service Delivery**

**Social and Economic Development**

**Good Governance and Public Participation**

**Democracy**

**Municipal Institutional Transformation**

This component includes: planning; and local economic development.

## **CHAPTER 4 PERFORMANCE MANAGEMENT SYSTEM**

### **4.1 Introduction**

The Performance Management System (PMS) is generally defined as a strategic approach to management which equips leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the municipality in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Management entails the development of priorities aligned to the municipal strategy as well as the development of Key Performance Areas, Key Performance Indicators, targets and measures. This enables proper planning, measuring, monitoring, reviewing and reporting on performance in the organisation. Performance management ensures the harnessing and maximum performance of all available resources within the organisation. Communities are involved in the development of performance measures to ensure that they have insight into and are involved in decision-making regarding the services delivered to them by the municipality.

The implementation of a performance management system framework should allow the municipality to collect, process, organise, analyse, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

Upon the compilation of the municipal annual report, a performance report should be developed and form part of the annual report. This document is therefore intended to report on the performance targets as set for 14/15 financial year. This report is intended to reflect on the performance framework of the municipality and the targets that were set for the 14/15 period.

### **4.2 The legislative framework**

The legislative framework of the PMS includes the Constitution of the country. The white paper on Local government, the Municipal Systems Act, the Municipal Finance Management Act, Municipal Planning and Performance Management Regulations. For the purposes of this document the following pieces of legislation will be considered and briefly outline their provisions.

Municipal planning and performance management regulations

Batho Pele

White paper on local government

#### **4.3 Municipal systems Act**

Chapter 6 of the Municipal Systems Act, (Act 32 of 2000) requires that all Municipalities must establish a PMS that is in line with its resources, best suited for its dynamics and that is in line with its priorities, objectives, indicators and targets as contained in the IDP. The municipality is also required by the Act to promote a culture of performance among its political structures, political office bearers and councillors and in its administration; and administer its affairs in an economical, effective, efficient and accountable manner.

It is this same Act which provides that the municipality must establish mechanisms for monitoring and reviewing its performance management system. The law requires a PMS to have the following core components:

- Set appropriate key performance indicators
- Set measurable performance targets
- Develop the monitoring framework
- Performance measurement and review mechanisms
- Establish a process of regular reporting

The Act also requires the council to ensure the community involvement in the development and review of the municipality's PMS.

According to section 46 of the Municipal Systems Act, a municipality must prepare for each financial year an annual report that also consists of a performance report. That performance report must reflect:

The municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

The development and service delivery priorities and the performance targets set by the municipality for the following financial year; and

Measures that were or are to be taken to improve performance;

#### **4.4 The Municipal Planning and Performance Management Regulations, 2001.**

This piece legislation further instructs each municipality to ensure that its performance management system:

Complies with the requirements of the Act

Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting.

Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system

Determines the frequency of reporting and the lines of accountability for performance

Relates to the municipality's employee performance management processes.

Provides for the procedure by which the system is linked to the municipality's integrated development planning processes.

Is adopted before or at the same time as the commencement of by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan

It is in terms of this regulation that the council's PMS must be adopted by the council at the same time as the identification of the key performance areas by the municipality. This regulation also presents the prescribed general key performance indicators that should be aligned to those identified by the municipality.

This piece of legislation seeks to set out how the performance of municipal managers will be uniformly directed, monitored and improved. It also addresses both the Employment Contract of a municipal manager and managers directly accountable to municipal managers, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers. According to this piece of legislation the KPAs for Municipal Managers and Managers directly accountable to the Municipal Manager are stipulated in the Regulations, 2006 as follows:

Basic Service Delivery

Municipal Institutional Development and Transformation

Local Economic development (LED)

Municipal Financial Viability and Management

Good Governance and Public Participation

#### **4.5 The batho pele principles**

Batho Pele principles note that the development of a service-oriented culture needs an active and informed participation of the wider community. Municipality must therefore receive a constant feedback from its customers in order to improve their service delivery mechanisms.

The PMS is an important tool for ensuring that the council delivers on its mandate hence the communities should also be involved in its development and review.

#### **4.6 The white paper on local government**

This paper proposed the introduction of the performance management system to local government as a tool to ensure the envisaged developmental local government. As such it states that the IDP, budget and PMS are powerful tools that can assist municipalities to develop

an integrated perspective on development in their area. It enables them to focus on priorities within an increasingly complex and diverse set of demands and enables them to direct resource allocations and institutional systems to a new set of development objectives

#### 4.7 Back to Basics

Government has come up with multi-pronged strategies to improve the state of municipalities so as to improve service delivery, reduce redtape to fastrack development. Reporting to COGTA is done monthly, quarterly and at differing intervals to the MEC and Premier.

| Challenges                               | Recommended actions /Activities  | Current Support if Applicable (e.g. Section 159 interventions) | Outputs                                    | Targets                              | Timeframes (by when will the actions be completed) | Responsibility (which department or agency will be responsible for the action) | Responsibility Multiplicity            | Progress |
|--|--|--|--|--------------------------------------|--|--|--|----------|
| <b>Putting People First</b>              |  |  |  |                                      |  |  |  |          |
| Public satisfaction survey not conducted | Municipality to develop marketing strategy for the customer care system. | None   | Developed guidelines assisted by KZN COGTA | Public satisfaction survey conducted | End of March 2015                                  | KZN: Public Participation Unit COGTA to monitor                                | Community Services, Technical Services |          |
| Municipality to                          | Municipality to  |  |  |                                      |  |  |  |          |

|   | plan and budget for the public satisfaction survey   |      |  |   |                   |  |                                       |  |  |  |  |
|---|--|------|--|---|-------------------|--|---------------------------------------|--|--|--|--|
| Delivering Basic Services   |  |      |  |   |                   |  |                                       |  |  |  |  |
| Water supply shortages due to electricity outages                                   | Task team (uLundi, Zululand, Eskom, KZN COGTA, Water & Sanitation) to discuss the water supply issues                | None | Water supply challenges addressed and reprioritisation of projects completed to eradicate backlogs | Water supply challenges and backlogs eradicated | End of March 2015 | uLundi, Zululand, Eskom, KZN COGTA, Water & Sanitation | Technical Services                    |  |  |  |  |
| Water supply backlogs   | The task team (Water & Sanitation, KZN COGTA: MIG, Treasury, ZDM, LMs) already established to address the challenges | None | Challenges regarding water & sanitation addressed  | eDumbe water borne sewage system prioritised    | End of June 2015  | Water & Sanitation, KZN COGTA: MIG, ZDM, LMs           | MM, CFO, Technical Services, Planning |  |  |  |  |
| ZDM is unable to implement a water-borne sewage system at eDumbe and within the ZDM |  |      |  |   |                   |  |                                       |  |  |  |  |

|   |  |      |                         |  |                  |   |     |  |
|---|--|------|-------------------------|--|------------------|---|-----|--|
| family due to financial constraints. The project estimated cost is R346 million   |  |      |                         |  |                  |   |     |  |
| Illegal occupants of government houses do not pay for water services  | Matter to be investigated further to determine the owners of the houses by KZN COGTA, ZDM, Ulundi LM, and Public works | None | Investigation conducted | Payment for water services by both domestic users and government departments | End of June 2015 | KZN COGTA, ZDM, Ulundi LM, and Public works | CFO |  |
| ZDM provide services to Government Departments who in turn are not paying for such services especially Department of Public Works |  |      |                         |  |                  |   |     |  |
| Good Governance   |  |      |                         |  |                  |   |     |  |

|  |  |      |   |   |                     |                                  |                 |  |
|--|--|------|---|---|---------------------|----------------------------------|-----------------|--|
| No record of formal Troika meeting                     | Municipality to formalise at least one quarterly meeting between Mayor, MM, and Speaker      | None | Formalised quarterly meetings                 | Troika quarterly meetings scheduled and held  | End of March 2015   | KZN COGTA: Governance to monitor | MM              |  |
| IGR Structures not functional due to non-attendance    | KZN COGTA: IGR to convene an inter municipal cooperation summit to revive the IGR structures | None | Resuscitation of district IGR structures      | Functional IGR structures                     | End of March 2015   | KZN COGTA: IGR                   | Mayors, and MMs |  |
| Sound Financial Management                             |  |      |   |   |                     |                                  |                 |  |
| Submission of Eskom invoices is not to a central point | Regular meetings between ZDM and Eskom.<br><br>Eskom to send                                 | None | Matter resolved through a central point email | Regular and timeous receipt of Eskom invoices | End of January 2015 | Eskom                            | CFO             |  |

|   |  |      |   |   |                   |                                   |     |  |  |
|---|--|------|---|---|-------------------|-----------------------------------|-----|--|--|
|   | invoices to one central point/email  | None | Credible Indigent Register developed with support from KZN COGTA and DCOGTA | Updated Indigent Register in place                            | End of March 2015 | KZN COGTA: Municipal Finance      | CFO |  |  |
| Municipality has a challenge in implementing its Indigent Policy  | ZDM to work together with the LMs in developing a credible Indigent Register   |      |   |   |                   |                                   |     |  |  |
| Building Institution and Administrative Capabilities  |  |      |   |   |                   |                                   |     |  |  |
| Municipality unable to train all Councillors and officials as per the WSP due to high accommodation costs and budget constrains | KZN COGTA: Capacity Building Unit to facilitate all the capacity building role players workshops to look at streamlining efficiencies and cost sharing | None | Workshops conducted   | All Councillors and officials trained as per the approved WSP | End of June 2015  | KZN COGTA: Capacity Building Unit |     |  |  |

|   |            |      |   |                                    |                  |   |                                      |  |
|---|------------|------|---|------------------------------------|------------------|---|--------------------------------------|--|
| Lack of environmental capacity within ZDM | mechanisms | None | ZDM environmental capacity challenge addressed through a shared service programme | Capacitated ZDM environmental unit | End of June 2015 | KZN COGTA: Planning<br>DTEA: Environmental Services | Planning and Community Services HODs |  |
|---|------------|------|---|------------------------------------|------------------|---|--------------------------------------|--|

Below is a sample of the Zululand District Back to Basics Support Plan.

#### 5 Final Audited annual Performance Report for 2014/15

This section demonstrates the performance of Zululand District Municipality for the period ended at 30 June 2015. It also depicts what the Municipality achieved in the previous financial year 2014/15.

|   |
|---|
| <b>ANNUAL ASSESSMENT REPORT - Entire District - 2014/2015</b> |
| <b>National KPA: Basic Service Delivery</b>                   |
| <b>Balance Scorecard Perspective: Customer</b>                |
|   |

| Prog Driver | Objective                               | Indicator   | KPI No | Actual Progress | Score | 1 - Not Acceptable | 2 - Partially Achieved | 3 - Effective | 4 - Performance Significantly above Expectations | 5 - Outstanding Performance |
|-------------|---|---|--------|-----------------|-------|--------------------|------------------------|---------------|--|-----------------------------|
| HOD (P)     | Review and facilitate the District WSDP | Approved WSDP plan  | 1      | 28/05/2015      | 5     | 31/07/2015         | 15/07/2015             | 30/06/2015    | 15/06/2015                                       | 01/06/2015                  |
| HOD (TS)    | Provide free basic water                | Percentage of households with access to basic level of water (as per WSDP) (Reticulation-new household connections) | 2      | 1.54            | 5     | 0.68               | 0.75                   | 0.81          | 0.87   | 0.94                        |
| HOD (TS)    | Improve access to free water            | Percentage of households earning less than R1600 pm with access to free water (Note: Rudimentary)                   | 3      | 1.56            | 1     | 1.66               | 1.72                   | 1.78          | 1.85   | 1.91                        |
| HOD (TS)    | Improve water quality                   | Number of water quality tests as per the approved strategy  | 4      | 2001.00         | 5     | 1816.00            | 1826.00                | 1836.00       | 1846.00  | 1856.00                     |
| HOD (TS)    | Provide free basic sanitation services  | Percentage of households with access to basic level of sanitation ( as per WSDP)                                    | 5      | 5.37            | 5     | 4.05               | 4.12                   | 4.18          | 4.24   | 4.30                        |
| HOD (TS)    | Improve access to free sanitation       | Percentage of households earning less than R1600 pm with access to free basic sanitation                            | 6      | 5.37            | 5     | 4.05               | 4.12                   | 4.18          | 4.24   | 4.30                        |



|          |   |   |    |          |   |         |         |          |          |
|----------|---|---|----|----------|---|---------|---------|----------|----------|
| HOD (Co) | Review and facilitate the Municipal airport management plan | Implement identified activities from the airport plan | 16 | 100.00 % | 5 | 80.00 % | 90.00 % | 100.00 % | 100.00 % |
|          |   |   |    |          |   |         |         |          |          |

**National KPA: Municipal Financial viability and management**

**Balance Scorecard Perspective: Finances**

| Prog Driver | Objective  | Indicator  | KP I No | Actual Progress | Score | 1 - Not Acceptable | 2 - Partially Achieved | 3 - Effective | 4 - Performance Significantly above Expectations | 5 - Outstanding Performance |
|-------------|--|--|---------|-----------------|-------|--------------------|------------------------|---------------|--|-----------------------------|
| HOD (F)     | Improve revenue collection                               | Outstanding service debtors recovery rate to revenue | 17      | 0.33            | 2     | 0.48               | 0.32                   | 0.25          | 0.23   | 0.20                        |
| HOD (F)     | Improve supply chain application                         | Number of successful appeals                         | 18      | 0.00            | 5     | 2.00               | 1.00                   | 0.00          | 0.00   | 0.00                        |
| HOD (F)     | Process payments in time                                 | Processing time of invoices                          | 19      | 30.00 day(s)    | 3     | 60.00 day(s)       | 45.00 day(s)           | 30.00 day(s)  | 15.00 day(s)                                     | 7.00 day(s)                 |
| HOD (F)     | Complete and submit accurate annual financial statements | Review and submit Financial Statements               | 20      | 31/08/2014      | 3     | 30/10/2014         | 15/10/2014             | 31/08/2014    | 24/08/2014                                       | 15/08/2014                  |



|         |                                 |   |    |          |   |         |         |          |  |  |
|---------|---------------------------------|---|----|----------|---|---------|---------|----------|--|--|
| HOD (F) | Align Capital Programme and IDP | % of capital projects budgeted for in accordance with the IDP | 31 | 100.00 % | 5 | 90.00 % | 95.00 % | 100.00 % |  |  |
|---------|---------------------------------|---|----|----------|---|---------|---------|----------|--|--|

### National KPA: Local Economic Development

#### Balance Scorecard Perspective: Learning and growth

| Prog Driver | Objective   | Indicator   | KP No | Actual Progress | Score | 1 - Not Acceptable | 2 - Partially Achieved | 3 - Effective | 4 - Performance Significantly above Expectations | 5 - Outstanding Performance |
|-------------|---|---|-------|-----------------|-------|--------------------|------------------------|---------------|--|-----------------------------|
| HOD (CS)    | Co-Ordinated and Integrated Regional Economic Development | Approved LED Strategy   | 32    | 26/05/2015      | 5     | 31/07/2015         | 15/07/2015             | 30/06/2015    | 15/06/2015                                       | 01/06/2015                  |
| HOD (CS)    | Co-Ordinated and Integrated Regional Economic Development | Number of tourism awareness and training workshops held             | 33    | 14.00           | 5     | 4.00               | 6.00                   | 8.00          | 10.00  | 12.00                       |
| HOD (TS)    | Co-Ordinated and Integrated Regional Economic Development | Number of jobs created through LED initiatives and capital projects | 34    | 2806.00         | 5     | 100.00             | 150.00                 | 200.00        | 250.00   | 300.00                      |
| HOD (CS)    | Effectively co-ordinate LED in the District               | Number of LED ward projects implemented                             | 35    | 360.00          | 5     | 100.00             | 150.00                 | 200.00        | 230.00   | 260.00                      |

|          |  |  |    |            |   |  |            |            |            |            |            |
|----------|--|--|----|------------|---|--|------------|------------|------------|------------|------------|
| HOD (CS) | Plan and implement institutional measures that would reduce the impact of HIV/AIDS | Approved HIV/AIDS Strategy                                 | 36 | 15/06/2015 | 4 |  | 31/07/2015 | 15/07/2015 | 30/06/2015 | 15/06/2015 | 01/06/2015 |
| HOD (CS) | Create HIV/AIDS awareness and education  | Number of HIV/AIDS awareness campaigns held                | 37 | 53.00      | 5 |  | 10.00      | 14.00      | 16.00      | 18.00      | 20.00      |
| HOD (CS) | Access sufficient resources to implement Youth and Gender Programmes               | Number of submitted Youth & Quality of life business plans | 38 | 5.00       | 1 |  | 5.00       | 7.00       | 8.00       | 10.00      | 11.00      |
| HOD (CS) | Strategically plan development and empowerment initiatives for youth and gender    | Approved social development strategy                       | 39 | 08/05/2015 | 5 |  | 31/07/2015 | 15/07/2015 | 30/06/2015 | 15/06/2015 | 01/06/2015 |
| HOD (CS) | Enable participation and create awareness of Councils Youth and Gender Programmes  | Number of District Youth Council Meetings held             | 40 | 7.00       | 5 |  | 1.00       | 2.00       | 4.00       | 6.00       | 8.00       |

|          |   |  |    |        |   |  |        |        |        |        |        |
|----------|---|--|----|--------|---|--|--------|--------|--------|--------|--------|
| HOD (CS) | Enable participation and create awareness of Councils Youth and Gender Programmes | Number of quality of life Council Meetings held                              | 41 | 5.00   | 4 |  | 1.00   | 2.00   | 4.00   | 6.00   | 8.00   |
| HOD (CS) | Reduce poverty by implementing Community Development Projects                     | Number of people participating in ZDM Community Capacity Building Programmes | 42 | 970.00 | 5 |  | 150.00 | 200.00 | 250.00 | 300.00 | 350.00 |
| HOD (CS) | Implement food production compliance  | Number of food production site inspection reports                            | 43 | 57.00  | 5 |  | 8.00   | 10.00  | 12.00  | 14.00  | 16.00  |
| HOD (CS) | Enhance mortuary compliance   | Number of mortuary inspection reports  | 44 | 20.00  | 5 |  | 8.00   | 10.00  | 12.00  | 14.00  | 16.00  |

### National KPA: Good Governance & Public Participation

#### Balance Scorecard Perspective: Learning and growth

| Prog Driver | Objective | Indicator | KPI No | Actual Progress | Score | 1 - Not Acceptable | 2 - Partially Achieved | 3 - Effective | 4 - Performance Significantly above Expectations | 5 - Outstanding Performance |
|-------------|-----------|-----------|--------|-----------------|-------|--------------------|------------------------|---------------|--|-----------------------------|
|             |           |           |        |                 |       |                    |                        |               |  |                             |

|                          |  |   |    |            |   |            |            |            |            |            |
|--------------------------|--|---|----|------------|---|------------|------------|------------|------------|------------|
| Municipal Manager        | Improve community and stakeholder participation              | Approved communication strategy                           | 45 | 26/08/2014 | 5 | 31/07/2015 | 15/07/2015 | 30/06/2015 | 15/06/2015 | 01/06/2015 |
| HOD (Co)(CS)(FX)(PXT)(S) | Spend grant funding  | Percentage of allocated grant funds spent                 | 46 | 100.00 %   | 5 | 85.00 %    | 90.00 %    | 100.00 %   | 100.00 %   | 100.00 %   |
| HOD (F)                  | Improve governance   | Approved fraud prevention strategy                        | 47 | 09/12/2015 | 1 | 31/07/2015 | 15/07/2015 | 30/06/2015 | 15/06/2015 | 01/06/2015 |
| HOD (P)                  | Manage performance effectively                               | Number of signed Sec 57 performance agreements            | 48 | 6.00       | 5 |            |            | 6.00       |            |            |
| HOD (Co)                 | Maintain Institutional Capacity to render Municipal Services | Number of critical posts filled in relation to organogram | 49 | 100%       | 5 | 85.00 %    | 90.00 %    | 100.00 %   |            |            |
| HOD (F)                  | Mitigate risks   | Approved risk management plan                             | 50 | 29/05/2015 | 5 | 31/07/2015 | 15/07/2015 | 30/06/2015 | 15/06/2015 | 01/06/2015 |

### National KPA: Municipal transformation and institutional development

#### Balance Scorecard Perspective: Internal Processes

| Prog Driver | Objective | Indicator | KPI No | Actual Progress | Score | 1 - Not Acceptable | 2 - Partially Achieved | 3 - Effective | 4 - Performance Significantly above Expectation | 5 - Outstanding Performance |
|-------------|-----------|-----------|--------|-----------------|-------|--------------------|------------------------|---------------|---|-----------------------------|
|             |           |           |        |                 |       |                    |                        |               |   |                             |



|          |  |    |             |   |  |            |            |             |            |            |
|----------|--|----|-------------|---|--|------------|------------|-------------|------------|------------|
| HOD (P)  | To effectively deal with development and environmental applications in line with legislation | 56 | 100.00 %    | 5 |  | 60.00 %    | 70.00 %    | 80.00 %     | 90.00 %    | 100.00 %   |
| HOD (Co) | Application of Policies & bylaws   | 57 | 26/08/2014  | 5 |  | 31/07/2015 | 15/07/2015 | 30/06/2015  | 15/06/2015 | 01/06/2015 |
| HOD (Co) | Appropriate service related policies submitted to MM   | 58 | 26/08/2014  | 5 |  | 31/07/2015 | 15/07/2015 | 30/06/2015  | 15/06/2015 | 01/06/2015 |
| HOD (Co) | Implement and Manage Employment Equity   | 59 | 100.00 of 3 | 5 |  | 80.00 of 3 | 90.00 of 3 | 100.00 of 3 |            |            |
| HOD (Co) | Maintain Institutional Capacity to render Municipal Services                                 | 60 | 23/04/2015  | 5 |  | 31/07/2015 | 15/07/2015 | 30/06/2015  | 15/06/2015 | 01/06/2015 |
| HOD (Co) | Maintain Institutional Capacity to render Municipal Services                                 | 61 | 100.00 %    | 5 |  | 85.00 %    | 95.00 %    | 100.00 %    |            |            |
| HOD (Co) | Maintain Institutional Capacity to render Municipal  | 62 | 100.00 %    | 5 |  | 90.00 %    | 95.00 %    | 100.00 %    |            |            |



## CHAPTER 5

### COMMUNITY & SOCIAL SERVICES



#### 5.1 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

##### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Zululand District Municipality is relatively isolated from the national economy due to its location in relation to national transport routes and its remoteness from major economic hubs. Further to this, access to basic production resources such as raw materials, skilled labour and infrastructure are limited. Raw material that is available in the district is coal, maize, beef, vegetables, timber and sugar cane. Local beneficiation of produced raw materials is limited.

The area reflects the disparity on access to resources which is basically evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The small municipal towns in the five local municipalities are the focal centres of economic activity with each of the local municipalities' resource split between urban and rural areas.

#### OUR OBJECTIVES

Within the context of the broad vision the basic objectives of future economic development in the Zululand District Municipality are:

- ❑ **To reduce income leakage:** The District has a population of just over one million. The district is however dependent on "imported goods" or acquisition of goods outside the region for supply of basic household requirements of its population. Examples of approaches to be adopted to reducing income leakage includes promotion of community and commercial farming, promotion

of investment into the district and encouraging local manufacturing 'buy local' campaigns, improved transport and water supply infrastructure.

- ❑ **To increase investment (both local and external):** The District is relatively isolated and current capital investment in the area is limited. Capital investment generates job opportunities and income, as well as support district and local municipality levies, taxes and rates. Strong marketing and investment in tourism, agriculture and business is to be promoted. The focus should, however, not be only on investment from outside the region, but local investors should also be encouraged to invest locally.
- ❑ **To promote local business development and business interaction:** Commercial, agricultural and tourism businesses in the District functions independently within small grouping or geographical areas. Interaction between businesses will contribute to reduce income leakage and to create sound economy.
- ❑ **To increase entrepreneurial opportunities and employment:** All of the above objectives need to be supported by strong focus on entrepreneurship development, micro and small business establishment as well as related employment creation. This can be achieved through the establishment of appropriate support infrastructure and relevant mechanisms..

The success of the strategies identified and developed in this report should be measured against the extent to which the objectives are being achieved.

| Economic Activity by Sector |         |         |         |
|-----------------------------|---------|---------|---------|
| Sector                      | 2012/13 | 2013/14 | 2014/15 |
| Agric, forestry and fishing | 2.5     | 3       | 0       |
| Mining and quarrying        | 0       | 0       | 0       |
| Manufacturing               | 0       | 0       | 0       |
| Wholesale and retail trade  | 0       | 0       | 0       |
| Total                       | 2.5     | 3       |         |

| Economic Employment by Sector |         |         |         |
|-------------------------------|---------|---------|---------|
| Sector                        | 2012/13 | 2013/14 | Jobs    |
|                               | No.     | No.     | 2014/15 |
| Agric, forestry and fishing   | 20 000  | 20 000  | 0       |
| Mining and quarrying          | -       | -       | -       |
| Manufacturing                 | -       | -       | -       |
| Wholesale and retail trade    | -       | -       | -       |
| Total                         | 20000   | 20000   | 0       |

**COMMENT ON LOCAL JOB OPPORTUNITIES:**

In certain areas of the District substantial work has been done to develop the tourism sector and its assets, however, much still remains to be done for the benefits of the sector to impact significantly on the socio-economic conditions of the communities of Zululand. The area, however, faces major challenges in achieving this. Some of the key challenges include the distance of Zululand from major centres, the ceasing of regular flights to the Ulundi airport, the quality of road infrastructure in the District, the lack of coordination in tourism marketing and other.

**COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

**P700 Nodal Development:** The project's purpose is to address rural development for poor communities who reside in disadvantage parts of the District. It is situated along the P700 and P701. The project is providing infrastructure development (internal roads, sewer, water and hydroponic agricultural system). There are private investors who have invested in the development. Sasol has built a filling station, bakery, library, internet cafe and hydroponics which were handed over to a community trust to manage. The Zululand Anthracite Colliery has also built a Laundromat on the site to service the mine.

**Ulundi Tourism Hub:** The project objective is to attract tourists and resuscitate the airport in Zululand which is the third largest in the KwaZulu-Natal. The project includes restaurant, tourism offices, conference facility, office space that has been let to AVIS car hiring service, an airport shuttle service and ablution facilities.

**Rehabilitation of Mona Markets:** The project is about reviving the largest muthi market in the province.

The project is being done in phases. The market is currently fenced with palisade fencing.

Phase 1: Traders hall, maintenance, waste management and access control.

Phase 2: Administration building and hostel units.

Phase 3: Tourism centre, research facility and nursery

Phase 4: Auction centre and Vet station.

**Ukuzakha Nokuzenzela (Agricultural Revival):** The District is reviving and encouraging agriculture in the District. Agriculture is one of the strong points of trade for the District. The District procured tractors for all the traditional leaders in the district in order to promote agriculture among the local communities.

## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

### **5.2 CHILDCARE; AGED CARE; SOCIAL PROGRAMMES**

#### **INTRODUCTION TO SOCIAL PROGRAMMES**

Social Development of the community sectors, namely women, senior citizens, men, people with disabilities, and children is the core responsibility of Zululand District Municipality. One of the community development objectives in the District's IDP states that Zululand District Municipality is to initiate and implement social upliftment programmes/projects. Over and above the municipal projects and services rendered to ensure that communities of Zululand have an enabling and safe environment to live in, there are currently four major social programmes that the Department of Community Development is implementing to ensure that the quality of life in Zululand is improved.

#### **A. GENDER PROGRAMME**

##### **Annual Women's Summit**

The aim of the Women's summit is to empower women citizens through information dissemination by ZDM and other external organs for development. This is a platform where women share information and enter into dialogues on issues pertaining to their holistic development. The themes for discussion cover business opportunities, self-help programmes/projects, and education on gender based violence, women's health, HIV/AIDS, family welfare, and Local Economic Development (LED) initiatives, etc.

These summits are yielding fruits of success towards improving the quality of the lives of women (and entire communities) of the Zululand District Municipality. Through this networking session women do seize business opportunities that are made available by the District availed through the municipal Local Economic Development programmes and other government funding agencies to alleviate poverty. Also, through the summits self-help programmes are contributing immensely on the quality of life of women.

#### **C. WIDOWS, ELDERLY, ORPHANS AND PEOPLE LIVING WITH DISABILITIES.**

- Zululand district municipality implements programmes which were designed and are targeting widows, orphans and people living with disabilities to ensure that their welfare and health is equal to that of their fellow citizens. These citizens are equally recognized and are involved in all social and economic development programmes by providing them with a platform and a budget to cater for their projects, and moreover, have their annual special days where they come together to share with the municipality and with themselves their experiences of life and ideas.

- A Quality of Life Forum has been formed with representation from local Municipal forums of Gender, Disability, Elderly and Children

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## **B. YOUTH DEVELOPMENT**

ZDM has in place a Zululand Youth Council which is a youth body that assists the municipality with design and implementation of programmes to develop youth. A Youth Affairs Officer has been appointed to lead and advise the municipality on youth matters and work with the Youth Council to uplift the youth of the District.

- **Youth Summits**

The annual Youth Summit is a platform for sharing of empowerment and youth developmental programmes. At these sessions information is imparted with the aim of improving their lives of the young people holistically. It is at such forums where there is interaction among the youth themselves, the municipality, youth empowerment funders and other youth development bodies so that ideas are framed into youth development programme. The summits are held in the month of the youth and are followed by Youth Day celebrations.

- **Youth Skills Development Programmes**

Indonsa Arts & Craft Centre is based in Ulundi and it is one of best community art centres in the KZN province. It has grown from strength to strength helping the young people, in particular, to acquire skills in fashion design, music (instruments) and visual arts. The courses are of duration of six months. Admission is free. The courses are aimed to assist young people that complete matric but lack funds to further their studies at tertiary institutions and also assist those that have academic qualifications but are unemployed so that their opportunities to get for employed are improved.

Graduates are encouraged by being given starter packs on graduation day to start their own businesses; they are however encouraged to form cooperatives in order improve their chances of accessing better funding.

Through the Centre an annual Art Festival/Competition called 'Umbele Wethu' is held in all the five municipalities under the Zululand District Municipalities and a big District final event in which the youth compete in all genres of music, dances, drama and painting. They win money prizes in order to encourage them to advance their talents into careers. The music winners are assisted with free recording their music at the Indonsa Art Centre studio. Quite a number of the musician that were trained at Indonsa and those that were picked from Umbele Wethu have grown to become professional musicians.



**Achievements:**

- 168 have been trained in Visual Arts and graphic designing of which 13 are self employed,  
School educators also register for training as well as those who run their own companies
- 198 in Fashion Designing graduates,
- 63 in Music and instruments,
- 22 in Drama, 16 have been afforded a chance to perform overseas
- +/-4550 school learners in one day training programme in visual arts.

**Challenge:**

One major challenge is that the capacity of the centre is inadequate to meet the demands of the communities of ZDM.

• **PRINCESS MANDISI HEALTH CARE CENTRE**

Princess Mandisi Health Care Centre is a brainchild of the Municipality; the Council initiated and built this centre because of the commitment to ensure that all citizens of Zululand lead a healthy lifestyle. This municipality believes in developing communities holistically because it cares about people's health and welfare. Through this Centre the ZDM wants to continually reduce the high HIV infection rate in Zululand.

The following services are offered:

- Voluntary counseling and Testing (VCT)

- Health Education to youth in schools and out of school
- On-going counseling for the infected and affected
- Community HIV and AIDS awareness

ZDM has forged partnership with SHIPP (Sexual HIV Prevention Programme) which is a USAID funded programme. The staff that is funded by USAID is based at Princess Mandisi Centre working in conjunction with the municipal staff in all the 5 local municipalities in Zululand. These are continued means of strengthening proper coordination in the District.

- **CARE AND SUPPORT PROGRAMMES**

- Support Group; we have an active support group which meets every month at the Centre. This is the platform where PLWHA (people living with HIV and AIDS) share their fears, challenges and other problems relating to stigma and discrimination.
- Garden project; the centre has a wonderful vegetable garden to assist local needy households especially the child headed. We have 14 people working in that 2 hector garden.

- **LOVELIFE PROGRAMME**

- The partnership between ZDM and the Love Life Trust keeps growing. This partnership was lobbied by the Hon. Mayor with an intention of improving the quality of healthy lifestyle for young people in Zululand.
- Youth is employed at the centre to implement the 'Make Your Move' campaign at schools which is the concept of educating young people to assist them to make informed decisions and to eradicate teenage pregnancy.

- **AIDS COUNCILS**

- Zululand District Aids Council (DAC) was officially launched on the 14 December 2007.
- All Local Municipalities have been assisted to launch their functional Local AIDS Councils.
- ZDM HIV and AIDS Unit has also successfully established Ward Aids Committees (WAC), all 89 ZDM wards have their WAC established.

#### **D. SPORT DEVELOPMENT PROGRAMME**

Sports Development is one of the community's activities that cut across racial, gender and culture. It promotes development, personal discipline, leadership, team work skills and entertainment through sporting activities. It also contributes to the development and empowerment of local communities and encourages interest of learning and gaining more skills.

- **Mayoral Cup Games**

Zululand District Municipality held a very successful and developmental Mayoral Cup Games. Mayoral Cup Games provide an opportunity for the players within Zululand District Municipality to expose their talents that might be developed into careers.



- **Zululand District Mayoral Netball and Soccer Tournament**

The tournament was initiated to make young people play throughout year round. South African Football Association's rules apply and technical guidance is rendered by SAFA. Netball and football clubs play at various levels, namely, Ward Level, Local Municipal level, Round Robin, Semi-final and Final.

3 500 young people from the five local municipalities under the District of Zululand participate in the Mayoral Cup Games. The mayoral cup provides participants with sport development opportunities through the high level of competition. The Mayoral Cup is used as a selection forum for the ZDM team to represent the municipality at the annual SALGA Games. A minimum of 450 youth participate in the SALGA games in 15 sport codes every year.

The Mayoral Cup Games provide opportunities to expose the participants to the competition environment and even expose our talented players to the people who scout sport talent.

The other purpose for the Mayoral Cup is to create a platform for the Honorable Mayor and the council to strengthen Intergovernmental Relations with its local municipalities, sport associations and federations within the District and outside the District.

- **Zululand 56 km Ultra Marathon**

The Mayor of ZDM initiated this race in 2005 for the communities of Zululand to be exposed to professional running to be able to run even in big international races. Surprisingly the ZDM marathon grew and developed into international race. It presently attracts runners from outside the borders of South Africa. This motivates local runners to form clubs and register them to run

professional races. Also short distance walks are held to also encourage even senior citizens to also participate to enhance a healthy lifestyle.



This Comrades Marathon qualifying marathon is organized in conjunction with KwaZulu-Natal athletics and runs between the towns of Nongoma and Ulundi.

The 2015 race was in March this year celebrating 10 years of existence and running without fail since its inception. Male and female runners who came first won cars that were donated by local business.

The marathon is instrumental in the social and economical development of the community of this district because people win money prizes which they use to improve their lives and it boosts local business and provides local vendors with the opportunity to sell their goods and services.

- Relationship with Premier Soccer League teams



ZDM had a relationship with AmaZulu FC and recently a relationship has been made with the Jomo Cosmos with Mr Jomo Sono staging two big talent scouting visits. The event attracted young players from the neighboring municipal districts, such as Uthungulu, Umkhanyakude and

Umzinyathi and Amajuba. Thousands of young people from the age of 12 years came to Zululand to present themselves to be selected to play for the Cosmos.

A friendly match was arranged among Jomo Cosmos, 2013 Zululand Squad, 2014 SDM Squad and Gqikazi All Stars which plays in the Vodacom League.

### **5.3 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC**

#### **INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABBATOIR LICENSING AND INSPECTIONS, ETC**

A Health Officer must monitor and enforce compliance with National Health Act , 2003 (Act No.61 of 2003). A Health Officer may enter any premises, excluding a private dwelling, at any reasonable time and:

Inspect premises in order to ensure compliance with the abovementioned Act

Our achievement has been the health education of 83 food caterers on food handling.

Constant monitoring of food premises promotes the cleanliness and customers benefit in buying safe food.

In ensuring that the meat that is sold by our butcheries is wholesome we conduct the meat inspection in our local abattoirs.

T3.64.1

#### **SERVICE STATISTICS FOR HEALTH INSPECTION, Etc**



**1. Food Monitoring (Mass Functions)**

There has been a major progress with monitoring food caterers which is attributable to workshops that were held in each local municipality on food handling and preparation of kitchens. All the caterers who attended the workshop were accredited and awarded certificates which are renewable annually depending on the monitoring records by MHS. In most of the functions held in the District we have large numbers of communities who attended and are catered for. We are continually monitoring our caterers and as a result we have no food poisoning incidents that were reported.

**2. Disposal of the Dead**

The Zululand District Municipality is continuing with giving the unknown bodies of people proper burial and also assisting the forensic mortuaries and the District as a whole. The number of people buried as paupers has decreased in the past years. The following is the number of pauper burial per local municipality:



| No | LOCAL MUNICIPALITY           | No. OF BODIES BURIED |
|----|------------------------------|----------------------|
| 1  | Ulundi Local Municipality    | 0                    |
| 2  | Nongoma Local Municipality   | 0                    |
| 3  | Pongola Local Municipality   | 0                    |
| 4  | Abaqulusi Local Municipality | 10                   |
| 5  | eDumbe Local Municipality    | 0                    |
|    | TOTAL                        | 10                   |

The table below reflects all the duties performed by Environmental Health Practitioners within the Zululand District Municipal Area.

| No. | Work Items            | No. of Inspections/Attendance | Action                        |
|-----|-----------------------|-------------------------------|-------------------------------|
| 1   | Food caterers kitchen | 152                           | Health Education conducted on |

|    | inspected  |                             | food handling  |
|----|--|-----------------------------|--|
| 2  | Food Caterers Issued with Certificate of Acceptability (COA) | 81                          | Health Education conducted on food handling                |
| 3  | Formal Food Premises Inspected                               | 98                          | Health Education conducted on food handling & Management   |
| 4  | Formal Food Premises Issued with COA                         | 44                          | COA certificates issued                                    |
| 5  | Education on food handling and safety                        | 98                          | Reports were written to all those premises                 |
| 6  | Complaints received  | 22                          | All attended to, and some premises were issued with notice |
| 7  | Crèche inspection and Senior Citizen Clubs                   | 108                         | Inspections were done, and report written                  |
| 8  | Mortuary Inspection  | 48                          | Inspections were done, and report written                  |
| 9  | Business license application                                 | 02                          | Report forwarded to the responsible authority              |
| 10 | School inspection  | 25                          | Letters written to Dept of Education                       |
| 11 | Funeral Parlors issued with COC                              | 6                           | Inspection of funeral parlors                              |
| 12 | Street Vendors   | 33                          | Health education on cleanliness and refuse removal         |
| 13 | Condemnation of food stuff                                   | 7564.76kg and 203.45 liters | Safe disposal of foodstuff                                 |

|    |                       |     |  |
|----|-----------------------|-----|--|
| 14 | Bed & breakfast/Lodge | 13  | Letters written to the owners                        |
| 15 | Meat inspection       | 432 | Carcasses were inspected and condemnations were made |
|    |                       |     |  |
|    |                       |     |  |
|    |                       |     | 64.2   |

(PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

E MUNICIPALITY HAS HUMAN RESOURCE POLICIES AND PROCEDURES IN PLACE WHICH ENSURE FAIR, EFFICIENT, EFFECTIVE AND TRANSPARENT PERSONNEL ADMINISTRATION, SUCH POLICIES AND PROCEDURES ARE REVIEWED ANNUALLY TO ENSURE RELEVANCE TO THE LEGISLATION.

POLICIES

5.4 INJURIES, SICKNESS AND SUSPENSIONS

| Type of injury                        | Injury leave taken - days | Employees using injury leave | Proportion employees using sick leave | Average injury leave per employee | Total estimated cost |
|---------------------------------------|---------------------------|------------------------------|---------------------------------------|-----------------------------------|----------------------|
| Required basic medical attention only | 0                         | 0                            | 0                                     | 0                                 | 0                    |
| Temporary total disablement           | 0                         | 0                            | 0                                     | 0                                 | 0                    |
| Permanent disablement                 | 0                         | 0                            | 0                                     | 0                                 | 0                    |
| Fatal                                 | 0                         | 0                            | 0                                     | 0                                 | 0                    |
| TOTAL                                 | 0                         | 0                            | 0                                     | 0                                 | 0<br>T4.3.1          |

| Designations                            | Sick leave days with Dr's note | Sick leave days without Dr's note | Total sick days | Proportion of sick leave without medical certification % | Employees using sick leave No. | Total employees in post No. | Average sick leave per employees Days |
|---|--------------------------------|-----------------------------------|-----------------|--|--------------------------------|-----------------------------|---------------------------------------|
| Municipal Manager and Section 57 HOD's  | 20                             | 2                                 | 22              | 9%   | 4                              | 6                           | 3.6                                   |
| Other senior officials and managers     | 42                             | 14                                | 56              | 25%  | 9                              | 16                          | 3.5                                   |
| Professionals                           | 61                             | 23                                | 84              | 27%  | 19                             | 28                          | 3                                     |
| Technicians and associate professionals | 119                            | 36                                | 155             | 23%  | 27                             | 129                         | 5.7                                   |
| Community service workers               | 39                             | 15                                | 54              | 10.81%   | 11                             | 13                          | 4.9                                   |
| Clerical and Admin workers              | 35                             | 14                                | 49              | 17.50%   | 22                             | 83                          | 2.2                                   |
| Machine operators and drivers           | 142                            | 2                                 | 144             | 10.14%   | 21                             | 44                          | 6.8                                   |
| Elementary occupations                  | 225                            | 63                                | 288             | 21.08%   | 106                            | 464                         | 2.7                                   |
| <b>TOTAL</b>                            | <b>683</b>                     | <b>169</b>                        | <b>852</b>      | <b>19.8%</b>   | <b>219</b>                     | <b>783</b>                  | <b>27.9</b>                           |

#### Number and Period of Suspensions

| Position          | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reason why not Finalized | Date Finalized |
|-------------------|------------------------------|--------------------|---|----------------|
| General Assistant | Gross dishonesty             | 25 March 2014      | Closing arguments received. sanction Awaiting                                       | Ongoing        |
| General Assistant | Gross dishonesty             | 25 March 2014      | Closing arguments. Awaiting sanction  | Ongoing        |
| General Assistant | Divulgence of confidential   | 10 February 2014   | Awaiting closing arguments from parties   | Ongoing        |

|  |             |  |  |  |
|--|-------------|--|--|--|
|  | information |  |  |  |
|--|-------------|--|--|--|

**Disciplinary Action Taken on Cases of Financial Misconduct**

| Position                | Nature of Alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken | Date Finalized |
|-------------------------|---|---------------------------|----------------|
| None during this period |   |                           |                |

**PERFORMANCE REWARDS**

| <b>Performance Rewards by Gender</b> |        |                                    |                         |                                  |  |
|--------------------------------------|--------|------------------------------------|-------------------------|----------------------------------|--|
| Designations                         | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards 2011/2012 | Proportion of beneficiaries within group |
| Lower skilled                        | M-F    | n/a                                | n/a                     | n/a                              | n/a                                      |
| Skilled                              | M-F    | n/a                                | n/a                     | n/a                              | n/a                                      |
| Highly Skilled production            | M-F    | n/a                                | n/a                     | n/a                              | n/a                                      |
| Highly skilled supervision           | M-F    | n/a                                | n/a                     | n/a                              | n/a                                      |
| Senior management                    | M-F    | n/a                                | n/a                     | n/a                              | n/a                                      |
| MM and S57                           | M      | 4                                  | 4                       |                                  |  |
|                                      |        |                                    |                         |                                  | <b>T4.4.1.1</b>                          |

## COMPONENT B: 5.5 MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality comprises of a very diverse workforce with various occupations, this poses challenges in the sourcing of accredited training service providers. Adverts are being placed in the media, website and notice board for accredited service providers to provide quotations.

### 6.3 SKILLS DEVELOPMENT AND TRAINING

#### SKILLS MATRIX

| Management level                        | Gender | Employees in posts as at 30 April 2014 | Number of skilled employees required and actual as at 30 April 2014 |                      |        |   |                      |        |                         |                      |        |                      |                      |        |
|---|--------|--|---|----------------------|--------|---|----------------------|--------|-------------------------|----------------------|--------|----------------------|----------------------|--------|
|   |        |  | Leaverships   |                      |        | Skills programmes and other short courses |                      |        | Other forms of training |                      |        | Total                |                      |        |
|   |        |  | Planned 30 June 2013  | Actual 30 April 2014 | Target | Planned 30 June 2013                      | Actual 30 April 2014 | Target | Planned 30 June 2013    | Actual 30 April 2014 | Target | Planned 30 June 2013 | Actual 30 April 2014 | Target |
| Councillors/legislators                 | Female | 15                                     |   |                      | 0      | 5   | 8                    | -3     |                         |                      | 0      | 5                    | 8                    | -3     |
|   | Male   | 20                                     |   |                      | 0      | 9   | 7                    | 2      |                         |                      | 0      | 9                    | 7                    | 2      |
| Municipal Manager and Section 57 HOD's  | Female | 1                                      | 1   | 1                    | 0      |   |                      | 0      |                         |                      | 0      | 1                    | 1                    | 0      |
|   | Male   | 5                                      | 2   | 2                    | 0      |   |                      | 0      |                         | 2                    | -2     | 2                    | 4                    | -2     |
| Other senior officials and managers     | Female | 6                                      | 4   | 4                    | 0      | 2   | 2                    | 0      |                         | 1                    | -1     | 6                    | 7                    | -1     |
|   | Male   | 10                                     | 7   | 7                    | 0      | 2   | 4                    | -2     |                         | 1                    | -1     | 9                    | 12                   | -3     |
| Professionals                           | Female | 10                                     |   | 3                    | -3     | 2   | 3                    | -1     |                         | 7                    | -7     | 2                    | 13                   | -11    |
|   | Male   | 18                                     |   | 2                    | -2     | 3   | 8                    | -5     |                         | 7                    | -7     | 3                    | 17                   | -14    |
| Technicians and associate professionals | Female | 33                                     |   |                      | 0      | 3   | 13                   | -10    |                         | 1                    | -1     | 3                    | 14                   | -11    |
|   | Male   | 96                                     |   |                      | 0      | 24  | 30                   | -6     |                         | 1                    | -1     | 24                   | 31                   | -7     |
| Community service workers               | Female | 6                                      |   |                      | 0      | 2   |                      | 2      |                         |                      | 0      | 2                    | 0                    | 2      |
|   | Male   | 7                                      |   |                      | 0      | 7   |                      | 7      |                         | 1                    | -1     | 7                    | 1                    | 6      |

|                               |        |     |    |    |    |     |    |    |   |    |     |     |     |    |
|-------------------------------|--------|-----|----|----|----|-----|----|----|---|----|-----|-----|-----|----|
| Clerical and Admin workers    | Female | 51  | 5  | 5  | 0  | 24  | 8  | 16 |   | 1  | -1  | 29  | 14  | 15 |
|                               | Male   | 32  | 4  | 4  | 0  | 9   | 6  | 3  |   |    | 0   | 13  | 10  | 3  |
| Service and Sales workers     | Female | 5   |    |    | 0  |     |    | 0  |   |    | 0   | 0   | 0   | 0  |
|                               | Male   | 23  |    |    | 0  |     | 1  | -1 |   |    | 0   | 0   | 1   | -1 |
| Machine operators and drivers | Female | 1   |    |    | 0  | 12  |    | 12 |   |    | 0   | 12  | 0   | 12 |
|                               | Male   | 43  |    |    | 0  | 40  | 9  | 31 |   |    | 0   | 40  | 9   | 31 |
| Elementary occupations        | Female | 78  |    |    | 0  | 14  | 8  | 6  |   |    | 0   | 14  | 8   | 6  |
|                               | Male   | 386 |    |    | 0  | 49  | 25 | 24 |   |    | 0   | 49  | 25  | 24 |
| Sub total                     | Female | 206 | 10 | 13 | -3 | 64  | 42 | 22 | 0 | 10 | -10 | 74  | 65  | 9  |
|                               | Male   | 640 | 13 | 15 | -2 | 143 | 90 | 53 | 0 | 12 | -12 | 156 | 117 | 39 |

#### FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT\*

| Description                              | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated : Total of A and B | Consolidated: Competency assessments completed for A and B (Regulation 14(4) (b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
|--|---|---|---------------------------------|---|--|--|
| <b>Financial Officials</b>               |   |   |                                 |   |  |  |
| Accounting officer                       | 1   |   | 1                               | 1   | 1  | 1  |
| Chief financial officer                  | 1   |   | 1                               | 1   | 1  | 1  |
| Senior managers                          | 4   |   | 4                               | 2   | 4  | 2  |
| Any other financial officials            | 2   |   | 2                               | 2   |  | In process still   |
| <b>Supply chain management officials</b> |   |   |                                 |   |  |  |
| Heads of supply chain management units   |   |   |                                 |   |  |  |
| Supply chain management senior managers  |   |   |                                 |   |  |  |

| Skills Development Expenditure   |        |   |   |                 |   |                 |                         |                 |                |                 |
|--|--------|---|---|-----------------|---|-----------------|-------------------------|-----------------|----------------|-----------------|
|  |        |   |   |                 |   |                 |                         |                 |                | R'000           |
| Management level   | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development Year 1 |                 |   |                 |                         |                 |                |                 |
|  |        |   | Learnerships  |                 | Skills programmes & other short courses |                 | Other forms of training |                 | Total          |                 |
|  |        |   | No.   | Original Budget | Actual                                  | Original Budget | Actual                  | Original Budget | Actual         | Original Budget |
| MM and S57 & HOD's   | Female | 1   |   |                 | 0                                       | 0               | 0                       | 0               | 0              | 0               |
|  | Male   | 4   |   |                 | 10000                                   | 0               | 0                       | 0               | 0              | 0               |
| Councilors   | Female | 15  |   |                 | 11429                                   | 20356           | 0                       | 0               | 0              | 0               |
|  | Male   | 20  |   |                 | 27000                                   | 44780           | 0                       | 0               | 27000          | 44780           |
| Professionals  | Female | 11  | 133550  | 68416           | 3990                                    | 28945           | 3333                    | 247             | 140873         | 97608           |
|  | Male   | 17  | 0   | 0               | 9243                                    | 41293           | 0                       | 0               | 9243           | 41293           |
| Technicians and associate professionals  | Female | 13  | 107008  | 99106           | 10000                                   | 14618           | 3333                    | 427             | 120341         | 114151          |
|  | Male   | 27  | 107008  | 143836          | 14833                                   | 27646           | 3333                    | 766             | 125174         | 172248          |
| Clerks   | Female | 45  | 451073  | 455764          | 52778                                   | 66801           | 0                       | 572             | 503851         | 523137          |
|  | Male   | 27  | 262943  | 240598          | 15000                                   | 10423           | 0                       | 260             | 277943         | 251281          |
| Community Service workers  | Female | 8   | 0   | 0               | 7416                                    | 9985            | 0                       | 0               | 7416           | 9985            |
|  | Male   | 50  | 0   | 0               | 68758                                   | 114520          | 0                       | 0               | 68758          | 114520          |
| Plant and machine operators and assemblers   | Female | 11  | 22222   | 36420           | 17500                                   | 35126           | 0                       | 0               | 39722          | 71546           |
|  | Male   | 86  | 177778  | 285360          | 42500                                   | 84968           | 0                       | 0               | 220278         | 370328          |
| Elementary occupations   | Female | 43  | 0   | 0               | 0                                       | 0               | 2500                    | 4506            | 2500           | 4506            |
|  | Male   |   |   |                 |   |                 |                         |                 |                |                 |
| Sub total  | Female | 93  | 691631  | 623286          | 85613                                   | 140705          | 6666                    | 1246            | 783910         | 765237          |
|  | Male   | 145   | 369951  | 384434          | 144834                                  | 238662          | 3333                    | 1026            | 518118         | 624122          |
| <b>Total</b>   |        | <b>238</b>  | <b>1061582</b>  | <b>1007720</b>  | <b>230447</b>                           | <b>379367</b>   | <b>9999</b>             | <b>2272</b>     | <b>1302028</b> | <b>1389359</b>  |
| *% and *R value of municipal salaries (original budget) allocated for workplace skills plan. |        |   |   |                 |   |                 |                         |                 | %*             | *R              |
|  |        |   |   |                 |   |                 |                         |                 |                | T4.5.3          |

**FINANCIAL COMPETENCY DEVELOPMENT : PROGRESS REPORT\***

| Description                              | A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)) | Consolidated : Total of A and B | Consolidated: Competency assessments completed for A and B (Regulation 14(4) (b) and (d)) | Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
|--|---|---|---------------------------------|---|--|--|
| <b>Financial Officials</b>               |   |   |                                 |   |  |  |
| Accounting officer                       | 1   |   | 1                               | 1   | 1  | 1  |
| Chief financial officer                  | 1   |   | 1                               | 1   | 1  | 1  |
| Senior managers                          | 4   |   | 4                               | 2   | 4  | 2  |
| Any other financial officials            | 37  |   | 37                              | 11  |  | In process still of finalisation of the balance of learners  |
| <b>Supply chain management officials</b> |   |   |                                 |   |  |  |
| Heads of supply chain management units   |   |   |                                 |   |  |  |
| Supply chain management senior managers  |   |   |                                 |   |  |  |

**Number of Employees whose salaries were increased due to their positions being upgraded**

| Beneficiaries | Gender | Total |
|---------------|--------|-------|
| Lower skilled | M-F    | n/a   |

|                                   |     |     |
|-----------------------------------|-----|-----|
| <b>Skilled</b>                    | M-F | n/a |
| <b>Highly Skilled production</b>  | M-F | n/a |
| <b>Highly skilled supervision</b> | M-F | n/a |
| <b>Senior management</b>          | M-F | n/a |
| <b>MM and S57</b>                 | M-F | n/a |

| <b>HR Policies and Plans</b> |   |                  |                 |   |
|------------------------------|---|------------------|-----------------|---|
|                              | <b>Name of Policy</b>                       | <b>Completed</b> | <b>Reviewed</b> | <b>Date adopted by council or comment on failure to adopt</b> |
| 1                            | Affirmative Action                          | Yes              | Yes             | 26 AZululandst 2014   |
| 2                            | Attraction and Retention                    | In progress      | No              | 26 AZululandst 2014   |
| 3                            | Code of Conduct for employees               | Yes              | Yes             | 26 AZululandst 2014   |
| 4                            | Delegations, Authorisation & Responsibility | Yes              | Yes             | 26 AZululandst 2014   |
| 5                            | Disciplinary Code and Procedures            | Yes              | Yes             | 26 AZululandst 2014   |
| 6                            | Essential Services                          | Yes              | Yes             | 26 AZululandst 2014   |
| 7                            | Employee Assistance / Wellness              | Yes              | Yes             | 26 AZululandst 2014   |
| 8                            | Employment Equity                           | Yes              | Yes             | 26 AZululandst 2014   |
| 9                            | Exit Management                             | Yes              | Yes             | 26 AZululandst 2014   |
| 10                           | Grievance Procedures                        | Yes              | Yes             | 26 AZululandst 2014   |
| 11                           | HIV/Aids                                    | Yes              | Yes             | 26 AZululandst 2014   |
| 12                           | Human Resource and Development              | Yes              | Yes             | 26 AZululandst 2014   |
| 13                           | Information Technology                      | Yes              | Yes             | 26 AZululandst 2014   |
| 14                           | Job Evaluation                              | No               | No              | Guided by SALGA   |
| 15                           | Leave                                       | Yes              | Yes             | 26 AZululandst 2014   |
| 16                           | Occupational Health and Safety              | Yes              | Yes             | 26 AZululandst 2014   |
| 17                           | Official Housing                            | n/a              | Yes             | 26 AZululandst 2014   |
| 18                           | Official Journeys                           | Yes              | Yes             | 26 AZululandst 2014   |
| 19                           | Official transport to attend Funerals       | Yes              | Yes             | 26 AZululandst 2014   |
| 20                           | Official Working Hours and Overtime         | Yes              | Yes             | 26 AZululandst 2014   |
| 21                           | Organisational Rights                       | Yes              | Yes             | 26 AZululandst 2014   |
| 22                           | Payroll Deductions                          | Yes              | Yes             | 26 AZululandst 2014   |
| 23                           | Performance Management and Development      | Yes              | Yes             | 26 AZululandst 2014   |
| 24                           | Recruitment, Selection and Appointments     | Yes              | Yes             | 26 AZululandst 2014   |

|  |                                    |     |     |                     |
|--|------------------------------------|-----|-----|---------------------|
| 25   | Remuneration Scales and Allowances | Yes | Yes | 26 AZululandst 2014 |
| 26   | Resettlement                       | n/a | Yes | 26 AZululandst 2014 |
| 27   | Sexual Harassment                  | Yes | Yes | 26 AZululandst 2014 |
| 28   | Skills Development                 | Yes | Yes | 26 AZululandst 2014 |
| 29   | Smoking                            | no  | Yes | 26 AZululandst 2014 |
| 30   | Special Skills                     | n/a | No  | n/a                 |
| 31   | Work Organisation                  | n/a | No  | n/a                 |
| 32   | Uniforms and Protective Clothing   | Yes | Yes | 26 AZululandst 2014 |
| 33   | Other:                             |     |     |                     |
| <i>Use name of local policies if different from above and at any other HR policies not listed.</i> |                                    |     |     |                     |



## REPORT OF THE CHIEF FINANCIAL OFFICER

### COMPONENT A: STATEMENTS OF FINANCIAL STATEMENTS

#### INTRODUCTION TO FINANCIAL STATEMENTS

##### 1. INTRODUCTION

It is a pleasure indeed to present the 2014/2015 Annual Financial Statements. It is also gratifying that these statements were audited by the Office of the Auditor-General and a clean audit report was achieved for the second consecutive year. A word of appreciation goes to all stakeholders who assisted us in the achievement of clean audit awards.

These Annual Financial Statements were prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The current year statement of Financial Position reports our net assets increasing by R150 415 923 or 7.5 % over last year.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Post-Retirement Medical Benefit Liabilities. The increase in Current

Liabilities is primarily as a result of an increase in a book bank overdraft. This overdraft has a negative effect on the cash flow position. To address the negative cash flow, an Interim Finance Committee has been established with the sole object of extinguishing the negative cash flow position. Current Assets also increased.

On the revenue side, service charges increased, though overall revenue decreased due to a decrease in interest on investments, a decrease in grants and subsidies received.

On the expenditure side, overall operating expenditure increased primarily depreciation and amortization, due to an increase of employee related costs and employee benefits.

Looking to the future, revenue is likely to be reduced due to the current drought situation that is likely to reduce billed revenue.

#### **KEY FINANCIAL INDICATORS**

The following indicators are self-explanatory.

The percentages of expenditure categories are well within acceptable norms and indicate good governance by the municipality.

#### **Financial Statement Ratios:**

| INDICATOR   | 2015        | 2014        |
|---|-------------|-------------|
| Surplus / (Deficit) before Appropriations                 | 149 898 136 | 188 725 936 |
| Expenditure Categories as a percentage of Total Expenses: |             |             |
| Employee Related Costs                                    | 25.98%      | 24.64%      |
| Remuneration of Councillors                               | 1.12%       | 1.19%       |
| Contribution to Doubtful debts                            | 0.00%       | 1.23%       |
| Depreciation and Amortisation                             | 8.13%       | 5.69%       |
| Repairs and Maintenance                                   | 7.42%       | 9.02%       |
| Bad debts   | 1.49%       | 0.00%       |
| Bulk Purchases  | 13.38%      | 14.57%      |
| Contracted Services                                       | 2.68%       | 2.57%       |
| Grants and Subsidies Paid                                 | 0.04%       | 0.35%       |
| General Expenses  | 36.73%      | 40.75%      |
| Employee benefits   | 2.84%       | 0.00%       |

## **OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Zululand District Municipality can generally be classified as Trading Services.

### **Water Services:**

Water is purified in bulk and distributed to the consumers by the municipality. Sewerage is removed from households and treated at sewer treatment plants but only for those households who are connected to the water-borne sewer system. Tariffs levied for water sewerage are subject to annual adjustments.

## **18. INTER-GOVERNMENTAL GRANTS**

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent support and provision of free basic services.

## **19. EXPRESSION OF APPRECIATION**

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance, the finalization these Annual Financial Statements and the achievement of a clean audit report would be possible.

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**CHIEF FINANCIAL OFFICER**

**SB NKOSI**

**31 August 2015**

## 6.2 STATEMENTS OF FINANCIAL PERFORMANCE

**Revenue Collection:** All categories of actual Revenue earned exceeded budgeted revenue except for Interest on investments. However, the budget was adjusted to recognise the low interest income.

| Financial Summary  |                 |                       |                 |                 |                   |                      |
|--|-----------------|-----------------------|-----------------|-----------------|-------------------|----------------------|
| R' 000   |                 |                       |                 |                 |                   |                      |
| Description  | Year - 2013/14  | Current: Year 2014/15 |                 |                 | Year 0 Variance   |                      |
|  | Actual          | Original Budget       | Adjusted Budget | Actual          | Original Budget % | Adjustments Budget % |
| <b>Financial Performance</b>   |                 |                       |                 |                 |                   |                      |
| Service charges  | 26 899          | 29 297                | 29 297          | 29 948          | 100%              | 100%                 |
| Investment revenue   | 6 980           | 8 581                 | 2 581           | 2 037           | 24%               | 79%                  |
| Transfers recognised - operational                                   | 291 327         | 312 569               | 313 032         | 308 127         | 99%               | 98%                  |
| Other own revenue  | 3 648           | 181 737               | 180 020         | 11 598          | 6%                | 6%                   |
|  | <b>328 854</b>  | <b>532 184</b>        | <b>524 995</b>  | <b>352 977</b>  |                   |                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |                 |                       |                 |                 |                   |                      |
| Employee costs   | 128 571         | 142 395               | 142 395         | 159 789         | 111%              | 111%                 |
| Remuneration of councillors  | 6 191           | 6 467                 | 6 467           | 6 221           | 96%               | 96%                  |
| Depreciation & asset impairment                                      | 29 701          | 45 618                | 45 618          | 45 070          | 99%               | 99%                  |
| Finance charges  | -               |                       |                 |                 |                   |                      |
| Materials and bulk purchases   | 76 016          | 84 865                | 84 865          | 74 180          | 88%               | 88%                  |
| Transfers and grants   | 1 829           | 1 981                 | 1 981           | 200             | 10%               | 10%                  |
| Other expenditure  | 279 590         | 232 844               | 216 164         | 268 940         | 115%              | 124%                 |
| <b>Total Expenditure</b>   | <b>521 898</b>  | <b>514 170</b>        | <b>497 490</b>  | <b>554 401</b>  |                   | %                    |
| <b>Surplus/(Deficit)</b>   | <b>-193 044</b> | <b>18 014</b>         | <b>27 505</b>   | <b>-201 424</b> |                   | %                    |
| Transfers recognised - capital                                       | 381 769         | 336 994               | 329 994         | 351 322         |                   |                      |
| Contributions recognised - capital & contributed assets              | -               |                       |                 |                 | %                 | %                    |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>188 725</b>  | <b>355 008</b>        | <b>329 994</b>  | <b>149 898</b>  |                   | %                    |
| Share of surplus/ (deficit) of associate                             |                 |                       |                 |                 | %                 | %                    |

|   |           |           |           |           |     |      |
|---|-----------|-----------|-----------|-----------|-----|------|
| <b>Surplus/(Deficit) for the year</b>                 | 188 725   | 355 008   | 329 994   | 149 898   | %   | %    |
| <b><u>Capital expenditure &amp; funds sources</u></b> |           |           |           |           |     |      |
| <b>Capital expenditure</b>                            | 355 008   | 355 008   | 357 488   | 333 717   | %   | %    |
| Transfers recognised - capital                        | 316 379   | 336 994   | 329 944   | 329 994   | 98% | 100% |
| Public contributions & donations                      |           | -         | -         |           | %   | %    |
| Borrowing   |           | -         | -         |           | %   | %    |
| Internally generated funds                            | 7 083     | 18 014    | 27 494    | 3 723     | 21% | 21%  |
| <b>Total sources of capital funds</b>                 | 323 462   | 355 008   | 357 488   | 333 717   | %   | %    |
| <b><u>Financial position</u></b>                      |           |           |           |           |     |      |
| Total current assets                                  | 19 715    | 231 332   | 123 562   | 33 034    |     |      |
| Total non current assets                              | 1 765 381 | 2 670 799 | 2 673 279 | 2 261 587 |     |      |
| Total current liabilities                             | 95 749    | 73 500    | 73 500    | 132 667   |     |      |
| Total non current liabilities                         | 5         | -         | -         | 15 738    | -   | -    |
| Community wealth/Equity                               | 1 981 612 | 2 498 579 | 2 501 479 | 2 146 217 |     |      |
| <b><u>Cash flows</u></b>                              |           |           |           |           |     |      |
| Net cash from (used) operating                        | 220 785   | 252 059   | 255 739   | 175 669   |     |      |
| Net cash from (used) investing                        | -315 836  | (355 007) | (357 487) | (231 383) |     |      |
| Net cash from (used) financing                        | -         | (45)      | (45)      | 15 733    |     |      |
| <b>Cash/cash equivalents at the year end</b>          | -95 050   | 48 129    | (107 292) | (39 982)  |     |      |
| <b><u>Cash backing/surplus reconciliation</u></b>     |           |           |           |           |     |      |
| Cash and investments available                        | -         | 200 000   | 92 230    | -         | -   | -    |
| Application of cash and investments                   | -         | - 110 340 | -110 313  | -         | -   | -    |
| <b>Balance - surplus (shortfall)</b>                  | -         | 89 660    | (18 083)  | -         | -   | -    |
| <b><u>Asset management</u></b>                        |           |           |           |           |     |      |
| Asset register summary (WDV)                          | -         | 2 666 270 | 2 666 270 | -         | -   | -    |
| Depreciation & asset impairment                       | 29 701    | 45 618    | 45 618    | 45 070    | -   | -    |
| Renewal of Existing Assets                            | -         | 16 711    | 16 711    | -         | -   | -    |
| Repairs and Maintenance                               | 47 091    | 58 987    | 58 987    | 41 115    | -   | -    |
|   | -         |           |           | -         |     |      |

| <b>Free services</b>                                 |   |        |        |   |   |   |
|--|---|--------|--------|---|---|---|
| Cost of Free Basic Services provided                 | - | 2 767  | 2 767  | - | - | - |
| Revenue cost of free services provided               | - | 10 953 | 10 953 | - | - | - |
| <b><u>Households below minimum service level</u></b> |   |        |        |   |   |   |
| Water:   | - | 64     | 64     | - | - | - |
| Sanitation/sewerage:                                 | - | 46     | 46     | - | - | - |
| Energy:  | - | -      | -      | - | - | - |
| Refuse:  | - | -      | -      | - | - | - |

Employees: Finance Department

| Position              | Employee No. | Post No. | Employee No. | Vacancies |
|-----------------------|--------------|----------|--------------|-----------|
| CFO                   | 1            | 1        | 1            | 0         |
| Deputy CFO's          | 2            | 2        | 2            | 0         |
| Chief Accountants     | 4            | 4        | 4            | 0         |
| Accountants           | 3            | 3        | 3            | 0         |
| Assistant Accountants | 7            | 7        | 7            | 0         |
| Credit Controller     | 1            | 1        | 1            | 0         |
| Procurement Officer   | 1            | 1        | 1            | 0         |
| Finance Clerks        | 3            | 3        | 3            | 0         |
| Meter Readers         | 11           | 11       | 11           | 0         |
| Cashiers              | 5            | 5        | 5            | 0         |
| Interns               | 9            | 9        | 9            | 0         |
| Budget Officer        | 3            | 3        | 2            | 1         |
| Secretaries           | 2            | 2        | 2            | 0         |

### 6.3 GRANTS

| Grant Performance  |                 |                 |                        |                 |                           |                              | R' 000 |
|--|-----------------|-----------------|------------------------|-----------------|---------------------------|------------------------------|--------|
| Description  | Year -2013/14   | Year 2014/15    |                        |                 | Year 0 Variance           |                              |        |
|  | Actual          | Budget          | Adjustment<br>s Budget | Actual          | Original<br>Budget<br>(%) | Adjustments<br>Budget<br>(%) |        |
| <b>Operating Transfers and Grants</b>                        |                 |                 |                        |                 |                           |                              |        |
| <b>National Government:</b>                                  | <b>646 469</b>  | <b>641 834</b>  | <b>640 584</b>         | <b>657470</b>   | <b>0</b>                  | <b>--</b>                    |        |
| Equitable share  | 276 930         | 297 420         | 297 420                | 297420          | 100.00<br>%               | 100%                         |        |
| Municipal Systems Improvement<br>Department of Water Affairs | 890<br>53 081   | 934<br>74 000   | 934<br>67 000          | 934<br>62 866   | 100.00<br>84.95%<br>%     | 100%<br>92.530               |        |
| MWIG<br>Expanded public works<br>Programme                   | 37 170<br>2 942 | 39 205<br>2 486 | 39 205<br>2 486        | 39 205<br>2 486 | 100.00<br>%               | 100%                         |        |
| Grant: Rural Sanitation                                      | 4 500           | 0               | 0                      | 0               | 100.00<br>%               | 100%                         |        |
| Finance Management Grant                                     | 1 250           | 1250            | 1250                   | 1 250           | 100.00<br>%               | 100%                         |        |
| MIG Grant  | 261 545         | 221 622         | 241 622                | 241 622         | 100.00<br>%               | 100%                         |        |
| Massification  | 5 887           | 0               | 0                      |                 | 100.00<br>%               |                              |        |
| Rural road   | 1 866           | 2 167           | 2 167                  | 2 167           | 100.69<br>%               | 100%                         |        |
| DWA Acceraleted comm--                                       | 15 721          | 3 500           | 3 500                  | 3 500           | 100%                      | 100%                         |        |
| <b>Provincial Government:</b>                                | <b>26 571</b>   | <b>1 729</b>    | <b>1 979</b>           | <b>1 979</b>    | <b>0</b>                  | <b>0</b>                     |        |
| Indonsa  | 1 639           | 1729            | 1729                   | 1729            | 100.00<br>%               | 100%                         |        |
| LED Catalyst   | --              |                 | --                     | --              |                           | --                           |        |
| Intergovernmental relation                                   | --              |                 |                        | --              |                           |                              |        |
| Local Government Chorela Project                             | --              |                 |                        | --              |                           |                              |        |
| Mona Market  | --              |                 |                        | --              |                           |                              |        |
| Training of Councillors                                      | 200             |                 |                        |                 |                           |                              |        |
| Ulundi Airport   | 6 499           |                 |                        |                 |                           |                              |        |
| P700 strategic corridor                                      | 1 866           | 5000            | 5000                   | 0               |                           |                              |        |
| Shared services  | 2 276           |                 | 250                    | 250             | 100.00<br>%               | 100%                         |        |

|   |                |                |                |                |                 |                |
|---|----------------|----------------|----------------|----------------|-----------------|----------------|
| Tempering Fee                               | 28             |                |                |                |                 |                |
| Ulundi Tourism Hub                          | -              |                |                |                | -               |                |
| Ambulance subsidy                           |                |                |                |                |                 |                |
| Sports and Recreation                       |                |                |                |                |                 |                |
| Finance Management Grant                    | -              |                | 0              |                | -               | 0              |
| <b>District Municipality:</b>               | <b>673 040</b> | <b>643 563</b> | <b>642 563</b> | <b>659 449</b> | 102%            | 102%           |
| <i>[insert description]</i>                 | -              | -              | -              | -              |                 |                |
| <b>Other grant providers:</b>               | -              | -              | -              | -              |                 |                |
| <i>[insert description]</i>                 |                |                |                |                |                 |                |
| <b>Total Operating Transfers and Grants</b> | <b>673 040</b> | <b>643 563</b> | <b>642 563</b> | <b>659 449</b> | <b>102.59 %</b> | <b>102%0</b>   |
|   |                |                |                |                |                 | <b>T 5.2.1</b> |

## 6.4 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The assets management system was effectively implemented during the year. The Fixed Assets Register is in place and is balanced on a monthly basis. Despite the inadequate funding to maintain assets, the assets are in a functional condition.

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The maintenance budget is not sufficient. However, every effort is made to keep all assets in a working condition with minimum maintenance.

### ASSESSMENT OF ARREARS

The bulk of service debtors comprises of indigent debtors that were previously not written off. During the current year council took a decision to write off indigent debtors upon application using indigent registers. This exercise assisted in reducing doubtful debts and the process is ongoing. The collection rate on non-indigent debts is improving.

### COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

#### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow position has deteriorated but a recovery plan is in place where cash flow is monitored on a daily basis and stringent measures have been put in place to ensure budget savings. The Interim Finance Committee comprising all HODs has been set up and this committee meets every Monday to monitor the projected cash-flow against Actual cash-flow.

#### **PUBLIC PRIVATE PARTNERSHIPS**

No PPPs were implemented during the year.

### **COMPONENT D: OTHER FINANCIAL MATTERS**

#### **6.5 SUPPLY CHAIN MANAGEMENT**

#### **SUPPLY CHAIN MANAGEMENT**

#### **SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT**

2014/2015

#### **Contents**

|   |                          |   |
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| 1 | Purpose of this document | 2 |
| 2 | Introduction             | 2 |
| 3 | Discussion               | 3 |
| 4 | Challenges               | 8 |
| 5 | Legal implications       | 9 |
| 6 | Approval of the report   | 9 |
| 1 | Purpose of this document |   |

The purpose of this report is to give feedback on the implementation of the supply chain management policy for the financial year ended 30 June 2015.

## 2 Introduction

The Minister of Finance, acting with the concurrence of the Minister for the Provincial and Local Government, has in terms of section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) promulgated Municipal Supply Chain Management Regulations in Government Gazette No. 27636 dated 30 May 2005.

In terms of Municipal Supply Chain Management Regulations, section 6 (Oversight role of council of the municipality or board of directors of municipal entity) states the following:

6. (1) The council of the municipality and the board of directors of a municipal entity must maintain oversight over the implementation of its supply chain management policy.
- (2) For the purpose of such oversight the accounting officer must-
  - (a) (i) in the case of a municipality, within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;
- (4) The reports of a municipality must be made public in accordance with section 21A of the Municipal Systems Acts. The reports of a municipal entity must be made public in a similar way.

## 3 Discussion

The Council of Zululand District Municipality (ZDM) adopted an amended Supply Chain Management Policy on the 26 August 2014 (Resolution ZDMC: 14/240). Section 3 of the ZDM Supply Chain Management Policy states that the municipal manager must at least annually review the implementation of this policy and when he/she considers it necessary submit proposals for the amendment of this Policy to the council and that such amendments must comply with Municipal Supply Chain Management Regulations as promulgated in terms of the MFMA.

National Treasury issued the following circulars to enhance compliance with MFMA and outline procedures to be followed in best expenditure management;

- MFMA Circular No. 68 (UIFW Expenditure Framework) dated 10 May 2013
- MFMA Circular No. 69 SCM on Local Production and Content dated 22 May 2013

- MFMA Circular No. 73 Systems of Delegations dated 13 May 2013

### 3.1. Supply Chain Management Unit

Municipal Supply Chain Management Regulations, paragraph 7, states that each municipality and each municipal entity must establish a supply chain management unit to implement its supply chain management policy and that unit must where possible operate under the direct supervision of the Chief Financial Officer or official to whom this duty has been delegated in terms of the section 82 of the Act. ZDM has SCM Unit operates under the office of the CFO.

The Supply Chain Management Unit is responsible for the functions:

- Demand management
- Acquisition management
- Logistics management
- Disposal management
- Risk management
- Performance management

### 3.2. Supply Chain Processes

#### **Demand Management**

The system of demand management allows for the analysis of proper needs, establishment of a supplier database, implementation of IDP projects and drafting of proper specifications. National Treasury issued MFMA Circular No. 62 on guidelines to be followed on the development and implementation of Procurement Plan for procurements of goods and services for the value above R 200,000.00.

#### **Acquisition Management**

The system of acquisition allows procurement of goods and services within the following ranges:

- Petty cash purchases up to R200

- Verbal or written quotations up to R 2,000
- Three (3) formal written quotations up to R 200,000
- Competitive bidding process for value above R 200,000.

During the current financial year there were no expenditure of goods or services was procured outside an approved relevant budget.

The bid committees are established and its members are duly appointed in writing by the Municipal Manager. The bid committees are:

Bid Specification Committee (Chairperson - HoD: Planning)

Bid Evaluation Committee (Chairperson - HoD: Technical Services) and

Bid Adjudication Committee (Chairperson - CFO)

The composition of the above committees complies with legislated requirements Municipal Supply Chain Management Regulations, paragraph 27(3); 28(2) and 29(2).

#### **Logistics Management**

ZDM maintains supplier database. Prospective service providers are allowed to submit their registration forms anytime for the inclusion into the database. Supplier's database was reviewed in February 2015 for the current financial year. System of logistics management is in place for setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management. Stock take was conducted at year end to reconcile physical stock levels with the financial system (Venus).

#### **Disposal Management**

Section 40 of ZDM Supply Chain Management Policy illustrates criteria to be followed during disposal or letting or un-serviceable, redundant and obsolete assets. As stipulated in section 40 of our SCM Policy, three (3) council vehicles were disposed by Council through invitation of written price quotations.

#### **Risk Management**

Annually as per Risk Management Implementation Plan, ZDM conducts risk assessment in all operating business units (including SCM unit). Risk Assessment for 2014/15 financial year was conducted on 28 July 2014. This process includes identification of risk and development of mitigating measures with the SCM unit.

The following table illustrates risks identified with the SCM function:

| No of risk identified | Number of mitigating plans developed and implemented |              |             | Status of implementation as at 30 June 2015 |
|-----------------------|--|--------------|-------------|---|
|                       | Resolved   | Not resolved | In-progress |   |
| 2                     | 4  | 3            | -           | 1   |

#### **Tenders Award Reporting**

During the current financial year tenders amounting R 350,338,139.20 were awarded after following all competitive bid processes.

#### **Paragraph 32 appointments**

ZDM Supply Chain Management Policy, paragraph 32 (Procurement of goods and services under contracts secured by other organs of state) states that;

- (1) The municipal manager may procure goods or services under a contract secured by another organ of state, but only if –
  - (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) There is no reason to believe that such contract was not validly procured;
  - (c) There are demonstrable discounts or benefits to do so; and
  - (d) That other organ of state and the provider have consented to such procurement in writing.

Based on the above provision of the policy, ZDM has awarded two (2) tenders amounting to R 2,700,000.00 during the current financial year. These tenders have been reported to Council together with all other tenders awarded during the current financial year.

#### **Quotations Award Reporting**

Some goods and services were procured through invitation of formal written price quotations. Advertisement for these quotations were placed on the municipality website and official notice board for a period of seven (7) days before the closing date as required by paragraph 18 of the Municipal Supply Chain Management Regulations. These quotations have been reported to Council.

The table below illustrates quotations awarded during the current financial year:

| Period | Q1 | Q2           | Q3           | Q4           | Total        |               |
|--------|----|--------------|--------------|--------------|--------------|---------------|
| Amount |    | 4 652 911.79 | 4 755 659.82 | 1 768 494.96 | 2 253 604.79 | 13 430 671.36 |

#### **Deviations (Paragraph 36) Reporting**

Paragraph 36 of the Supply Chain Management Policy allows Municipal Manager to deviate from official procurement processes to procure goods and services through any convenient processes. All reasons for the reported deviations have been approved by the Municipal Manager and thereafter reported to EXCO/Council.

The table below illustrates paragraph 36 expenditure incurred during the current financial year:

| Period | Q1 | Q2           | Q3            | Q4           | Total        |               |
|--------|----|--------------|---------------|--------------|--------------|---------------|
| Amount |    | 5 398 740.46 | 15 424 717.33 | 4 212 828.75 | 2 903 225.27 | 27 939 511.81 |

#### **4 Challenges**

The Municipality has not implemented MFMA Circular 62 (SCM: Enhancing Compliance and Accountability) for the current financial year. The Procurement Plan was not implemented for the financial year as it was indicated under Risk Management paragraph above. The procurement Plan has been developed and will be implemented for the financial year 2015/16.

The Construction Industry Development Board (CIDB) Act section 22(3) and Construction Industry Development Board (CIDB) Regulations requires that all construction contracts above a value of tender must be recorded in the CIDB Register website and paragraph 24 of this Regulations requires

that invitation calls (advertisement) for all construction works must be published on the CIDB's Website.

The municipality has registered late in the current financial year with the CIDB as a result the above has not been recorded as required. However, this legislated requirement will be implemented effectively during 2015/16 financial year.

#### **5 Legal Implications**

The report is compiled as required in terms of Paragraph 6 of the Municipal Supply Chain Management Regulations as promulgated by Municipal Finance Management Act No. 56 of 2003.

#### **GRAP COMPLIANCE**

The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2014/15 financial period is set out in Directive 5 issued by the ASB on 11 March 2009. ~~Directive note once comment's completed~~ Follow the above with information on progress with GRAP compliance at your municipality. Detail any instances where the municipality has deviated from the GRAP standards currently applicable.

T5.13.1



## **Audit Committee Report to the Council of Zululand District Municipality**

### **Background**

#### **Audit Committee mandate**

The Zululand District Municipality has established an Audit and Audit Performance Management Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to section 14(2)(c) of the Regulations and MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2009 (King III).

#### **Role of the Audit Committee**

The role of the Audit Committee is to assist the Zululand District Municipality in achieving its strategic goals and objectives, by helping to maintain effective internal controls, risk management, accurate financial reporting and corporate governance principles, and other such duties as may be directed by the Council and Accounting Officer.

The Audit Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical and regulatory requirements.

**Audit Committee members**

The Audit and Performance Management Committee, consisting of independent, external members listed below, is required to meet at least 4 times per annum as per the Audit Committee Charter, although additional meetings may be called as the need arises. The Audit Committee has met more than 4 times for the financial year 2014-2015.

We present our report for the year-end 30 June 2015

**Audit Committee Members and Attendance**

| Details                  | Qualifications                   | Meetings | Status |
|--------------------------|----------------------------------|----------|--------|
| Mr. P. Mntambo(AC Chair) | Bcompt, Project Management & MBA | 7/7      | Active |
| Mr. M.C. Ndwandwe        | Bcom                             | 7/7      | Active |
| Mr. M. Ngcobo            | NDIP Town & Regional Planning    | 7/7      | Active |

The Council of Zululand District Municipality has appointed its Audit Committee to assist the municipality in advising:

- Municipal Council, the political office-bearers, the accounting officers and the management staff of the municipality, accounting officer and the management staff of the municipal entity, on matters relating to:
  1. Internal financial control and internal audits;
  2. Risk management
  3. Accounting Policies
  4. The adequacy , reliability and accuracy of financial reporting and information

5. Performance management
6. Effective governance
7. Compliance with this Act, DORA and any other applicable legislation (MFMA 56 of 2005, Section 166(2)(a)(i-ix))

In order for the audit committee to be effective and able to advise according we rely on the reports prepared by internal audit, information obtained from the management and accounting officers.

The following matter has been brought to the attention of the council of Zululand District Municipality:

#### **Internal financial control and Internal audits**

There were no noted changes in the financial control during 2014/15 and per the work performed by internal audit unit there was no material changes reported.

#### **Internal Audit Unit**

The Internal audit is outsourced from PWC a firm of independent accountants and registered auditors. They have presented their audit plan which is risk based in August 2014. All assignments per the audit plan were performed and reported to the audit committee in our quarterly meeting.

#### **Recommendations**

- The municipality to ensure that all recommendations for the Internal Audit and Audit Committee implemented.

#### **Risk management**

Risk management becomes an important part in any business because of an increase in probability of occurring of events that could have positive or negative impact in the business. The municipality has risk management committee in place and effective. However, there was no formal reports received from risk management committee.

#### **Audit Committee recommendation(s)**

- The chairperson of risk committee to report to the chairperson of the audit committee of the risk assessment conducted.

#### **Accounting Policies**

A mid-year and final year annual financial statements and accompanying policies and notes were reviewed. There were no changes in the accounting policy and were constantly apply in relation to prior year.

#### **The adequacy, reliability and accuracy of financial reporting and information**

The financial statements are prepared internally by the Finance department. It is further reviewed by internal audit and audit committee. The audit committee further call another meeting to review and ensure all changes recommended are enacted in the annual financial statements. Therefore, the committee was satisfied with the adequacy, reliability and accuracy of financial reporting information.

The audit committee wish to commend the finance department for exceptional work in preparation of credible and reliable AFS and were submitted on time to AG 31 August 2015.

#### **Performance management**

The performance management is also done internally through the department of Planning. The report then sent to Internal Audit for audit and to ensure its compliance with Act. There was only insignificant findings which was cleared by relevant HOD. The report also presented to the Audit committee on a quarterly basis.

#### **Recommendations**

- The external service provider to be monitored on a quarterly basis.

#### **Effective governance**

In ensuring good practice of governance the audit committee has managed to meet its target to at least meet four times per annum, in the committee has met more 4 times and in our meetings the MPAC chair was always invited and MPAC always invite audit committee chair.

#### **Recommendations**

- The MPAC to ensure that council recommendations and audit committee recommendations be implemented on time.
- To strengthen the MPAC and Audit committee relationship in ensuring good governance training.

#### **Compliance with this Act, DORA and any other applicable legislation**

In terms of the Internal Audit reported tabled to the audit committee the municipality has improved in compliance, however, there is still a room of improvements.

## **Debtor Collection/Own Revenue Management**

Cash management is part of the strategy of revenue enhancement for the municipality. The municipality should improve the collection on long outstanding debts.

## **Performance Evaluation**

The mid-year performance evaluation for the head of departments and municipality manager were performed and all stakeholders were present.

### **Recommendations**

- To enforce and instill the mid-year performance of the external service provider.

## **Service Delivery**

The main service delivery by the municipality is to supply water and sanitation through the whole district of the municipality. The Technical Department has managed very well in terms of ensuring all open project are monitored and evaluated against the budget.

### **Recommendations:**

- As a critical responsibility of the municipality it must ensure that all service provider are monitored and evaluated and ensure the service delivery does not interrupted.

## **Prior Year AG Queries and Dash Board Report**

### **AG Queries**

The auditor general queries raised in prior year were included in the audit plan which the internal audit was assisting the municipality in clearing them. The most of the queries were cleared.

### **Dash Board Report**

A door to door visit by the office of the Auditor General has assisted the municipality to improve internal financial controls and governance issues. It is also noted that the improvement in leadership and governance in the Q4 reports with unchanged status on financial and performance management.

### **Recommendations**

- To ensure that critical issues raised by AG are cleared on time.

## **Conclusion**

The audit committee wish commends a working relationship with the administration in discharging its responsibility.

*Phumlani Mntambo*

**Chairperson of the Audit Committee**

## CHAPTER 6.7 – “AUDITOR – GENERAL” AUDIT FINDINGS

A clean audit report was achieved during the year and this is for the second consecutive year. The Report of the Auditor-General is attached below:

T6.0.1

Auditor-General of South Africa

Zululand District Municipality -  
Audit report 2014-15



Annual Financial Statements for  
**ZULULAND DISTRICT MUNICIPALITY**  
for the year ended 30 June 2015

Province:

KwaZulu Natal

**Contact Information:**

Name of Municipal Manager: J.H. DE KLERK

Name of Chief Financial Officer: S.B. NKOSI

Contact telephone number: 358 745 500

Contact e-mail address: [mm@zululand.org.za](mailto:mm@zululand.org.za)

Name of contact at provincial treasury: NOMFUNDO SHONGWE

Contact telephone number: 033 897 4423

Contact e-mail address: [nomfundo.shongwe@kzotreasury.gov.za](mailto:nomfundo.shongwe@kzotreasury.gov.za)

Name of relevant Auditor: Auditor General

Contact telephone number: 332 647 400

Contact e-mail address: [jonathanS@agsa.co.za](mailto:jonathanS@agsa.co.za)

Name of contact at National Treasury: Unathi Ndobeni

Contact telephone number: 012 315 5103

Contact e-mail address: [unathi.ndobeni@treasury.gov.za](mailto:unathi.ndobeni@treasury.gov.za)

**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

**GENERAL INFORMATION**

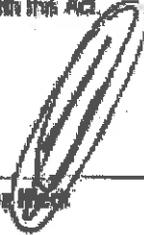
**MEMBERS OF THE COUNCIL**

|                        |                                   |
|------------------------|-----------------------------------|
| 1 Cllr MA Hlatshwayo   | Mayor                             |
| 2 Cllr V O Mbuyisa     | Speaker                           |
| 3 Cllr SE Qwabe        | Deputy Mayor                      |
| 4 Cllr S Ntombela      | Member of the Executive Committee |
| 5 Cllr B B Zwane       | Member of the Executive Committee |
| 6 Cllr ME Khumalo      | Member of the Executive Committee |
| 7 Cllr S E Nkwanyana   | Member of the Executive Committee |
| 8 Cllr SR Nkosi        | Member                            |
| 9 Cllr M M Mntungwa    | Member                            |
| 10 Cllr M B Mabaso     | Member                            |
| 11 Cllr ZS Buthelezi   | Member                            |
| 12 Cllr R B Mhlungu    | Member                            |
| 13 Cllr N J Mjaja      | Member                            |
| 14 Cllr Z Siyaya       | Member                            |
| 15 Cllr T B Lukhele    | Member                            |
| 16 Cllr SJ Zulu        | Member                            |
| 17 Cllr BJ Mncwango    | Member                            |
| 18 Cllr BC Nhlabathi   | Member                            |
| 19 Cllr KE Nxumalo     | Member                            |
| 20 Cllr JA Mbatha      | Member                            |
| 21 Cllr NM Nhlabathi   | Member                            |
| 22 Cllr RM Zulu        | Member                            |
| 23 Cllr MT Lushaba     | Member                            |
| 24 Cllr NF Zulu        | Member                            |
| 25 Cllr MS Ntshangase  | Member                            |
| 26 Cllr ISM Hadebe     | Member                            |
| 27 Cllr ME Buthelezi   | Member                            |
| 28 Cllr Mkhize TK      | Member                            |
| 29 Cllr Ximba SP       | Member                            |
| 30 Cllr TL Khumalo     | Member                            |
| 31 Cllr PTAN Buthelezi | Member                            |
| 32 Cllr LS Dumakude    | Member                            |
| 33 Cllr N Xaba         | Member                            |
| 34 Cllr TJ Khumalo     | Member                            |
| 35 Cllr Dlamini QM     | Member                            |

**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 62 in terms of Section 125(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councilors, as reflected in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer's Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.



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**Municipal Manager: Mr J H O'Neil**

**31 August 2015**

**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

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**ZULULAND DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2015

|   | Note   | 2015<br>R            | 2014<br>R            |
|---|--------|----------------------|----------------------|
| <b>ASSETS</b>                                       |        |                      |                      |
| <b>Current assets</b>                               |        | <b>33 034 742</b>    | <b>19 646 077</b>    |
| Cash and cash equivalents                           | 2      | 6 000                | -                    |
| Trade receivables from exchange transactions        | 3.1.   | 8 103 144            | 3 791 500            |
| Other receivables from exchange transactions        | 3.2.   | 177 118              | 31 600               |
| Other receivables from non-exchange transactions    | 4 & 38 | 12 956 283           | 4 141 495            |
| Inventories   | 5      | 5 507 329            | 3 285 555            |
| Prepayments   | 6      | 759 931              | 1 754 390            |
| VAT receivable                                      | 13     | 5 524 936            | 6 641 538            |
| <b>Non-current assets</b>                           |        | <b>2 261 587 603</b> | <b>2 070 452 470</b> |
| Non-current receivables                             | 7      | 5 224 345            | 3 124 887            |
| Property, plant and equipment                       | 8      | 2 254 638 055        | 2 065 792 385        |
| Heritage assets                                     | 9      | 1 151 452            | 1 151 452            |
| Intangible assets                                   | 10     | 573 752              | 383 745              |
| <b>Total assets</b>                                 |        | <b>2 294 622 345</b> | <b>2 090 098 547</b> |
| <b>LIABILITIES</b>                                  |        |                      |                      |
| <b>Current liabilities</b>                          |        | <b>132 666 796</b>   | <b>94 291 921</b>    |
| Trade and other payables from exchange transactions | 11     | 76 828 090           | 79 132 435           |
| Consumer deposits                                   | 12     | 3 329 844            | 3 227 865            |
| Current provisions                                  | 14     | 6 814 881            | 5 869 455            |
| Bank overdraft                                      | 2      | 45 486 859           | 5 499 352            |
| Payables from non-exchange transactions             | 15     | 207 123              | 562 815              |
| <b>Non-current liabilities</b>                      |        | <b>15 738 325</b>    | <b>5 325</b>         |
| Rental deposits held                                | 17     | 5 325                | 5 325                |
| Post retirement benefit obligations                 | 39     | 15 733 000           | -                    |
| <b>Total liabilities</b>                            |        | <b>148 405 121</b>   | <b>94 297 246</b>    |
| <b>Net assets</b>                                   |        | <b>2 146 217 224</b> | <b>1 995 801 301</b> |
| <b>NET ASSETS</b>                                   |        |                      |                      |
| Accumulated surplus / (deficit)                     |        | 2 146 217 224        | 1 995 801 301        |
| <b>Total net assets</b>                             |        | <b>2 146 217 224</b> | <b>1 995 801 301</b> |

ZULULAND DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
for the year ending 30 June 2015

|   | Note | 2015<br>R          | 2014<br>R          |
|---|------|--------------------|--------------------|
| <b>Revenue from Exchange Transactions</b>     |      |                    |                    |
| Service charges                               | 18   | 29 948 179         | 26 899 025         |
| Rental of facilities and equipment            | 19   | 178 377            | 119 418            |
| Interest earned - external investments        | 20   | 2 037 921          | 6 980 485          |
| Other revenue from exchange transactions      | 23   | 3 701 241          | 2 533 754          |
| Reversal of contribution to doubtful debts    | 3    | 7 682 194          | -                  |
| <b>Revenue from Non-Exchange Transactions</b> |      |                    |                    |
| Government grants and subsidies received      | 22   | 659 449 094        | 673 040 161        |
| Other revenue from non-exchange               | 22,1 | 37 964             | 27 864             |
| <b>Total revenue</b>                          |      | <b>703 034 970</b> | <b>709 600 706</b> |
| <b>Expenses</b>                               |      |                    |                    |
| Employee related costs                        | 24   | 144 055 908        | 128 570 712        |
| Remuneration of councilors                    | 25   | 6 221 335          | 6 191 361          |
| Contribution to Doubtful debts                | 3    | -                  | 6 416 307          |
| Depreciation and amortisation expense         | 26.1 | 45 070 211         | 29 700 571         |
| Repairs and maintenance                       | 26.2 | 41 115 042         | 47 091 156         |
| Bad debts                                     | 50   | 8 246 053          | -                  |
| Employee benefits                             | 39   | 15 733 000         | -                  |
| Bulk Water purification and Sewer Treatment   | 28   | 74 180 428         | 76 016 153         |
| Contracted services                           | 29   | 14 862 961         | 13 428 612         |
| Grants and subsidies paid                     | 30   | 200 000            | 1 829 239          |
| General expenses                              | 31   | 204 716 125        | 212 653 951        |
| <b>Total expenses</b>                         |      | <b>554 401 064</b> | <b>521 898 081</b> |
| Gains on sale of assets                       | 32   | 167 119            | 23 291             |
| Financial Loss Recovered                      | 42   | 1 097 113          | 1 000 000          |
| <b>Surplus / (deficit) for the period</b>     |      | <b>149 898 137</b> | <b>188 725 936</b> |

**ZULULAND DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 30 June 2015**

| DETAILS                            | Note | Accumulated<br>Surplus/(Deficit)<br>R |
|------------------------------------|------|---------------------------------------|
| Balance at 30 June 2013            |      | 1 792 772 066                         |
| Correction of prior period error   | 38   | 989 379                               |
| Restated Balance at 30 June 2013   |      | 1 793 761 445                         |
| Surplus / (deficit) for the period |      | 188 725 936                           |
| Restated Balance at 30 June 2014   |      | 1 982 487 381                         |
| Correction of prior period error   | 38   | 13 313 921                            |
| Restated Balance at 30 June 2014   |      | 1 995 801 301                         |
| Transfers to accumulated surplus   |      | 517 785                               |
| Surplus / (deficit) for the period |      | 149 898 137                           |
| Balance at 30 June 2015            |      | <b>2 146 217 224</b>                  |

ZULULAND DISTRICT MUNICIPALITY  
 CASH FLOW STATEMENT  
 for the year ended 30 June 2015

|   | Note      | 2015<br>R            | 2014<br>R            |
|---|-----------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |           |                      |                      |
| <b>Receipts</b>   |           |                      |                      |
| Cash Received from consumers, government and other                | 33        | 686 563 006          | 716 985 248          |
| <b>Payments</b>   |           |                      |                      |
| Cash Paid to employee costs, supplier and other                   | 33        | (510 894 451)        | (496 183 496)        |
| <b>Net cash flows from operating activities</b>                   | <b>33</b> | <b>175 668 555</b>   | <b>220 801 752</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |           |                      |                      |
| <b>Net cash flows from investing activities</b>                   |           | <b>(231 393 062)</b> | <b>(315 851 993)</b> |
| Purchase of Property, Plant and Equipment                         |           | (233 345 000)        | (323 461 881)        |
| Purchase of Heritage Assets                                       |           | -                    | (162 974)            |
| Proceeds from sale of Property, Plant and Equipment               |           | 395 346              | 842 167              |
| Interest-investments  |           | 2 037 918            | 6 980 485            |
| Purchase of intangible assets                                     |           | (471 325)            | (48 800)             |
| Proceeds from sale of investments                                 |           |                      |                      |
| Purchase of foreign currency securities                           |           |                      |                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |           |                      |                      |
| Increase in post retirement benefit obligations                   |           | 15 733 000           | -                    |
| <b>Net increase / (decrease) in net cash and cash equivalents</b> |           | <b>(39 981 507)</b>  | <b>(95 050 241)</b>  |
| Net cash and cash equivalents at beginning of period              |           | (5 489 352)          | 89 550 879           |
| Net cash and cash equivalents at end of period                    | 34        | (45 480 859)         | (5 499 352)          |

RODLE AND DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30 June 2016

| Actual 2014 | Description                                 | Actual 2015 | Approved Budget 2015 | Adjustments | Final Budget 2015 | Difference   | Comments  |
|-------------|---|-------------|----------------------|-------------|-------------------|--------------|---|
|             | <b>Revenue</b>                              |             |                      |             |                   |              |   |
| 26 869 025  | Service charges                             | 26 948 178  | 26 287 000           |             | 26 287 000        | 661 178      | Service charges from Sewerage Removal was not budget for during 2014/15 budget.   |
| 119 418     | Rental of facilities and equipment          | 178 377     | 66 000               |             | 66 000            | 112 377      | Budget was based on the last financial year's actual.   |
| 6 980 486   | Interest earned - external investments      | 2 037 821   | 6 581 000            | -8 000 000  | 2 581 000         | -643 079     | Interest is based on estimated capital investments that fluctuate during the year.  |
|             | Reversal of provision for doubtful debts    | 7 682 194   |                      |             |                   |              | Reversal of provision   |
| 673 040 161 | Government grants and subsidies             | 658 448 094 | 648 663 000          | -6 637 000  | 643 026 000       | 16 423 094   | P 700 Grant was not received, RBIG was not received in full and the additional allocation of MIG and ACIP.  |
| 2 661 618   | Other income                                | 3 739 206   | 181 872 000          | -1 852 000  | 180 020 000       | -176 280 796 | Due to the appropriation of accumulated reserves used to finance the budget.  |
| 709 686 786 | <b>Total revenue</b>                        | 703 634 878 | 869 178 000          | -14 189 000 | 854 989 000       | 161 645 878  |   |
|             | <b>Expenses</b>                             |             |                      |             |                   |              |   |
| 128 570 712 | Employee related costs                      | 144 056 908 | 142 396 000          |             | 142 396 000       | -1 680 908   | savings was reallocated to salaries to cater for salaries more than budget  |
| 6 181 381   | Remuneration of councillors                 | 8 221 335   | 6 467 000            |             | 6 467 000         | 245 685      | savings in allowances   |
| -           | Bad debts                                   | 6 246 063   |                      |             |                   | -6 246 063   | Based on actual debt impairment   |
| 29 700 671  | Depreciation and amortisation expense       | 45 070 211  | 46 618 000           |             | 46 618 000        | 547 789      | Other Assets are purchased at different intervals during the year and some were not capitalised since they are still in progress.   |
| 47 081 156  | Repairs and maintenance                     | 41 115 042  | 58 987 000           |             | 58 987 000        | 17 871 858   | Savings achieved  |
| -           | Employee benefits                           | 15 755 000  | -                    | -           | -                 | -15 755 000  | No budget for employee benefits   |
| 78 018 163  | Bulk Water purification and Sewer Treatment | 74 180 428  | 84 865 000           |             | 84 865 000        | 10 684 572   | bulk water purchases is fully spent as a result of refurbishment works conducted at the plants.   |
| 13 428 612  | Contracted services                         | 14 662 961  | 15 401 042           |             | 15 401 042        | 536 981      | There are savings in the budget   |
| 1 629 239   | Grants and subsidies paid                   | 200 000     | 1 961 000            |             | 1 961 000         | 1 761 000    | Funded organisations could not prove prior year expenditure and it was agreed that money will not be transferred  |
| 219 970 268 | General expenses                            | 204 718 125 | 158 456 068          | -16 680 000 | 141 776 068       | -62 941 067  | Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance |
| 621 888 061 | <b>Total expense</b>                        | 654 491 964 | 614 176 000          | -16 680 000 | 497 496 000       | -86 911 664  |   |
| 23 291      | Gains / (losses) on sale of assets          | 167 119     |                      | -           | -                 | -            |   |
| 1 660 600   | Financial Loss Recovered                    | 1 697 113   | -                    | -           | -                 | -            | Proceeds from insurance claim   |
| 188 726 836 | <b>Surplus / (Deficit) for the period</b>   | 149 696 138 | 255 002 000          |             | 367 493 000       | 208 666 864  |   |

**ZULULAND DISTRICT MUNICIPALITY  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
for the year ending 30 June 2015**

**1 ACCOUNTING POLICIES**

**1.1 BASIS OF ACCOUNTING**

**1.1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP Standards have been developed in accordance with paragraphs 7.11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

**1.2 PRESENTATION CURRENCY**

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

**1.2.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Fair value estimation**

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 amount of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value 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 goodwill 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. In addition, goodwill is tested on an annual basis for impairment. 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by number of factors.

**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 14 - Current Provisions.

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors 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.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

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**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

| <b>Standard number</b> | <b>Standard name</b>   | <b>Effective date (if applicable)</b> |
|------------------------|--|---------------------------------------|
| GRAP 18                | <i>Segment Reporting</i>   | <i>No effective date</i>              |
| GRAP 20                | <i>Related Party Disclosures</i>                                       | <i>No effective date</i>              |
| GRAP 32                | <i>Service Concessions Arrangement Grantor</i>                         | <i>No effective date</i>              |
| GRAP 105               | <i>Transfer of Functions Between Entities Under Common Control</i>     | <i>No effective date</i>              |
| GRAP 106               | <i>Transfer of Functions Between Entities Not Under Common Control</i> | <i>No effective date</i>              |
| GRAP 107               | <i>Mergers</i>   | <i>No effective date</i>              |
| GRAP 108               | <i>Statutory Receivables</i>   | <i>No effective date</i>              |

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**GRAP 18: SEGMENT REPORTING**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

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 20: RELATED PARTY DISCLOSURES**

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.  
For the year under review, the municipality has applied IPSAS 20.

**GRAP 25: EMPLOYEE BENEFITS**

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 31: INTANGIBLE ASSETS**

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

**GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

**GRAP 107: MERGERS**

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

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**1.6 PROPERTY, PLANT AND EQUIPMENT**

**1.6.1 INITIAL RECOGNITION**

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 year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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. The major components are depreciated separately over their useful lives.

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.6.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an asset's residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

|                             |             |
|-----------------------------|-------------|
| <b>Infrastructure</b>       |             |
| Water                       | 15-70 years |
| Sewerage                    | 15-70 years |
| <b>Community</b>            |             |
| Buildings                   | 30 years    |
| Recreational Facilities     | 20-30 years |
| <b>Finance lease assets</b> |             |
| Office equipment            | 5 years     |
| <b>Other</b>                |             |
| Buildings                   | 30 years    |
| Specialist vehicles         | 7 years     |
| Other vehicles              | 7 years     |
| Office equipment            | 3-7 years   |
| Furniture and fittings      | 7 years     |
| Emergency equipment         | 10 years    |
| Computer equipment          | 5 years     |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

**1.6.4 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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

**1.7 HERITAGE ASSETS**

**1.7.1 INITIAL RECOGNITION**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

**1.7.2 MEASUREMENT AT RECOGNITION**

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

**1.7.3 SUBSEQUENT MEASUREMENT**

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

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**1.7.4 DE-RECOGNITION OF HERITAGE ASSETS**

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the Statement of Financial Performance.

**1.7.5 TRANSITIONAL PROVISIONS**

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

**1.8 INTANGIBLE ASSETS**

**1.8.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset 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 that asset on the date acquired.

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

**1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.8.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software                      6-7 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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**1.8.4 DERECOGNITION**

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.9 INVENTORIES**

**1.9.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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 acquired.

**1.9.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. 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 in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

**1.10 NON-CURRENT ASSETS HELD FOR SALE**

**1.10.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.10.2 MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**1.10.3 DERECOGNITION**

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

**1.11 INVESTMENT PROPERTY**

**1.11.1 INITIAL RECOGNITION AND MEASUREMENT**

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

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**1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.11.3 IMPAIRMENTS**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

**1.11.4 DERECOGNITION**

An investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

**1.12 BIOLOGICAL ASSETS**

**1.12.1 RECOGNITION**

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

**1.12.2 MEASUREMENT**

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs.

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

**1.12.2 DERECOGNITION**

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

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**1.13 FINANCIAL INSTRUMENTS**

**1.13.1 INITIAL RECOGNITION**

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

| Type of Financial Asset               | Classification in terms of GRAP 104 |
|---------------------------------------|-------------------------------------|
| Short-term Investment Deposits – Call | Financial asset at amortised cost   |
| Bank Balances and Cash                | Financial asset at amortised cost   |
| Long-term Receivables                 | Financial asset at amortised cost   |
| Consumer Debtors                      | Financial asset at amortised cost   |
| Other Debtors                         | Financial asset at amortised cost   |

**1.13.2 MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

**1.13.3 IMPAIRMENTS**

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

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

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

**1.13.4 RECOGNITION**

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

a) Significant risks and rewards are transferred to another party; or

b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

**1.9 INVESTMENTS**

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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**1,10 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1,11 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**1,12 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1,13 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1,14 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. 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.

**1,15 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

**1,18 LEASES**

**1.16.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality use the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2016

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**1.16.2 MUNICIPALITY AS A LESSOR**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**1.17 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating leases. The present obligation under an onerous contract is recognised and measured as a provision.

**1.18 REVENUE**

**1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

**ZULULAND DISTRICT MUNICIPALITY  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
for the year ending 30 June 2015**

**1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.58 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**1.18.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

**1.19 BORROWING COSTS**

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

**1.20 EMPLOYEE BENEFITS**

**Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**Defined Contribution Plans**

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

**Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

**Pension obligations**

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2015

**Municipal Councillors**

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

**Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

**1,21 VAT**

VAT is accounted for on the payment basis. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

**1,22 BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2014 to 30 June 2015.

**1,23 CAPITAL COMMITMENTS**

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Committed amount is net of VAT.

**1,24 NON-CASH-GENERATING ASSETS**

The municipality holds Non-Cash-Generating Assets that are used for service delivery purposes. All assets that are used for service delivery purposes are categorised as Non-cash-generating assets. GRAP 21 is used to determine impairment of Non-Cash-Generating assets. Impairment loss is the amount the carrying value exceeds recoverable service amount of an asset. Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period.

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

| Note  | 2015<br>R         | 2014<br>R         |
|---|-------------------|-------------------|
| <b>2 CASH AND CASH EQUIVALENTS</b>                  |                   |                   |
| Cash and cash equivalents consist of the following: |                   |                   |
| Cash on hand  | 8 000             |                   |
| Call deposits                                       | 6 000             |                   |
|   | <u>6 000</u>      |                   |
| The Municipality has the following bank accounts: - |                   |                   |
| <b>Current Account (Primary Bank Account)</b>       |                   |                   |
| ABSA BANK-KZN Public Sector Branch: 4047162045      |                   |                   |
| Cash book balance at beginning of year              | -5 429 332        | (39 478 013)      |
| Cash book balance at end of year                    | -                 | (5 438 332)       |
| Bank statement balance at beginning of year         | 11 209 997        | 40 375 824        |
| Bank statement balance at end of year               | -                 | 11 209 997        |
| Cash on hand  | 8 000             | -                 |
| Total cash and cash equivalents                     | <u>6 000</u>      | -                 |
| Total bank overdraft                                | <u>45 453 859</u> | <u>5 493 352</u>  |
| <b>Call Accounts</b>                                |                   |                   |
| Abesa Bank (20-7203-8438)                           |                   | 30 000 000        |
| First National Bank (1063607016)                    |                   | 10 000 000        |
| Standard Bank (3884880)                             |                   | 10 000 000        |
| Investec  |                   | -                 |
| Total   | <u>-</u>          | <u>50 000 000</u> |

Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes (2013). The guarantee was released during the 2014 financial year.

| 3.1 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS | Gross Balance     | Impairment of Debtors | Net Balance      |
|--|-------------------|-----------------------|------------------|
| Trade receivables  | R                 | R                     | R                |
| as at 30 June 2015   |                   |                       |                  |
| Service debtors (Water and Sanitation)                     | 84 486 163        | 66 363 019            | 6 103 144        |
| Total  | <u>84 486 163</u> | <u>66 363 019</u>     | <u>6 103 144</u> |
| as at 30 June 2014   |                   |                       |                  |
| Service debtors (Water and Sanitation)                     | 67 836 712        | 64 046 213            | 3 790 499        |
| Total  | <u>67 836 712</u> | <u>64 046 213</u>     | <u>3 790 499</u> |

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2015

| Note                               | 2015<br>R         | 2014<br>R         |
|------------------------------------|-------------------|-------------------|
| <b>Water and Sewerage: Arising</b> |                   |                   |
| Current (0-30 days)                |                   |                   |
| 31 - 60 Days                       | 2 686 613         | 5 057 607         |
| 61 - 90 Days                       | 1 766 861         | 1 438 677         |
| 91 - 120 Days                      | 1 718 682         | 1 634 663         |
| 121 - 365 Days                     | 1 632 412         | 1 244 947         |
| + 365 Days                         | 8 677 446         | 8 471 371         |
| Total                              | 47 024 246        | 49 081 117        |
|                                    | <u>64 466 163</u> | <u>67 636 712</u> |

**Summary of Debtors by Customer Classification**

|  | Consumers         | Industrial/Commercial | National & Provincial Government |
|--|-------------------|-----------------------|----------------------------------|
|  | R                 |                       | R                                |
| <b>as at 30 June 2015</b>                |                   |                       |                                  |
| Current (0-30 days)                      |                   |                       |                                  |
| 31 - 60 Days                             | 1 179 772         | 600 613,03            | 805 628                          |
| 61 - 90 Days                             | 941 868           | 306 320,44            | 615 663                          |
| 91 - 120 Days                            | 973 638           | 284 356,37            | 481 686                          |
| 121 - 365 Days                           | 937 708           | 374 069,67            | 280 616                          |
| + 365 Days                               | 7 548 428         | 1 028 436,55          | 1 104 661                        |
| Sub-total                                | 43 160 836        | 1 189 784,26          | 2 868 656                        |
| Less: Provision for doubtful debts       |                   | 3 787 866,22          | 8 978 542                        |
| Total debtors by customer classification | <u>64 730 232</u> | <u>3 757 889</u>      | <u>5 978 642</u>                 |
| <b>as at 30 June 2014</b>                |                   |                       |                                  |
| Current (0-30 days)                      |                   |                       |                                  |
| 31 - 60 Days                             | 2 380 442         | 549 188               | 2 147 967                        |
| 61 - 90 Days                             | 960 642           | 268 700               | 167 336                          |
| 91 - 120 Days                            | 942 468           | 271 742               | 320 783                          |
| 121 - 365 Days                           | 920 631           | 153 622               | 163 794                          |
| + 365 Days                               | 7 411 073         | 1 494 323             | 965 908                          |
| Sub-total                                | 45 635 066        | 2 163 421             | 1 014 687                        |
| Less: Provision for doubtful debts       | 58 868 184        | 4 828 672             | 4 480 476                        |
| Total debtors by customer classification | <u>58 608 164</u> | <u>4 828 672</u>      | <u>4 480 476</u>                 |

**3.1 Reconciliation of the doubtful debt provision**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Balance at beginning of the year |                   |                   |
| Contributions to provision       | 64 045 215        | 57 628 808        |
| Reversal of provision            | -                 | 6 416 307         |
| Total                            | (7 662 104)       | -                 |
| Correction of error (Note 38)    | 66 363 021        | 64 045 216        |
| Balance at end of year           | <u>56 383 021</u> | <u>64 046 215</u> |

**Trade and other receivables: past due but not impaired**

Trade and other receivables which are regular payers with accounts owing less than 60 days past due are not considered to be impaired. At 30 June 2015, R6 103 144 - (2014: R3 791 600) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Less than 60 days past due | 1 304 452        | 1 286 865        |
| More than 60 days past due | 8 798 692        | 2 802 614        |
|                            | <u>6 103 144</u> | <u>3 791 600</u> |

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

| Note   | 2015<br>R  | 2014<br>R  |
|--|------------|------------|
| <b>Trade and other receivables - impaired</b>  |            |            |
| As of 30 June 2015, trade and other receivables of R66 363 021 - (2014: R64 045 216) were impaired and provided for. | 66 363 021 | 64 045 216 |
| The ageing of these receivables is as follows:   |            |            |
| 3 to 6 months  | 5 072 461  | 7 000 632  |
| Over 6 months  | 61 290 559 | 56 144 584 |

The fair value of trade and other receivables approximates their carrying amounts.

**3.2. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

|                                  |                |               |
|----------------------------------|----------------|---------------|
| Debtor: Ondini Motors            | -              | 31 800        |
| Debtor: Avia                     | 5 364          | -             |
| Debtor: Wapthas Group Pty Ltd    | 18 774         | -             |
| Debtor: Inbelle Elegance Tourism | 16 082         | -             |
| Debtor: BP Drakenburg            | 135 688        | -             |
| <b>Total</b>                     | <b>177 118</b> | <b>31 800</b> |

**4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

|  |                   |                  |
|--|-------------------|------------------|
| Debtor: Interest on Investment (Cell accounts) | 13 631            | 70 318           |
| Debtor: S S Ntombule                           | 17 740            | 29 740           |
| Debtor: BSM Hadebe                             | 23 043            | 73 514           |
| Debtor: JB Dlamini                             | 18 440            | 38 276           |
| Debtor: Metal Spa                              | -                 | 71 058           |
| Debtor: Insurance Claim                        | 202 679           | 282 679          |
| Debtor: Umlazi Municipality                    | -                 | 454 935          |
| Debtor: Federal Air Lines                      | -                 | 15 100           |
| Debtor: BAC Helicopter                         | -                 | 4 688            |
| Debtor: KZN Aviation                           | -                 | 3 010            |
| Debtor: Abagreen Farm                          | -                 | 2 359            |
| Debtor: Vriendship Boundary                    | -                 | 188 825          |
| Debtor: Pongole Municipality                   | -                 | 284 082          |
| Debtor: ZM Ngwenya                             | 347               | -                |
| Barry debtors                                  | 6 280             | -                |
| Debtor: ABSA Bank                              | 7 004             | -                |
| Debtor: Water Affairs                          | 12 000 636        | 2 789 536        |
| <b>Total</b>                                   | <b>12 956 380</b> | <b>4 946 081</b> |
| Adjusted for Correction of Error (Note 36)     | -                 | (4 552)          |
| <b>Total Other Debtors</b>                     | <b>12 956 380</b> | <b>4 941 529</b> |

Sale of aviation income was incorrectly recorded as sewerage income

**5 INVENTORIES**

Closing balance of inventories:

|  |                  |                  |
|--|------------------|------------------|
| Consumable store & water stock             | 5 201 962        | 3 337 135        |
| Fuel Stock                                 | 385 388          | 27 050           |
| <b>Total</b>                               | <b>5 587 350</b> | <b>3 364 185</b> |
| Adjusted for Correction of Error (Note 38) | -                | (20 164)         |
| <b>Total Inventory</b>                     | <b>5 587 350</b> | <b>3 344 021</b> |

Stock was incorrect allocation of stock from 2013/14 financial year reporting

**6 PREPAYMENTS**

|                     |                |                  |
|---------------------|----------------|------------------|
| Prepaid expenses    | 70 011         | 1 084 470        |
| Federal Air deposit | 699 120        | 699 020          |
| <b>Total</b>        | <b>769 131</b> | <b>1 783 490</b> |

Pre-payments include Eskom electricity account with credit balances and deposit on aviation contract paid to Federal Air.

**7 NON-CURRENT RECEIVABLES**

|  |                  |                  |
|--|------------------|------------------|
| Debtor: Eskom Deposits                       | 5 216 301        | 3 118 944        |
| Deposit: Property 105 President Str, Vryheid | 6 000            | 6 000            |
| <b>Total</b>                                 | <b>5 222 301</b> | <b>3 124 944</b> |

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

LOCAL GOVT COUNTY MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 June 2014

11. Infrastructure Assets

|  | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 | 1574 | 1573 | 1572 | 1571 | 1570 | 1569 | 1568 | 1567 | 1566 | 1565 | 1564 | 1563 | 1562 | 1561 | 1560 | 1559 | 1558 | 1557 | 1556 | 1555 | 1554 | 1553 | 1552 | 1551 | 1550 | 1549 | 1548 | 1547 | 1546 | 1545 | 1544 | 1543 | 1542 | 1541 | 1540 | 1539 | 1538 | 1537 | 1536 | 1535 | 1534 | 1533 | 1532 | 1531 | 1530 | 1529 | 1528 | 1527 | 1526 | 1525 | 1524 | 1523 | 1522 | 1521 | 1520 | 1519 | 1518 | 1517 | 1516 | 1515 | 1514 | 1513 | 1512 | 1511 | 1510 | 1509 | 1508 | 1507 | 1506 | 1505 | 1504 | 1503 | 1502 | 1501 | 1500 | 1499 | 1498 | 1497 | 1496 | 1495 | 1494 | 1493 | 1492 | 1491 | 1490 | 1489 | 1488 | 1487 | 1486 | 1485 | 1484 | 1483 | 1482 | 1481 | 1480 | 1479 | 1478 | 1477 | 1476 | 1475 | 1474 | 1473 | 1472 | 1471 | 1470 | 1469 | 1468 | 1467 | 1466 | 1465 | 1464 | 1463 | 1462 | 1461 | 1460 | 1459 | 1458 | 1457 | 1456 | 1455 | 1454 | 1453 | 1452 | 1451 | 1450 | 1449 | 1448 | 1447 | 1446 | 1445 | 1444 | 1443 | 1442 | 1441 | 1440 | 1439 | 1438 | 1437 | 1436 | 1435 | 1434 | 1433 | 1432 | 1431 | 1430 | 1429 | 1428 | 1427 | 1426 | 1425 | 1424 | 1423 | 1422 | 1421 | 1420 | 1419 | 1418 | 1417 | 1416 | 1415 | 1414 | 1413 | 1412 | 1411 | 1410 | 1409 | 1408 | 1407 | 1406 | 1405 | 1404 | 1403 | 1402 | 1401 | 1400 | 1399 | 1398 | 1397 | 1396 | 1395 | 1394 | 1393 | 1392 | 1391 | 1390 | 1389 | 1388 | 1387 | 1386 | 1385 | 1384 | 1383 | 1382 | 1381 | 1380 | 1379 | 1378 | 1377 | 1376 | 1375 | 1374 | 1373 | 1372 | 1371 | 1370 | 1369 | 1368 | 1367 | 1366 | 1365 | 1364 | 1363 | 1362 | 1361 | 1360 | 1359 | 1358 | 1357 | 1356 | 1355 | 1354 | 1353 | 1352 | 1351 | 1350 | 1349 | 1348 | 1347 | 1346 | 1345 | 1344 | 1343 | 1342 | 1341 | 1340 | 1339 | 1338 | 1337 | 1336 | 1335 | 1334 | 1333 | 1332 | 1331 | 1330 | 1329 | 1328 | 1327 | 1326 | 1325 | 1324 | 1323 | 1322 | 1321 | 1320 | 1319 | 1318 | 1317 | 1316 | 1315 | 1314 | 1313 | 1312 | 1311 | 1310 | 1309 | 1308 | 1307 | 1306 | 1305 | 1304 | 1303 | 1302 | 1301 | 1300 | 1299 | 1298 | 1297 | 1296 | 1295 | 1294 | 1293 | 1292 | 1291 | 1290 | 1289 | 1288 | 1287 | 1286 | 1285 | 1284 | 1283 | 1282 | 1281 | 1280 | 1279 | 1278 | 1277 | 1276 | 1275 | 1274 | 1273 | 1272 | 1271 | 1270 | 1269 | 1268 | 1267 | 1266 | 1265 | 1264 | 1263 | 1262 | 1261 | 1260 | 1259 | 1258 | 1257 | 1256 | 1255 | 1254 | 1253 | 1252 | 1251 | 1250 | 1249 | 1248 | 1247 | 1246 | 1245 | 1244 | 1243 | 1242 | 1241 | 1240 | 1239 | 1238 | 1237 | 1236 | 1235 | 1234 | 1233 | 1232 | 1231 | 1230 | 1229 | 1228 | 1227 | 1226 | 1225 | 1224 | 1223 | 1222 | 1221 | 1220 | 1219 | 1218 | 1217 | 1216 | 1215 | 1214 | 1213 | 1212 | 1211 | 1210 | 1209 | 1208 | 1207 | 1206 | 1205 | 1204 | 1203 | 1202 | 1201 | 1200 | 1199 | 1198 | 1197 | 1196 | 1195 | 1194 | 1193 | 1192 | 1191 | 1190 | 1189 | 1188 | 1187 | 1186 | 1185 | 1184 | 1183 | 1182 | 1181 | 1180 | 1179 | 1178 | 1177 | 1176 | 1175 | 1174 | 1173 | 1172 | 1171 | 1170 | 1169 | 1168 | 1167 | 1166 | 1165 | 1164 | 1163 | 1162 | 1161 | 1160 | 1159 | 1158 | 1157 | 1156 | 1155 | 1154 | 1153 | 1152 | 1151 | 1150 | 1149 | 1148 | 1147 | 1146 | 1145 | 1144 | 1143 | 1142 | 1141 | 1140 | 1139 | 1138 | 1137 | 1136 | 1135 | 1134 | 1133 | 1132 | 1131 | 1130 | 1129 | 1128 | 1127 | 1126 | 1125 | 1124 | 1123 | 1122 | 1121 | 1120 | 1119 | 1118 | 1117 | 1116 | 1115 | 1114 | 1113 | 1112 | 1111 | 1110 | 1109 | 1108 | 1107 | 1106 | 1105 | 1104 | 1103 | 1102 | 1101 | 1100 | 1099 | 1098 | 1097 | 1096 | 1095 | 1094 | 1093 | 1092 | 1091 | 1090 | 1089 | 1088 | 1087 | 1086 | 1085 | 1084 | 1083 | 1082 | 1081 | 1080 | 1079 | 1078 | 1077 | 1076 | 1075 | 1074 | 1073 | 1072 | 1071 | 1070 | 1069 | 1068 | 1067 | 1066 | 1065 | 1064 | 1063 | 1062 | 1061 | 1060 | 1059 | 1058 | 1057 | 1056 | 1055 | 1054 | 1053 | 1052 | 1051 | 1050 | 1049 | 1048 | 1047 | 1046 | 1045 | 1044 | 1043 | 1042 | 1041 | 1040 | 1039 | 1038 | 1037 | 1036 | 1035 | 1034 | 1033 | 1032 | 1031 | 1030 | 1029 | 1028 | 1027 | 1026 | 1025 | 1024 | 1023 | 1022 | 1021 | 1020 | 1019 | 1018 | 1017 | 1016 | 1015 | 1014 | 1013 | 1012 | 1011 | 1010 | 1009 | 1008 | 1007 | 1006 | 1005 | 1004 | 1003 | 1002 | 1001 | 1000 | 999 | 998 | 997 | 996 | 995 | 994 | 993 | 992 | 991 | 990 | 989 | 988 | 987 | 986 | 985 | 984 | 983 | 982 | 981 | 980 | 979 | 978 | 977 | 976 | 975 | 974 | 973 | 972 | 971 | 970 | 969 | 968 | 967 | 966 | 965 | 964 | 963 | 962 | 961 | 960 | 959 | 958 | 957 | 956 | 955 | 954 | 953 | 952 | 951 | 950 | 949 | 948 | 947 | 946 | 945 | 944 | 943 | 942 | 941 | 940 | 939 | 938 | 937 | 936 | 935 | 934 | 933 | 932 | 931 | 930 | 929 | 928 | 927 | 926 | 925 | 924 | 923 | 922 | 921 | 920 | 919 | 918 | 917 | 916 | 915 | 914 | 913 | 912 | 911 | 910 | 909 | 908 | 907 | 906 | 905 | 904 | 903 | 902 | 901 | 900 | 899 | 898 | 897 | 896 | 895 | 894 | 893 | 892 | 891 | 890 | 889 | 888 | 887 | 886 | 885 | 884 | 883 | 882 | 881 | 880 | 879 | 878 | 877 | 876 | 875 | 874 | 873 | 872 | 871 | 870 | 869 | 868 | 867 | 866 | 865 | 864 | 863 | 862 | 861 | 860 | 859 | 858 | 857 | 856 | 855 | 854 | 853 | 852 | 851 | 850 | 849 | 848 | 847 | 846 | 845 | 844 | 843 | 842 | 841 | 840 | 839 | 838 | 837 | 836 | 835 | 834 | 833 | 832 | 831 | 830 | 829 | 828 | 827 | 826 | 825 | 824 | 823 | 822 | 821 | 820 | 819 | 818 | 817 | 816 | 815 | 814 | 813 | 812 | 811 | 810 | 809 | 808 | 807 | 806 | 805 | 804 | 803 | 802 | 801 | 800 | 799 | 798 | 797 | 796 | 795 | 794 | 793 | 792 | 791 | 790 | 789 | 788 | 787 | 786 | 785 | 784 | 783 | 782 | 781 | 780 | 779 | 778 | 777 | 776 | 775 | 774 | 773 | 772 | 771 | 770 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----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ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2014

Reconciliation of Carrying Value

|  | Land    |             | Buildings     |            | Infrastructure |             | Community |              | Capital work in Progress |   | Vehicles |   | Other Assets |   | Financial assets |   | Total |               |
|--|---------|-------------|---------------|------------|----------------|-------------|-----------|--------------|--------------------------|---|----------|---|--------------|---|------------------|---|-------|---------------|
|  | R       | R           | R             | R          | R              | R           | R         | R            | R                        | R | R        | R | R            | R | R                | R | R     | R             |
| as at 1 July 2013                              | 470 000 | 34 573 548  | 746 394 377   | -          | -              | 549 827 511 | -         | 28 723 052   | 114 210                  | - | -        | - | -            | - | -                | - | -     | 1 769 188 367 |
| Goodwill                                       | 470 000 | 43 478 054  | 841 003 870   | -          | -              | 646 837 911 | -         | 51 575 533   | 507 254                  | - | -        | - | -            | - | -                | - | -     | 1 900 270 262 |
| Correction of error (note 48)                  | -       | -           | -             | -          | -              | -           | -         | -            | -                        | - | -        | - | -            | - | -                | - | -     | -             |
| Change in accounting policy (note 47)          | -       | -           | -             | -          | -              | -           | -         | -            | -                        | - | -        | - | -            | - | -                | - | -     | -             |
| Accumulated depreciation and impairment losses | -       | (8 536 413) | (135 610 244) | -          | -              | -           | -         | (24 852 051) | (658 056)                | - | -        | - | -            | - | -                | - | -     | (239 160 949) |
|  |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       |               |
| Transfers                                      |         |             | 438 101 023   | 14 933 395 | (453 034 446)  |             |           |              |                          |   |          |   |              |   |                  |   |       | 0             |
| Acquisitions                                   |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       |               |
| Capital under Construction                     |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | 7 002 867     |
| Depreciation                                   |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | 316 378 874   |
|  |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | (28 780 620)  |
| Carrying value of disposals                    |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       |               |
| Cost/Revaluation                               |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | (918 878)     |
| Accumulated depreciation and impairment losses |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | (6 643 757)   |
|  |         |             |               |            |                |             |           |              |                          |   |          |   |              |   |                  |   |       | 5 024 881     |

as at 30 June 2014

|  |         |              |               |            |               |            |     |              |           |   |   |   |   |   |   |   |   |               |
|--|---------|--------------|---------------|------------|---------------|------------|-----|--------------|-----------|---|---|---|---|---|---|---|---|---------------|
| Cost/Revaluation                               | 470 000 | 34 598 832   | 1 174 820 279 | 14 528 895 | 813 951 437   | 28 698 389 | (6) | -            | -         | - | - | - | - | - | - | - | - | 2 065 752 295 |
| Correction of error (note 38)                  | -       | 41 470 054   | 644 003 820   | -          | 1 285 215 535 | 52 016 213 | -   | 507 254      | -         | - | - | - | - | - | - | - | - | 2 307 823 305 |
| Change in accounting policy (note 47)          | -       | 597 415,06   | 13 773 429    | (349 754)  | -             | (620 473)  | -   | -            | -         | - | - | - | - | - | - | - | - | 12 000 913    |
| Transfers                                      | -       | -            | 438 101 023   | 14 933 395 | (453 034 446) |            |     |              |           |   |   |   |   |   |   |   |   | -             |
| Accumulated depreciation and impairment losses | -       | (10 065 757) | (229 649 146) | (34 940)   | -             | -          | -   | (22 426 425) | (697 254) | - | - | - | - | - | - | - | - | (254 096 554) |

Accumulated depreciation and impairment losses were not compromised.

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2015

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

|  | Art collections | Stamp collections | Coins of rare<br>value or interest | Historical<br>buildings | Work in<br>Progress | Total     |
|--|-----------------|-------------------|------------------------------------|-------------------------|---------------------|-----------|
|  | R               | R                 | R                                  | R                       | R                   | R         |
| <b>as at 1 July 2014</b>                       |                 |                   |                                    |                         |                     |           |
| Cost/Revaluation                               | -               | -                 | -                                  | -                       | 1 151 452           | 1 151 452 |
| Correction of error (note 48)                  | -               | -                 | -                                  | -                       | 1 151 452           | 1 151 452 |
| Change in accounting policy (note 47)          | -               | -                 | -                                  | -                       | -                   | -         |
| Accumulated depreciation and impairment losses | -               | -                 | -                                  | -                       | -                   | -         |
| <b>Acquisitions</b>                            |                 |                   |                                    |                         |                     |           |
| Capital under Construction                     | -               | -                 | -                                  | -                       | -                   | -         |
| Carrying value of disposals                    | -               | -                 | -                                  | -                       | -                   | -         |
| Cost/Revaluation                               | -               | -                 | -                                  | -                       | -                   | -         |
| Impairment losses                              | -               | -                 | -                                  | -                       | -                   | -         |
| Impairment loss/Reversal of impairment loss    | -               | -                 | -                                  | -                       | -                   | -         |
| Transfers                                      | -               | -                 | -                                  | -                       | -                   | -         |
| Other movements*                               | -               | -                 | -                                  | -                       | -                   | -         |
| <b>as at 30 June 2015</b>                      |                 |                   |                                    |                         |                     |           |
| Cost/Revaluation                               | -               | -                 | -                                  | -                       | 1 151 452           | 1 151 452 |
| Transfers                                      | -               | -                 | -                                  | -                       | 1 151 452           | 1 151 452 |
| Impairment losses                              | -               | -                 | -                                  | -                       | -                   | -         |

Refer to Appendix C for more detail on Heritage Assets

**ZOLELAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**Reconciliation of Carrying Values**

as at 1 July 2013  
Cost/Revaluation  
Correction of error (note 48)  
Change in accounting policy (note 47)  
Accumulated depreciation and impairment losses

Acquisitions  
Capital under Construction

Impairment loss/Reversal of impairment loss  
Transfers  
\*Other movements

as at 30 June 2014  
Cost/Revaluation  
Impairment losses

|   | Art collectors | Stamp collections | Collections of rare books or manuscripts | Historical buildings | Work in Progress | Total     |
|---|----------------|-------------------|--|----------------------|------------------|-----------|
| R | R              | R                 | R  | R                    | R                | R         |
|   | -              | -                 | -  | -                    | 988 478          | 988 478   |
|   | -              | -                 | -  | -                    | 988 478          | 988 478   |
|   | -              | -                 | -  | -                    | -                | -         |
|   | -              | -                 | -  | -                    | -                | -         |
|   | -              | -                 | -  | -                    | 162 974          | 162 974   |
|   | -              | -                 | -  | -                    | -                | -         |
|   | -              | -                 | -  | -                    | -                | -         |
|   | -              | -                 | -  | -                    | -                | -         |
|   | -              | -                 | -  | -                    | 1 151 452        | 1 151 452 |
|   | -              | -                 | -  | -                    | 1 151 452        | 1 151 452 |

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2015

Note

10. INTANGIBLE ASSETS

10.2. Reconciliation of carrying value

|  | Computer Software | Total     |
|--|-------------------|-----------|
|  | R                 | R         |
| <b>as at 1 July 2014</b>                       |                   |           |
| Cost   | 383 745           | 383 745   |
| Correction of error (note 38)                  | 595 056           | 595 056   |
| Accumulated amortisation and impairment losses | (211 311)         | (211 311) |
| Acquisitions                                   | 471 325           | 471 325   |
| Amortisation                                   | (169 608)         | (169 608) |
| Other movements                                | (31 683)          | (31 683)  |
| Transfers                                      | (80 028)          | (80 028)  |
| Carrying value of disposals                    | -                 | -         |
| Cost   | (25 480)          | (25 480)  |
| Accumulated amortisation                       | 25 480            | 25 480    |
| <b>as at 30 June 2015</b>                      |                   |           |
| Cost   | 573 752           | 573 752   |
| Accumulated amortisation and impairment losses | (960 873)         | (960 873) |
|  | (387 121)         | (387 121) |

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

Note

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014**

Note

**10: INTANGIBLE ASSETS**

**10.1 Reconciliation of carrying value**

|  | Computer Software | Total          |
|--|-------------------|----------------|
| <b>as at 1 July 2013</b>                       | <b>378 216</b>    | <b>378 216</b> |
| Cost   | 2 211 836         | 2 211 836      |
| Accumulated amortisation and impairment losses | (1 833 620)       | (1 833 620)    |
| Acquisitions                                   | 49 800            | 49 800         |
| Amortisation                                   | (44 271)          | (44 271)       |
| Carrying value of disposals                    | 0                 | 0              |
| Cost   | 1 666 579         | 1 666 579      |
| Accumulated amortisation                       | (1 666 579)       | (1 666 579)    |
| <b>as at 30 June 2014</b>                      | <b>383 745</b>    | <b>383 745</b> |
| Cost   | 595 056           | 595 056        |
| Correction of error (note 38)                  | -                 | -              |
| Accumulated amortisation and impairment losses | (211 311)         | (211 311)      |

**ZILLAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2016

**11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

|   |                   |                   |
|---|-------------------|-------------------|
| Credit: previous year end                       | 34 061 876        | 32 724 167        |
| Bank deposits not recognised                    | 74 240            | -                 |
| Other Creditors                                 | -                 | 300 000           |
| Health deposit: Ekurhuleni                      | 5 680             | -                 |
| Rental deposit: A&S                             | 3 082             | -                 |
| Rental deposit: Waparcin Group (Pty) Ltd        | 2 082             | -                 |
| Fuel: deposit: Inland Elegance Tourism          | 2 082             | -                 |
| Retention:                                      |                   |                   |
| Water & Sewerage Oudtshoorn with Credit Balance | 41 851 801        | 45 104 219        |
| Total   | 1 008 128         | 1 513 567         |
| Adjusted for Cancellation of Entry (Note 5)     | 78 820 000        | 84 739 908        |
| Total Revalued Creditors                        | -                 | (1 287 473)       |
|   | <u>79 820 000</u> | <u>79 452 435</u> |

**12 GOVERNMENT DEPOSITS**

|   |                  |                  |
|---|------------------|------------------|
| Water   | 3 928 044        | 3 227 805        |
| Total consumer deposits                         |                  |                  |
| ZDM does not pay interest on deposits retained. | <u>3 928 044</u> | <u>3 227 805</u> |

**13 VAT RECEIVABLE**

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Vat                     | 10 047 808       | 11 063 085       |
| Year-end vat receivable | -                | 32 81 584        |
| VAT Payable             | (7 822 370)      | (8 244 088)      |
| Revalued balance        | <u>2 225 438</u> | <u>2 849 581</u> |

Vat is accounted for on the payments basis.

**14 CURRENT PROVISIONS**

|   |                  |                  |
|---|------------------|------------------|
| Reconciliation of movement in Provision for Leave pay |                  |                  |
| Opening Balance                                       | 8 809 455        | 8 280 643        |
| Provision Added                                       | 3 200 414        | 2 832 393        |
| Amount Used   | (2 344 817)      | (2 283 088)      |
| Closing Balance                                       | <u>9 664 652</u> | <u>8 829 948</u> |

This provision relates to total number of accumulated leave days for 594 employees of the municipality on 30 June 2015. Hence provision is disclosed, the municipality is uncertain about the timing of these possible outflows due to the fact that municipal employees will accrue their accumulated days continuously from June-to-June in future.

**15 OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

|   |                |                |
|---|----------------|----------------|
| Unspent Conditional Grants from other spheres of government | -              | 500 000        |
| Debtors - Deceased Staff                                    | 4 494          | 4 494          |
| Creditors TW Middelton                                      | 23 280         | -              |
| Creditors LP Bhangoo  | 179 369        | -              |
| Total   | <u>217 123</u> | <u>504 494</u> |

**17 OTHER FINANCIAL LIABILITIES**

|   |              |              |
|---|--------------|--------------|
| Banked deposits held  |              |              |
| Deposits - EC   | 2 805        | 2 805        |
| Deposits - Wessak   | 2 420        | 2 420        |
| Rental deposits are held in terms of the relevant rental agreement between Landlord and Lessee. | <u>5 225</u> | <u>5 225</u> |

**JULIAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2016

|  | 2015               | 2016               |
|--|--------------------|--------------------|
|  | R                  | R                  |
| <b>18 SERVICE CHARGES</b>  |                    |                    |
| Sale of water  | 21 011 018         | 19 704 988         |
| Drainage and sanitation charges  | 8 888 287          | 7 134 858          |
| <b>Total Service Charges</b>   | <b>29 900 305</b>  | <b>26 839 846</b>  |
| <b>19 RENTAL OF FACILITIES AND EQUIPMENT</b>                             |                    |                    |
| Rental of facilities   | 178 277            | 179 478            |
| <b>Total rentals</b>   | <b>178 277</b>     | <b>179 478</b>     |
| <b>20 INTEREST EARNED - EXTERNAL INVESTMENTS</b>                         |                    |                    |
| Current Account  | 869 853            | 987 435            |
| Call Accounts  | 1 178 622          | 8 203 283          |
| <b>Total Interest</b>  | <b>2 048 475</b>   | <b>9 190 718</b>   |
| <b>21 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>                      |                    |                    |
| Debtors  | -                  | -                  |
| <b>Total Interest</b>  | <b>-</b>           | <b>-</b>           |
| <b>22 REVENUE FROM NON-CURRENT TRANSACTIONS</b>                          |                    |                    |
| <b>GOVERNMENT GRANTS AND SUBSIDIES</b>                                   |                    |                    |
| DMAF Accelerated Community Infrastructure (Operational Road/roads) Grant | 8 680 000          | 16 721 000         |
| DMRF Bulk Infrastructure Grant   | 62 888 494         | 88 851 971         |
| Expanded public water Programme  | 257 420 000        | 276 800 000        |
| Financial Management Grant   | 2 486 000          | 2 842 000          |
| Grant: Hazard Reduction  | 1 289 000          | 1 289 000          |
| Referrals  | 1 728 000          | 1 638 000          |
| Grant: Strategy Report   | 946 000            | -                  |
| MIS Grant  | 241 622 000        | 261 646 000        |
| Grant:   | 38 284 000         | 37 178 000         |
| Municipal Response Improvement Grant                                     | 824 000            | 800 000            |
| Municipal  | -                  | 6 488 748          |
| PTV Strategic Contract   | 2 987 000          | 1 988 000          |
| Urban Revolver Planning  | 462 700            | 2 276 613          |
| Local Airport  | -                  | 8 499 025          |
| Training of Councilors   | -                  | 250 000            |
| Grant: JGP   | 1 077 480          | 844 437            |
| Disaster Relief Grant  | 4 842 747          | -                  |
| <b>TOTAL</b>   | <b>658 465 914</b> | <b>673 849 181</b> |

ZULULANI DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

22.1 Other Revenue from Non-Exchange

|             |               |               |
|-------------|---------------|---------------|
| Tarping Fee | 37 884        | 37 884        |
|             | <u>37 884</u> | <u>37 884</u> |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of water services to indigent community members. All water consumers receive 6% free basic water.

MSO GRANT

Balance brought at beginning of year

|  |                      |                      |
|--|----------------------|----------------------|
| Current year receipts                            | 961 822 000          | 281 648 000          |
| Conditions met - transferred to revenue          | <u>(241 622 000)</u> | <u>(261 549 000)</u> |
| Conditions still to be met - remains liabilities | -                    | -                    |

MSO is implemented on a real year programme and the conditions are met on a ongoing basis.

Conditional Government Grants and Subsidies

|  |                      |                      |
|--|----------------------|----------------------|
| Balance brought at beginning of year             | 856 270              | 13 276 822           |
| Current year receipts                            | 668 170 726          | 100 323 666          |
| Conditions met - transferred to revenue          | <u>(667 449 664)</u> | <u>(673 040 160)</u> |
| Conditions still to be met - remains liabilities | -                    | <u>308 679</u>       |

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 65 of 2014, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

23 OTHER REVENUE FROM EXCHANGE TRANSACTIONS

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Monthly entry fee             | 28 884           | 49 625           |
| New connections- drainage     | 28 631           | 19 437           |
| New connections- water        | 75 915           | 89 080           |
| Reconnections fee- water      | 142 063          | 119 466          |
| Supply Income                 | 119 882          | 181 402          |
| Sale of Refuse fee            | 231 143          | 595 313          |
| Revenue from Right to Use     | 2 840 540        | 439 881          |
| Donations received            | -                | 274 609          |
| Discount Received             | 23 648           | 22 880           |
| Incinerator Mill Hire         | 702              | 2 400            |
| Telephone expenses recovered  | 124 828          | 91 467           |
| Sales Levy Refunds            | 254 953          | 288 845          |
| Non-refundable tender deposit | 238 727          | 419 620          |
| <b>TOTAL</b>                  | <u>5 011 727</u> | <u>2,672,712</u> |

24 EMPLOYEE RELATED COSTS

|  |                    |                    |
|--|--------------------|--------------------|
| Employee related costs - Salaries and Wages                                  | 109 471 046        | 87 268 786         |
| Employee related costs - Contributions for UIF, paratransit and medical aids | 21 422 265         | 20 047 179         |
| Taxed, motor car, accommodation, subsistence and other allowances            | 7 661 481          | 7 048 270          |
| Housing benefits and allowances  | 628 129            | 602 394            |
| Overtime payments  | 5 857 848          | 5 230 258          |
| Other employee related costs   | 5 196 915          | 4 941 756          |
| <b>TOTAL EMPLOYEE RELATED COSTS</b>  | <u>146 238 684</u> | <u>128 577 743</u> |

**MILLARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | R                | R                |
| <b>Remuneration of the Municipal Manager</b>                       |                  |                  |
| Annual Remuneration  | 640 000          | 640 000          |
| Performance- and other bonuses                                     | 174 885          | 130 004          |
| Travel, motor car, accommodation, subsistence and other allowances | 821 025          | 705 006          |
| Contributions to UIF, Medical and Pension Funds                    | 80 580           | 81 116           |
| <b>TOTAL</b>   | <b>1 916 490</b> | <b>1 556 126</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>Remuneration of the Chief Finance Officer</b>                   |                  |                  |
| Annual Remuneration  | 380 000          | 379 000          |
| Performance- and other bonuses                                     | 124 535          | 100 016          |
| Travel, motor car, accommodation, subsistence and other allowances | 742 805          | 663 452          |
| Contributions to UIF, Medical and Pension Funds                    | 71 504           | 52 239           |
| <b>TOTAL</b>   | <b>1 298 844</b> | <b>1 194 707</b> |

|  | Remuneration of Individual Executive Directors |                            |                            |                            |
|--|--|----------------------------|----------------------------|----------------------------|
|  | Planning<br>R                                  | Technical<br>Services<br>R | Corporate<br>Services<br>R | Community<br>Services<br>R |
| Annual Remuneration  | 310 000  | 330 000                    | 360 000                    | 360 000                    |
| Performance- and other bonuses                                     | 118 219  | 127 552                    | 101 152                    | 101 002                    |
| Travel, motor car, accommodation, subsistence and other allowances | 562 019  | 778 047                    | 603 791                    | 701 625                    |
| Contributions to UIF, Medical and Pension Funds                    | 37 622   | 28 277                     | 42 249                     | 20 531                     |
| <b>Total</b>   | <b>1 028 960</b>                               | <b>1 263 876</b>           | <b>1 307 192</b>           | <b>1 283 158</b>           |

|  | Remuneration of Individual Executive Directors |                            |                            |                  |
|--|--|----------------------------|----------------------------|------------------|
|  | Community<br>R                                 | Technical<br>Services<br>R | Corporate<br>Services<br>R | Planning<br>R    |
| Annual Remuneration  | 380 000  | 380 000                    | 380 000                    | 380 000          |
| Performance- and other bonuses                                     | 88 632   | 90 115                     | 86 832                     | 86 832           |
| Travel, motor car, accommodation, subsistence and other allowances | 677 102  | 691 424                    | 717 141                    | 678 522          |
| Contributions to UIF, Medical and Pension Funds                    | 25 367   | 16 721                     | 35 665                     | 21 325           |
| <b>Total</b>   | <b>1 171 101</b>                               | <b>1 098 260</b>           | <b>1 223 738</b>           | <b>1 166 680</b> |

**26 REMUNERATION OF COUNCILLORS**

|   | R                | R         |
|---|------------------|-----------|
| <b>MAYOR</b>  |                  |           |
| Mayor   | 740 000,00       | 700 000   |
| Deputy Mayor  | 370 014,00       | 351 000   |
| Speaker   | 110 000,00       | 105 000   |
| Executive Committee Members                                     | 2 220 000,00     | 2 111 000 |
| Councillors (per annum) (including travel and other allowances) | 457 652          | 319 007   |
| <b>Total Councillors' Remuneration</b>                          | <b>4 897 666</b> | 4 581 007 |

**In-kind Benefits**

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and associated support at the cost of the Council.

The Mayor has use of the Council owned vehicles for official duties. The Mayor has contracted bodyguards and five (5) full-time drivers.

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

|             |  |                     |                     |
|-------------|--|---------------------|---------------------|
| <b>26.1</b> | <b>DEPRECIATION AND AMORTISATION EXPENSE</b>   |                     |                     |
|             | Property, plant and equipment  | (44 800 854)        | (28 630 887)        |
|             | Intangible assets  | (600 000)           | (1 000 000)         |
|             | <b>Total Depreciation and Amortisation</b>   | <b>(45 400 854)</b> | <b>(29 630 887)</b> |
|             | Depreciation and amortisation expense was incorrectly charged due to the fact that some categories were not compartmented.                             |                     |                     |
| <b>26.2</b> | <b>REPAIRS AND MAINTENANCE</b>   |                     |                     |
|             | Repairs and maintenance: Building  | 2 327 204           | 1 863 046           |
|             | Repairs and maintenance: Computers   | 83 730              | 111 800             |
|             | Repairs and maintenance: Furniture and equipment   | 16 650              | 38 287              |
|             | Operations and maintenance of water schemes  | 21 222 239          | 14 743 290          |
|             | Retardment and maintenance - Water schemes   | 12 307 971          | 7 328 325           |
|             | Repairs and maintenance: Vehicles  | 4 792 846           | 5 923 229           |
|             | <b>Total</b>   | <b>41 150 640</b>   | <b>47 007 157</b>   |
| <b>27</b>   | <b>FINANCE COSTS</b>   |                     |                     |
|             | Bank charges   | -                   | -                   |
|             | <b>Total Finance Costs</b>   | <b>-</b>            | <b>-</b>            |
| <b>28</b>   | <b>BULK WATER PURIFICATION AND SEWER TREATMENT</b>   |                     |                     |
|             | Electricity  | 71 779 288          | 32 715 050          |
|             | Sewerage   | 3 917 627           | 2 787 110           |
|             | Water  | 3 243 327           | 40 523 864          |
|             | <b>Total Bulk Purification</b>   | <b>78 940 242</b>   | <b>76 026 024</b>   |
| <b>29</b>   | <b>CONTRACTED SERVICES</b>   |                     |                     |
|             | Contracted services for:   |                     |                     |
|             | Security Services  | 10 343 850          | 10 080 900          |
|             | Meter reading Services   | 87 265              | 188 738             |
|             | Cleaning Services  | 2 895 643           | 3 082 414           |
|             | Internal Audit Services  | 2 135 136           | 1 088 272           |
|             | <b>Included total</b>  | <b>16 461 894</b>   | <b>14 440 324</b>   |
| <b>30</b>   | <b>GRANTS AND SUBSIDIES PAID</b>   |                     |                     |
|             | Abangalund Municipality  | 80 000              | 80 000              |
|             | Ngqom Municipality   | 80 000              | 80 000              |
|             | Pongola Municipality   | 80 000              | 80 000              |
|             | Umlazi Municipality  | 80 000              | 80 000              |
|             | Benfontein Route   | -                   | 80 000              |
|             | Zukhralo Bridging (Rural)  | -                   | 80 000              |
|             | Water Services Provider Grant (Abangalund)   | -                   | 1 600 230           |
|             | <b>Total</b>   | <b>320 000</b>      | <b>1 820 230</b>    |
|             | These grants comprise Tourism Grants to Local Municipalities, other tourism initiatives and a Water Services Provider Grant to Abangalund Municipality |                     |                     |
| <b>31</b>   | <b>GENERAL EXPENSES</b>  |                     |                     |
|             | Included in general expenses are the following:  |                     |                     |
|             | Advertising  | 322 616             | 217 885             |
|             | Bank fees  | 2 289 721           | 1 843 915           |
|             | Bank charges   | 373 216             | 983 849             |
|             | Conferences and delegations  | 80 582              | 49 005              |
|             | Entertainment  | 479 610             | 451 059             |
|             | Fuel and oil   | 7 012 276           | 9 737 553           |
|             | Insurance  | 865 686             | 1 181 278           |
|             | Membership fees  | 1 250 000           | 1 287 832           |
|             | License fees (Vehicles)  | 423 910             | 479 316             |
|             | License Fees - Other   | 70 278              | -                   |
|             | Post Control   | 34 834              | -                   |
|             | Postage  | 288 898             | 408 828             |
|             | Printing and stationery  | 674 822             | 875 361             |
|             | Public relations fees  | 6 611 773           | 7 635 085           |
|             | Rental of buildings  | 890 788             | 982 779             |
|             | Rental of office equipment   | 703 984             | 1 884 686           |
|             | Other rental   | 389 214             | 149 621             |
|             | SBM development loans  | 1 883 876           | 1 245 284           |
|             | Station and material   | 267 935             | 388 582             |
|             | Telephone cost   | 2 266 617           | 1 917 816           |
|             | Training   | 1 267 227           | 1 700 488           |
|             | Community & social expenditure   | 198 928 163         | 111 928 476         |
|             | Travel and subsistence   | 8 884 194           | 8 138 684           |
|             | Uniforms & ovens   | 788 000             | 884 187             |
|             | Grants/Project expenditure   | 64 820 590          | 60 650 134          |
|             | <b>Total</b>   | <b>288 718 127</b>  | <b>212 665 991</b>  |

**XALILAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

|           |   |                    |                    |
|-----------|---|--------------------|--------------------|
| <b>22</b> | <b>GAIN ON SALE OF ASSETS</b>   |                    |                    |
|           | Property, plant and equipment   | 192 100            | 23 891             |
|           | Total   | <u>192 100</u>     | <u>23 891</u>      |
| <b>23</b> | <b>CASH GENERATED BY OPERATIONS</b>   |                    |                    |
|           | Surplus for the year  | 100 000 127        | 127 725 870        |
|           | Adjustment for:   |                    |                    |
|           | Depreciation and amortisation   | 45 079 211         | 17 739 576         |
|           | Gain on sale of assets  | (192 100)          | (23 891)           |
|           | Interest - Investments  | (2 007 000)        | (2 040 400)        |
|           | Operating surplus before working capital changes:                                   | <u>150 970 238</u> | <u>120 401 755</u> |
|           | Working Capital   | (17 064 700)       | 9 970 000          |
|           | (Increase)/Decrease in trade and other receivables from exchange transactions       | (4 811 040)        | (522 640)          |
|           | (Increase)/Decrease in other receivables from exchange transactions                 | (9 014 700)        | 205 024            |
|           | (Increase)/Decrease in current liabilities  | 946 400            | 585 013            |
|           | (Increase)/Decrease in prepayments  | 884 400            | 470 200            |
|           | (Increase)/Decrease in VAT receivable   | 1 118 000          | 12 427 040         |
|           | (Increase)/Decrease in VAT payable  | -                  | -                  |
|           | (Increase)/Decrease in inventory  | (2 221 770)        | (14 040)           |
|           | (Increase)/Decrease in non-current receivables                                      | (2 000 400)        | 204 200            |
|           | (Increase)/Decrease in trade and other payable from exchange transactions           | (2 204 540)        | (8 000 000)        |
|           | (Increase)/Decrease in customer deposits  | 101 070            | 8 424              |
|           | (Increase)/Decrease in provisions   | -                  | -                  |
|           | (Increase)/Decrease in trade and other payable from non-exchange transactions       | (300 000)          | (12 001 300)       |
|           | (Increase)/Decrease in other non current financial liabilities                      | -                  | -                  |
|           | (Increase)/Decrease in other trade and other receivables from exchange transactions | (145 000)          | (64 000)           |
|           | Cash generated by/used by operations  | <u>170 000 000</u> | <u>120 001 700</u> |

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2018

|   |  |                      |                      |
|---|--|----------------------|----------------------|
| <b>Cash receipts from customers, government and other</b>                             |  |                      |                      |
| <b>Total revenue performance of financial performance</b>                             |  | <b>700 000 000</b>   | <b>700 000 000</b>   |
| <b>Adjusted for items disclosed separately</b>  |  |                      |                      |
| Interest received   |  | (2 002 825)          | (2 000 000)          |
| Financial income recognised   |  | 1 007 100            | 1 000 000            |
| <b>Adjusted for working capital</b>   |  |                      |                      |
| (Increase)/Decrease in trade and other receivables from exchange transactions         |  | (15 031 000)         | 13 300 000           |
| (Increase)/Decrease in other receivables from non-exchange transactions               |  | (4 911 045)          | (222 500)            |
| (Increase)/Decrease in current provisions   |  | (4 014 700)          | 325 000              |
| (Increase)/Decrease in VAT receivables  |  | 945 425              | 585 000              |
| (Increase)/Decrease in inventory  |  | 1 110 000            | 12 400 000           |
| (Increase) in non-current receivables   |  | (2 221 700)          | (4 000)              |
| (Increase)/Decrease in other trade and other receivables from exchange transactions   |  | (2 201 457)          | 204 200              |
| Cash receipts from customers, government and other                                    |  | (7 46 010)           | (24 000)             |
|   |  | <b>692 539 000</b>   | <b>710 000 000</b>   |
| <b>Cash paid to employees, suppliers and other</b>                                    |  |                      |                      |
| <b>Total expense performance of financial performance</b>                             |  | <b>(694 001 000)</b> | <b>(691 000 000)</b> |
| <b>Adjusted for non-cash items:</b>   |  |                      |                      |
| Depreciation  |  | 46 070 211           | 29 700 000           |
| Adjusted for items disclosed separately   |  | 46 070 211           | 29 700 000           |
| Finance Costs   |  |                      |                      |
| <b>Adjusted for working capital</b>   |  |                      |                      |
| (Increase)/Decrease in prepayments  |  | (1 000 000)          | (2 000 000)          |
| (Increase)/Decrease in trade and other payables from exchange transactions            |  | 804 400              | 170 000              |
| (Increase)/Decrease in trade and other payables from non-exchange transactions        |  | (2 304 340)          | 8 000 000            |
| Increase/(Decrease) in customer deposits  |  | (257 000)            | (12 000 000)         |
| Increase/(Decrease) in current taxes and interest payable (non-exchange)              |  | 101 000              | 1 000                |
| Increase/(Decrease) in other current liabilities                                      |  | -                    | (30 712)             |
| Increase/(Decrease) in other non-current liabilities                                  |  | -                    | -                    |
|   |  | <b>(270 000 000)</b> | <b>(273 000 000)</b> |
| <b>34 CASH AND CASH EQUIVALENTS</b>   |  |                      |                      |
| Cash and cash equivalents included in the cash flow statement comprise the following: |  |                      |                      |
| Bank balances and cash  |  | 0 000                |                      |
| Bank overdrafts   |  | (45 411 000)         | (9 400 000)          |
| Net cash and cash equivalents (net of bank overdrafts)                                |  | <b>(45 411 000)</b>  | <b>(9 400 000)</b>   |
| <b>35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>         |  |                      |                      |
| <b>35.1 Contributions to regional local government</b>                                |  |                      |                      |
| Opening balances  |  | 1 257 000            | 1 257 000            |
| Membership Fees   |  |                      |                      |
| Account paid - current  |  | (1 257 000)          | (1 257 000)          |
| Account paid - previous years   |  |                      |                      |
| Balance unpaid (provided for provision)   |  |                      |                      |
|   |  | <b>-</b>             | <b>-</b>             |

**SULLAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2018

|  | 2018                                     | 2017                                 |
|--|--|--------------------------------------|
|  | R  | R                                    |
| <b>34.3</b>  |  |                                      |
| <b>Audit fees</b>  |  |                                      |
| Opening balance  |  |                                      |
| Current year audit fee   | 2 938 721                                | 1 823 016                            |
| Amount paid - current year   | (2 338 721)                              | (1 943 916)                          |
| Balance unpaid (included in payables)  | 600 000                                  | -                                    |
| <b>34.5</b>  |  |                                      |
| <b>PAYE and UIF</b>  |  |                                      |
| Opening balance  |  |                                      |
| Current year payroll deductions  | 21 263 432                               | 19 826 575                           |
| Amount paid - current year   | (21 405 431)                             | (19 826 575)                         |
| Balance unpaid (included in payables)  | -  | -                                    |
| <b>36.A</b>  |  |                                      |
| <b>Retiree and Fraternal Contributions</b>   |  |                                      |
| Opening balance  |  |                                      |
| Current year payroll deductions and Council Contributions  | 33 122 240                               | 25 969 213                           |
| Amount paid - current year   | (33 122 240)                             | (25 969 213)                         |
| Balance unpaid (included in payables)  | -  | -                                    |
| <b>35.6</b>  |  |                                      |
| <b>The following Councilors had minor accounts outstanding as at 30 June 2018:</b>                   | <b>Outstanding for less than 90 days</b> | <b>Outstanding more than 90 days</b> |
| <b>as at 30 June 2018</b>  | <b>R</b>                                 | <b>R</b>                             |
| Mr T D Lakoeng   | 70                                       |                                      |
| Mr P N N Dabakazi  | 231                                      | 8 845                                |
| Mr I A Mamba   | 83                                       |                                      |
| Mr B J Mawungu   | 201                                      | 708                                  |
| Mr T R Mkhize  | 388                                      | 460                                  |
| Mr K E Muzingo   | 124                                      | 41 284                               |
| <b>Total Councilor Arrear Debitum Accounts</b>   | <b>1 098</b>                             | <b>31 000</b>                        |
| <b>as at 30 June 2014</b>  |  |                                      |
| Mr T B Lokofo  | 1 208                                    | 38 134                               |
| Mr P N N Dabakazi  | 285                                      | 3 488                                |
| Mr I A Mamba   | 270                                      | 2 891                                |
| Mr B J Mawungu   | 1 025                                    | 10 225                               |
| Mr T K Mkhize  | 165                                      | 622                                  |
| Mr K E Muzingo   | 1 208                                    | 34 454                               |
| <b>Total Councilor Arrear Debitum Accounts</b>   | <b>6 061</b>                             | <b>102 314</b>                       |
| <b>Amounts in arrears to which persons in the service of the state had indirect private interest</b> |  |                                      |
| Mr B Muzingo   | 228 408                                  |                                      |

ZALILAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2016

|      |  |           |           |
|------|--|-----------|-----------|
| 26.6 | Water losses averaged 8.2% during the year | R         | Z         |
|      |  | 7 014 215 | 6 941 200 |

Unaccounted for water comprises trading and non-trading losses, faulty meters, wasteloss, removal overhead resulting from either faulty or faulty allowing leak losses. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to secure funding for the implementation of the Non Revenue Water Management Strategy.

|      |   |          |              |
|------|---|----------|--------------|
| 26.7 | Irregular Expenditure                                     |          |              |
|      | Reconciliation of irregular expenditure                   |          |              |
|      | Opening balance   | 88 750   | 18 698 800   |
|      | Irregular expenditure incurred during the year            | 912 884  | 26 781       |
|      | Irregular expenditure corrected or written-off by council | (84 700) | (12 880 800) |
|      | Irregular expenditure awaiting endorsement                | 262 915  | 60 790       |

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making an arrangement on the Municipal Billing reconciliation form in accordance with the number of each case. A legal opinion regarding the action that can be taken on the form is expected to be issued by the municipality. The municipality does not have access to the database of government employees and does not intend to be expected to have all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality introduced the position of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

|      |   |   |   |
|------|---|---|---|
| 26.8 | Unauthorised expenditure                                  |   |   |
|      | Reconciliation of unauthorised expenditure                |   |   |
|      | Opening balance   | - | - |
|      | Unauthorised incurred during the year                     | - | - |
|      | Unauthorised incurred corrected or written-off by council | - | - |
|      | Unauthorised awaiting endorsement                         | - | - |

|      |  |          |          |
|------|--|----------|----------|
| 26.9 | Profits and Wasteful expenditure                         |          |          |
|      | Reconciliation of profits and wasteful expenditure       |          |          |
|      | Opening balance  | 41 107   | 42 815   |
|      | Profits and wasteful incurred during the year            | 85 875   | 78 205   |
|      | Profits and wasteful corrected or written-off by council | (94 882) | (79 220) |
|      | Profits and wasteful awaiting endorsement                | 12 099   | 41 799   |

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

|       |  |              |              |
|-------|--|--------------|--------------|
| 26.10 | Report on Approved Deviations            |              |              |
|       | Reconciliation of approved deviations    |              |              |
|       | Opening balance                          | -            | -            |
|       | Deviations incurred during the year      | 25 036 287   | 47 370 607   |
|       | Deviations reported to council           | (25 036 287) | (47 370 607) |
|       | Deviations awaiting reporting to council | -            | -            |

Compliance with Municipal Supply Chain Management Regulations, paragraph 26.

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2016

|  | 2015               | 2014               |
|--|--------------------|--------------------|
|  | R                  | R                  |
| <b>34 CAPITAL COMMITMENTS</b>                        |                    |                    |
| <b>Commitments in respect of capital expenditure</b> |                    |                    |
| - Approved and contracted for                        |                    |                    |
| Infrastructure                                       | 277 877 000        | 238 717 500        |
| Currently  | 330 716 016        | 229 062 749        |
| Other  | 600 000            | 2 000 700          |
|  | 371 201            | 239 822            |
| - Approved but not yet contracted for                |                    |                    |
| Community  | 200 000 073        | 130 914 239        |
| Heritage   |                    |                    |
| Other  | 6 400 000          | 17 813 000         |
| Infrastructure                                       | 203 401 870        | 111 301 264        |
| <b>Total</b>   | <b>630 907 000</b> | <b>387 825 300</b> |
| <b>This expenditure will be financed from:</b>       |                    |                    |
| - Cost Recovery                                      | 9 500 000          | 20 237 350         |
| - Government Grants                                  | 520 876 000        | 369 694 000        |
| <b>Total</b>   | <b>530 376 000</b> | <b>389 931 350</b> |

**ISLAND COUNTY REDEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

37

**OPERATING LEASES**

**At the reporting date the carrying amounts of the operating leases are as follows:**

Operating leases - finance

Within one year:

At the current reporting date

915 819

126 776

After five years

Total

118 810

126 776

Total future minimum payments expected to be received under non-cancellable leases

Related party balances

Lease accounts - Owing (to) related parties

**ISLAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

|           |   | Rmb              | US\$ | 2014 |
|-----------|---|------------------|------|------|
|           |   | R                | k    | R    |
| <b>34</b> | <b>CORRECTION OF PRIOR PERIOD ERROR</b>   |                  |      |      |
|           | These errors relate to adjustments for 2013/2014 and some prior years resulting from mathematical mistakes in applying accounting policies. These errors are corrected retrospectively. Some of these errors were due to self-application of applicable accounting standards. |                  |      |      |
|           | <b>Nature of prior period error</b>   |                  |      |      |
|           | Relating to 2013/2014   |                  |      |      |
|           | Increased depreciation was recognised resulting in the error that asset were not decommissioned (IN A000)   | (177 094)        |      |      |
|           | Increased depreciation was recognised resulting in the error that asset were not decommissioned (IN A000)   | (280 000)        |      |      |
|           | Writing off of withheld revenue arising due to termination of contracts (IN A000)   | 1 507 473        |      |      |
|           | Increased depreciation expenditure was recorded under incorrect accounts before reclassification (IN B004)  | (146 047)        |      |      |
|           | Increased depreciation expenditure that was recorded due to commission of prior year depreciation (transferred by IN B004 (A000))   | 11 011           |      |      |
|           | <b>Total adjustments as at 30 June 2014</b>   | <b>680 573</b>   |      |      |
|           | <b>Prior period errors</b>  |                  |      |      |
|           | <b>Correction of prior period errors</b>  |                  |      |      |
|           | <b>Revenue</b>  |                  |      |      |
|           | Not effect  |                  |      | -    |
|           | <b>Expenditure</b>  |                  |      |      |
|           | Depreciation and repair – the   | (146 047)        |      |      |
|           | Depreciation and maintenance  | (177 094)        |      |      |
|           | Depreciation and maintenance  | (280 000)        |      |      |
|           | Not effect  | <b>680 565</b>   |      |      |
|           | <b>Assets</b>   |                  |      |      |
|           | Property Plant and Equipment  | (177 094)        |      |      |
|           | Property Plant and Equipment  | (146 047)        |      |      |
|           | Property Plant and Equipment  | (280 000)        |      |      |
|           | Property Plant and Equipment  | 11 011           |      |      |
|           | Not effect  | <b>(680 694)</b> |      |      |
|           | <b>Liabilities</b>  |                  |      |      |
|           | Withheld revenue  | 1 507 473        |      |      |
|           | Not effect  | <b>1 507 473</b> |      |      |

**ZILJALAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2015

|  | 2015              | 2014 |
|--|-------------------|------|
| <b>Nature of prior period error</b>  |                   |      |
| Reverting to 2012/2013   |                   |      |
| Incorrect allocation of revenue from sale of vehicles and an average annual income (AN E071)   | (4 000)           |      |
| Incorrect allocation of revenue for 2013/14 financial year (LEIS133)   | (91 840)          |      |
| Incorrect allocation of stock for 2013/14 financial year from stock adjustment suspense (LEIS132)                                    | 1 100             |      |
| Incorrect depreciation expenditure was recorded under incorrect component before componentisation (AN E064)                          | (16 200)          |      |
| Incorrect depreciation was recognised owing to the error that asset was not componentised (AN A058)                                  | (22 100)          |      |
| Incorrect depreciation was recognised owing to the error that asset was not componentised (AN A058)                                  | (47 777)          |      |
| Incorrect depreciation expenditure that was recorded due to overstatement of prior year depreciation (as recorded by AN E064 (A066)) | 3 305             |      |
| Incorrect depreciation calculated on the system  | 8 040 470         |      |
| Incorrect depreciation calculated on the system  | 8 083 141         |      |
| Incorrect depreciation calculated on the system  | 577 864           |      |
| <b>Total reversioned as at 30 June 2015</b>  | <b>12 515 568</b> |      |

| <b>Prior period errors</b>                   |                   |      |
|--|-------------------|------|
| <b>Correction of prior period errors</b>     |                   |      |
|  | 2015              | 2014 |
| <b>Revenues:</b>                             |                   |      |
| None   |                   |      |
| <b>Net effect</b>                            |                   |      |
| <b>Expenditure:</b>                          |                   |      |
| Depreciation and amortisation                |                   |      |
| Depreciation and amortisation                | (79 201)          |      |
| Depreciation and amortisation                | (22 100)          |      |
| <b>Net effect</b>                            | <b>(101 301)</b>  |      |
| <b>Assets:</b>                               |                   |      |
| Other receivables from exchange transactions | (4 000)           |      |
| Inventory                                    | (91 840)          |      |
| Inventory                                    | 1 100             |      |
| Property, Plant and Equipment                | 12 005 010        |      |
| Property, Plant and Equipment                | (18 200)          |      |
| Property, Plant and Equipment                | (22 117)          |      |
| Property, Plant and Equipment                | (47 777)          |      |
| <b>Net effect</b>                            | <b>10 728 676</b> |      |
| <b>Liabilities:</b>                          |                   |      |
| None   |                   |      |
| <b>Net effect</b>                            |                   |      |

| <b>30 EMPLOYEE BENEFITS</b>                                    |            |            |
|--|------------|------------|
| <b>Provision Benefits</b>                                      |            |            |
|  | 2015       | 2014       |
| Grant's share of contributions to retirement benefit funds was | 11 014 021 | 10 510 038 |

As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement benefit plans.

| <b>Deferred Revenue Obligations</b> |                   |          |
|-------------------------------------|-------------------|----------|
|                                     | 2015              | 2014     |
| Opening balance                     | -                 | -        |
| Current Service Cost                | 16 723 000        | -        |
| Interest cost                       | -                 | -        |
| <b>2015</b>                         | <b>16 723 000</b> | <b>-</b> |

**Methodology**  
 GRAP 25 requires that the Projected Unit Credit Method be used to determine the present value of the defined benefit obligation.

| <b>Summary of key assumptions used</b>  |      |      |
|---|------|------|
|   | 2015 | 2014 |
| <b>Summary of economic assumptions:</b> |      |      |
| Discount rate used                      | 8,0% | 8,0% |
| Healthcare cost inflation used          | 8,0% | 8,0% |
| Rate of administrative cost             | 8,0% | 8,0% |

**Discount rate**  
 In line with GRAP 25 and current market practice, government bond yields are therefore used when setting the best-estimate discount rate assumption. The estimated discount rate of the government bonds that are consistent with the currency and estimated term of the post-employment benefit obligation. The estimated discount rate that is used is the yield on the BSEB zero-coupon yield curve with a term of 22 years, expected duration of the liability based on the current estimate of the date as at 30 June 2015.

**Healthcare cost inflation**  
 In the year, healthcare cost inflation is typically based on the Consumer Price Index (CPI) by a margin of 1% to 2%. The Board Exchange of South Africa has the cost yield curve on index-linked bonds. This yield curve is published together with the BSEB yield curve as a comparison government bond yields, which is a normal yield curve.

The best-estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, adjusting a 0,5% inflation rate premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to the value to determine the best-estimate cost inflation assumption. The CPI inflation assumption using the methodology is 8,0% as at 30 June 2015. Thus the healthcare cost inflation rate has been set at 8,0% at the valuation date, after allowing for a margin of 2% over CPI inflation.

**Net discount rate**  
 The relationship between the gross discount rate and healthcare cost inflation rate is more important than the individual values. The net discount rate is also a highly significant assumption in the respective valuations. The future medical benefits are projected in line with the healthcare cost inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

**MILKLAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2014

2014 2013

The net discount rate therefore depends on the relationship between the gross discount rate and the healthcare cost inflation rate respectively. Using the gross discount and healthcare cost inflation rates as shown above, the resulting net discount rate is 0.65% (calculated as:  $(1 + \text{discount rate}) \times \text{healthcare cost inflation rate} - 1$ ) for the 30 June 2014 valuation.

**Members subsidy cap**

Members will receive a 65% subsidy of their contributions up to a maximum of the projected equivalent to My Health Medical Refund's Gold option, per the benefits of the policy portfolio. For the purposes of the calculations, an assumption has been made that the monthly contribution cap capped at My Health Medical Refund's Gold option. Furthermore, the subsidy cap has been assumed to increase with healthcare cost inflation as determined above.

Employees of the municipality do not enjoy post-retirement benefits and the municipality has a legal or constructive obligation in this regard. The municipality implemented the Post-Retirement Healthcare Subsidy (PRHS) policy effective from 01 July 2014, as a result there was no valuation performed in respect of this membership for the prior reporting period.

**40 CONTINGENT LIABILITIES**

**Contingent liabilities comprises of:**

| 2014  | 2013      |
|---|-----------|
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff for alleged unlawful cancelling of a contract. The municipality is defending its matter and filed a special plea in terms of which it disputes the validity of the claim.</p>   | 170 020   |
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff out of the High Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a special plea in terms of which it disputes the validity of the claim.</p>   | 120 011   |
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff out of the High Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a special plea in terms of which it disputes the validity of the claim.</p>   | 1 030 240 |
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff out of the High Court for alleged unlawful cancelling of a contract. The Plaintiff obtained default judgment against the Defendant. The Defendant has successfully appealed the default judgment and filed a special plea in terms of which it disputes the validity of the claim.</p>        | 100 210   |
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff out of the High Court for damages for death of a motor vehicle collision. The Plaintiff obtained a default judgment against the Defendant. The Defendant has successfully appealed the default judgment and filed a special plea in terms of which it disputes the validity of the claim.</p> | 30 200    |
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by a plaintiff out of the High Court for alleged breach of contract.</p>   | 114 000   |

Due to the current proceedings of all the above stated cases, the Municipality is unable to determine reliably the timing of the expected outflow.

**2014**

|   |           |
|---|-----------|
| <p><b>Claims for damages</b></p> <p>The Municipality is being sued by an estate arising from the unpaid funeral of the estate for non-performance in terms of the contract. The Court is currently hearing the claim based on the legal action. A court date has not been set.</p>  | 1 030 240 |
| <p><b>Claims for damages</b></p> <p>A judgment was handed against the municipality arising from an accident involving municipal vehicle and a third party. The municipality is applying to have judgment set aside on the basis that the summons were not served to the municipality. The court date is set for 12 August 2014.</p>   | 72 040    |
| <p><b>Concise title dispute</b></p> <p>The Municipality has a dispute with a correctly property association with regards to the holding of the estate arising from an allegedly a matter of the community.</p> <p>The legal opinion provides that the amount of the claim is unascertainable at the reporting date due to the fact that the two parties are still negotiating about the holding of the estate to be agreed to at the current date. Negotiations are underway. The court date is set to be on 01 October 2014.</p> |           |

Due to the current proceedings of all the above stated cases, the Municipality is unable to determine reliably the timing of the expected outflow.

**41 CONTINGENT ASSETS**

**Contingent assets comprises of:**

|   |           |
|---|-----------|
| <p><b>2014</b></p> <p><b>Pending Motion of Objection to SARS</b></p> <p>WY related to the October 2014 tax period is in dispute. The amount of challenge owed is uncertain liability.</p>   | 2 065 000 |
| <p><b>Share charges</b></p> <p>A financial institution was contacted into the bank of Fidelity's shares and Defendant's (all were) found to be unregistered. Court is being Defendant for charges and loss of money. Subsequent to the finding of charges, the court case has been finished and the Applicant can/should have been paid for the amount of the shares. It is probable that we may recover this amount from the bank.</p> | 1 304 000 |

**SALILAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 30 June 2014

Due to the current proceedings of all the above disclosed cases, the Municipality is unable to determine reliably the timing of the expected inflows.

**2014**

**R 531 000**

**Stolen cheques**

A forensic investigation was conducted into the theft of Premier's cheques and District's staff were found acting negligently. Council is suing individuals for damages and loss of money. Subsequent to the issuing of cheques, the contractor has been notified and the suspect contacted. Some funds were frozen and accordingly to our lawyers, it is probable that we may recover this amount from the bank.

**2 401 530**

**Pending Forensic Investigation**

Forensic investigation is pending. The amount of coverage at least is determined reliably.

**550 000**

Due to the current proceedings of all the above disclosed cases, the Municipality is unable to determine reliably the timing of the expected inflows.

**43 FINANCIAL LOSS RECOVERED (Provisional Transactions)**

Financial Loss Recovered from the Insurers

|              |                  |                  |
|--------------|------------------|------------------|
|              | <b>1 067 113</b> | <b>1 000 000</b> |
| <b>Total</b> | <b>1 067 113</b> | <b>1 000 000</b> |

**Financial Loss recovered from Insurers associated with stolen cheques.**

**44 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

The Statement of comparison of budget and actual amounts has been presented as a separate additional statement on page 6. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2013 to 30 June 2014.

**45 CHANGES OF ACCOUNTS ESTIMATES**

The useful lives of certain assets were re-estimated in 2014 and expected accordingly. In the current period management have revised their estimates. The effect of this revision is: increased the depreciation charges for the current and future periods by R 61,363.

The effect of these has resulted in an increase in depreciation as follows:

|                      | Pre-charge of estimate | Post-charge of estimate | Net effect |
|----------------------|------------------------|-------------------------|------------|
| Current Depreciation | -                      | 61 363                  | 61 363     |

**46 CAPITAL RISK MANAGEMENT**

The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets.

**47 DIVIDEND PAYOUT**

The governing council is not aware the municipality does not have long term liabilities.

**48 FINANCIAL RISK MANAGEMENT**

The Department Financial Services monitor and manage the financial risk relating to the operations through internal policies and procedures. These risk include interest rate and liquidity risk. Compliance with policy and procedures is reviewed by internal auditors on a continuous basis on an annual by external auditors. The municipality does not enter into or issue financial instruments for speculative purposes.

**49 LIQUIDITY RISK**

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are revaluated at market value at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

**50 TRANSFER EXPENSE ACCUMULATED SUPPLIES**

Motor vehicle

**2015**      **2014**

**877 700**

This contribution vehicle donated by KZN Department of Health to the municipality.

**51 BAD DEBTS**

Bad debts

**2015**      **2014**

**8 282 000**

Council has taken a resolution to write off disputed non-recoverable debts.

**ZULULAND DISTRICT MUNICIPALITY  
APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS  
as at 30 June 2015**

| EXTERNAL LOANS              | Loan number | Redeemable Date | Balance at 30 June -1 | Received during the period | Redeemed / written off during the period | Balance at 30 June | Carrying Value of Property, Plant & Equipment | Other Costs in accordance with MIFMA |
|-----------------------------|-------------|-----------------|-----------------------|----------------------------|--|--------------------|---|--------------------------------------|
|                             |             |                 | R                     | R                          | R  | R                  | R   | R                                    |
| Total long-term loans       |             |                 | -                     | -                          | -  | -                  | -   | -                                    |
| <b>TOTAL EXTERNAL LOANS</b> |             |                 | -                     | -                          | -  | -                  | -   | -                                    |

**APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2015**

|                          | COST/INVESTMENT          |                    |                    |                                     | ASUMING DEPRECIATION     |                            |                       |                    |  | Transfers<br>R'000 | Other<br>movements<br>R'000 | Carrying Value<br>R'000 |
|--------------------------|--------------------------|--------------------|--------------------|-------------------------------------|--------------------------|----------------------------|-----------------------|--------------------|--|--------------------|-----------------------------|-------------------------|
|                          | Opening Balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Unrealised<br>Contribution<br>R'000 | Closing Balance<br>R'000 | Operating Balance<br>R'000 | Depreciation<br>R'000 | Disposals<br>R'000 | Impairment<br>loss/Reversal of<br>Impairment loss<br>R'000 |                    |                             |                         |
| Land                     | 470 000                  | -                  | -                  | -                                   | 470 000                  | -                          | -                     | -                  | -  | -                  | -                           | 470 000                 |
| Buildings                | 470 000                  | -                  | -                  | -                                   | 470 000                  | -                          | -                     | -                  | -  | -                  | -                           | 470 000                 |
| Infrastructure           | 43 478 094               | -                  | -                  | -                                   | 43 478 094               | (10 068 787)               | (848 329)             | -                  | -  | (10 716 897)       | 1 048 828                   | 35 828 975              |
| Water & Sewerage Inlet   | 637 898 873              | -                  | (79 511)           | -                                   | 637 907 061              | (137 503 364)              | (29 842 635)          | 11 363             | -  | (187 334 636)      | 145 808 736                 | 616 382 181             |
| Water & Sewerage Pipes   | 744 118 418              | -                  | -                  | -                                   | 744 118 418              | (88 146 786)               | -                     | -                  | -  | (88 146 786)       | -                           | 660 972 633             |
|                          | -                        | -                  | -                  | -                                   | -                        | -                          | -                     | -                  | -  | -                  | -                           | -                       |
|                          | -                        | -                  | -                  | -                                   | -                        | -                          | -                     | -                  | -  | -                  | -                           | -                       |
|                          | 1 362 164 800            | -                  | (79 511)           | -                                   | 1 382 025 677            | (220 849 148)              | (29 842 615)          | 11 363             | -  | (259 488 458)      | 646 808 736                 | 1 277 354 793           |
| Capital Work in Progress | 813 161 437              | -                  | -                  | 229 443 701                         | 1 042 605 138            | -                          | -                     | -                  | -  | -                  | -160 137 610                | 882 467 528             |
| Capital Work in Progress | 813 161 437              | -                  | -                  | 229 443 701                         | 1 042 605 138            | -                          | -                     | -                  | -  | -                  | -160 137 610                | 882 467 528             |
| Community Assets         | 14 933 360               | -                  | -                  | -                                   | 14 933 360               | (34 840)                   | (419 280)             | -                  | -  | (454 220)          | -                           | 14 479 160              |
| Recreation Grounds       | 14 933 360               | -                  | -                  | -                                   | 14 933 360               | (34 840)                   | (419 280)             | -                  | -  | (454 220)          | -                           | 14 479 160              |
|                          | 2 254 196 630            | -                  | (79 511)           | 229 443 701                         | 2 803 928 028            | (220 188 148)              | (50 310 744)          | 11 363             | -  | (261 948 238)      | (3 228 349)                 | 2 210 627 486           |

**APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2018**

|                              | COSTS (R'000)            |                    |                    |                                | ACCUMULATED DEPRECIATION |                          |                       |                    | Transfers<br>R'000 | Other<br>movements<br>R'000 | Carrying Value<br>R'000 |  |
|------------------------------|--------------------------|--------------------|--------------------|--------------------------------|--------------------------|--------------------------|-----------------------|--------------------|--------------------|-----------------------------|-------------------------|--|
|                              | Opening Balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Under<br>Construction<br>R'000 | Closing Balance<br>R'000 | Opening Balance<br>R'000 | Depreciation<br>R'000 | Disposals<br>R'000 |                    |                             |                         | Impairment<br>loss/Reversal of<br>impairment loss<br>R'000 |
| <b>Total brought forward</b> | <b>2 254 168 638</b>     | -                  | (79 871)           | 229 443 701                    | 2 463 839 628            | (230 750 845)            | (30 916 744)          | 11 363             | -                  | (281 688 228)               | (3 258 348)             | 2 218 821 486  |
| <b>Other Assets</b>          |                          |                    |                    |                                |                          |                          |                       |                    |                    |                             |                         |  |
| Office Equipment             | 1 067 066                | 12 600             | (11 444)           |                                | 1 068 122                | (321 336)                | (273 087)             | 11 444             |                    | (682 883)                   | 2 388 618               | 2 894 752  |
| Furniture & Fixtures         | 860 170                  | 622 367            |                    |                                | 1 682 477                | (368 488)                | (182 586)             | 367                |                    | (650 881)                   | -                       | 1 051 798  |
| Emergency Equipment          | 153 746                  |                    |                    |                                | 153 746                  | (100 771)                | (18 814)              |                    |                    | (119 344)                   |                         | 34 381   |
| Motor vehicles               | 42 277 603               | 2 343 398          | (1 637 305)        |                                | 43 083 698               | (18 658 066)             | (5 834 785)           | 1 376 841          |                    | (23 215 829)                | 637 785                 | 20 505 552   |
| Computer Equipment           | 4 414 478                | 823 484            | (1 793)            |                                | 5 038 177                | (2 038 588)              | (633 962)             | 1 782              |                    | (2 868 889)                 | -                       | 2 187 499  |
| Other Assets                 | 3 122 152                | 121 890            |                    |                                | 3 243 843                | (883 287)                | (749 357)             |                    |                    | (1 712 644)                 | 180 305                 | 1 681 504  |
|                              | 62 818 213               | 3 723 379          | (1 589 831)        | -                              | 64 169 669               | (22 438 436)             | (6 002 324)           | 1 399 483          | -                  | (28 069 315)                | 3 167 708               | 28 305 433   |
| <b>Finance Lease Assets</b>  |                          |                    |                    |                                |                          |                          |                       |                    |                    |                             |                         |  |
| Office Equipment             | -                        | -                  | -                  | -                              | -                        | -                        | -                     | -                  | -                  | -                           | -                       | -  |
| Other Assets                 | -                        | -                  | -                  | -                              | -                        | -                        | -                     | -                  | -                  | -                           | -                       | -  |
| <b>Total</b>                 | <b>2 306 981 653</b>     | <b>3 723 379</b>   | <b>(1 639 643)</b> | <b>229 443 701</b>             | <b>2 637 718 089</b>     | <b>(253 189 286)</b>     | <b>(38 913 078)</b>   | <b>1 401 816</b>   | <b>-</b>           | <b>(289 798 543)</b>        | <b>(90 838)</b>         | <b>2 346 828 918</b>                                       |

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2014

|                          | Cost / Revaluation       |                    |                    |                                | Accumulated Depreciation |                            |                       |                    | Transfers<br>R'000 | Other<br>movements<br>R'000 | Carrying Value<br>R'000 |  |
|--------------------------|--------------------------|--------------------|--------------------|--------------------------------|--------------------------|----------------------------|-----------------------|--------------------|--------------------|-----------------------------|-------------------------|--|
|                          | Opening Balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Under<br>Construction<br>R'000 | Closing Balance<br>R'000 | Operating Balance<br>R'000 | Depreciation<br>R'000 | Disposals<br>R'000 |                    |                             |                         | Impairment<br>loss/Reversal of<br>Impairment loss<br>R'000 |
| Land                     | 470 000                  | -                  | -                  | -                              | 470 000                  | -                          | -                     | -                  | -                  | -                           | -                       | 470 000  |
| Land                     | 478 000                  | -                  | -                  | -                              | 478 000                  | -                          | -                     | -                  | -                  | -                           | -                       | 478 000  |
| Buildings                | 43 478 634               | -                  | -                  | -                              | 43 478 634               | (8 888 400)                | (1 170 271)           | -                  | -                  | (10 058 727)                | -                       | 33 420 277   |
| Infrastructure           | 477 457 336              | -                  | -                  | -                              | 477 457 336              | (124 149 619)              | (13 353 748)          | -                  | -                  | (137 503 364)               | -                       | -  |
| Water & Sewerage Int.    | 488 546 584              | -                  | -                  | -                              | 488 546 584              | (71 468 725)               | (11 686 056)          | -                  | -                  | (83 145 783)                | -                       | 500 400 208  |
| Water & Sewerage Pipes   | -                        | -                  | -                  | -                              | -                        | -                          | -                     | -                  | -                  | -                           | -                       | 660 572 833  |
|                          | 944 083 829              | -                  | -                  | -                              | 944 083 829              | (195 698 344)              | (25 039 844)          | -                  | -                  | (220 738 149)               | -                       | 1 161 485 641  |
| Capital Work in Progress | 949 887 011              | -                  | -                  | 318 378 874                    | 1 268 215 885            | -                          | -                     | -                  | -                  | -                           | (463 634 448)           | 804 581 437  |
| Capital Work in Progress | 949 887 011              | -                  | -                  | 318 378 874                    | 1 268 215 885            | -                          | -                     | -                  | -                  | -                           | (463 634 448)           | 804 581 437  |
| Community Assets         | -                        | -                  | -                  | -                              | -                        | -                          | (34 940)              | -                  | -                  | (34 940)                    | -                       | 14 888 440   |
| Recreation Grounds       | -                        | -                  | -                  | -                              | -                        | -                          | (34 940)              | -                  | -                  | (34 940)                    | -                       | 14 888 440   |
| Total carried forward    | 1 937 789 945            | -                  | -                  | 318 378 874                    | 2 256 168 699            | (204 986 639)              | (28 245 615)          | -                  | -                  | (238 728 043)               | 0                       | 2 022 141 986  |

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2014

|  | COST REVERSALS          |                 |                 |                          |                       | ACQUISITION DISPOSITIONS |                    |                 |                                     |                       | Transfers | Other movements | Carrying Value RMB |
|--|-------------------------|-----------------|-----------------|--------------------------|-----------------------|--------------------------|--------------------|-----------------|-------------------------------------|-----------------------|-----------|-----------------|--------------------|
|  | Operating Balance R'000 | Additions R'000 | Disposals R'000 | Under Construction R'000 | Closing Balance R'000 | Opening Balance R'000    | Depreciation R'000 | Disposals R'000 | Impairment of Impairment loss R'000 | Closing Balance R'000 |           |                 |                    |
| Total brought forward                          | 1 937 790 965           | -               | -               | 316 378 874              | 2 254 169 839         | (204 693 830)            | (28 245 018)       | -               | -                                   | (238 750 846)         | 0         | -               | 2 025 414 995      |
| Other Assets                                   |                         |                 |                 |                          |                       |                          |                    |                 |                                     |                       |           |                 |                    |
| Office Equipment                               | 1 451 210               | 166 729         | (972 872)       | -                        | 1 645 067             | (1 239 267)              | 411 076            | 506 868         | -                                   | (321 338)             | -         | -               | 745 730            |
| Furniture & Fixtures                           | 688 422                 | 259 720         | (178 872)       | -                        | 869 270               | (484 350)                | (42 203)           | 166 091         | -                                   | (369 498)             | -         | -               | 621 702            |
| Bins and Containers                            | -                       | -               | -               | -                        | -                     | -                        | -                  | -               | -                                   | -                     | -         | -               | -                  |
| Emergency Equipment                            | 139 476                 | 14 270          | -               | -                        | 153 746               | (84 858)                 | (16 193)           | -               | -                                   | (100 771)             | -         | -               | 62 975             |
| Motor vehicles                                 | 38 688 732              | 5 743 430       | (3 484 578)     | -                        | 42 277 683            | (17 996 853)             | (3 468 494)        | 2 788 343       | -                                   | (18 658 005)          | -         | -               | 23 619 639         |
| Fire engines                                   | -                       | -               | -               | -                        | -                     | -                        | -                  | -               | -                                   | -                     | -         | -               | -                  |
| Refuse burners                                 | -                       | -               | -               | -                        | -                     | -                        | -                  | -               | -                                   | -                     | -         | -               | -                  |
| Computer Equipment                             | 6 233 539               | 618 488         | (2 335 851)     | -                        | 4 414 478             | (4 301 187)              | (386)              | 2 265 014       | -                                   | (2 036 589)           | -         | -               | 2 377 907          |
| Computer Software (part of computer equipment) | 2 653 185               | 360 350         | (91 383)        | -                        | 3 122 152             | (755 711)                | (294 153)          | 88 577          | -                                   | (963 267)             | -         | -               | 2 158 866          |
| Other Assets                                   |                         |                 |                 |                          |                       |                          |                    |                 |                                     |                       |           |                 |                    |
| Finance Lease Assets                           | 51 575 963              | 7 062 397       | (8 643 757)     | -                        | 52 615 213            | (24 652 031)             | (3 411 285)        | 3 334 881       | -                                   | (22 438 435)          | -         | -               | 28 576 778         |
| Office Equipment                               | 907 254                 | -               | -               | -                        | 907 254               | (603 035)                | (104 219)          | -               | -                                   | (907 254)             | -         | -               | (0)                |
| Other Assets                                   | 907 254                 | -               | -               | -                        | 907 254               | (683 038)                | (104 219)          | -               | -                                   | (907 254)             | -         | -               | (0)                |
| Total  | 1 898 270 262           | 7 062 397       | (8 643 757)     | 316 378 874              | 2 307 698 308         | (230 168 865)            | (28 760 520)       | 5 334 881       | -                                   | (254 086 834)         | 0         | -               | 2 052 911 772      |

**APPENDIX C  
ANALYSIS OF HERITAGE ASSETS  
as at 30 June 2015**

|  | Cost / Revaluation    |                 |                 |                          |                       |          | Impairment loss/Reversal of impairment loss R'000 | Transfers R'000 | Other movements R'000 | Carrying Value R'000 |
|--|-----------------------|-----------------|-----------------|--------------------------|-----------------------|----------|---|-----------------|-----------------------|----------------------|
|  | Opening Balance R'000 | Additions R'000 | Disposals R'000 | Under Construction R'000 | Closing Balance R'000 |          |   |                 |                       |                      |
| Art collection                           | 1 151 452             | -               | -               | -                        | 1 151 452             | -        | -   | -               | 1 151 452             |                      |
| Work in Progress                         | 1 151 452             | -               | -               | -                        | 1 151 452             | -        | -   | -               | 1 151 452             |                      |
| Antiquities                              | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Stamp collections                        | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Collections of insects and butterflies   | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Collections of fossils                   | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Collections of rare books or manuscripts | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Collection of rare books                 | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Manuscripts                              | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Historical Buildings                     | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Graves and burial grounds                | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| Historical Buildings                     | -                     | -               | -               | -                        | -                     | -        | -   | -               | -                     |                      |
| <b>Total</b>                             | <b>1 151 452</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>                 | <b>1 151 452</b>      | <b>-</b> | <b>-</b>  | <b>-</b>        | <b>1 151 452</b>      |                      |

**APPENDIX C  
ANALYSIS OF HERITAGE ASSETS  
as at 30 June -1**

|  | Cost / Revaluation       |                    |                    |                                |                          |   |                    | Carrying Value<br>R'000 |                          |
|--|--------------------------|--------------------|--------------------|--------------------------------|--------------------------|---|--------------------|-------------------------|--------------------------|
|  | Opening Balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Under<br>Construction<br>R'000 | Closing Balance<br>R'000 | Impairment<br>loss/Reversal<br>of Impairment<br>loss<br>R'000 | Transfers<br>R'000 |                         | Other movements<br>R'000 |
|  |                          |                    |                    |                                |                          |   |                    |                         |                          |
| Art collection                           | 988 478                  | -                  | -                  | 162 974                        | 1 151 452                | -   | -                  | -                       | 1 151 452                |
| Work in Progress                         | 988 478                  | -                  | -                  | 162 974                        | 1 151 452                | -   | -                  | -                       | 1 151 452                |
| Antiquities                              | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Stamp collections                        | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Collections of insects and butterflies   | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Collections of fossils                   | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Collections of rare books or manuscripts | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Collection of rare books                 | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Manuscripts                              | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Historical Buildings                     | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Graves and burial grounds                | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| Historical Buildings                     | -                        | -                  | -                  | -                              | -                        | -   | -                  | -                       | -                        |
| <b>Total</b>                             | <b>988 478</b>           | <b>-</b>           | <b>-</b>           | <b>162 974</b>                 | <b>1 151 452</b>         | <b>-</b>  | <b>-</b>           | <b>-</b>                | <b>1 151 452</b>         |



**ZULULAND DISTRICT MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
for the year ended 30 June 2015

|                             | Cook / Revaluation   |                    | Accumulated Depreciation |                      |                     |                  | Other movements      | Carrying value<br>R |                      |
|-----------------------------|----------------------|--------------------|--------------------------|----------------------|---------------------|------------------|----------------------|---------------------|----------------------|
|                             | Under Construction   | Deposits           | Closing Balance          | Opening Balance      | Additions           | Disposals        |                      |                     | Closing Balances     |
|                             | R                    | R                  | R                        | R                    | R                   | R                | R                    | R                   |                      |
| Executive & Council         | 43 946 034           | -                  | 43 946 034               | (10 088 767)         | (648 829)           | -                | (10 715 597)         | -                   | 33 230 447           |
| Finance & Admin             | 48 739 315           | (1 550 831)        | 50 780 472               | (21 374 377)         | (7 234 364)         | 1 330 463        | (27 219 289)         | (80 638)            | 23 481 546           |
| Planning & Development      | 3 122 152            | -                  | 3 243 643                | (683 287)            | (749 357)           | -                | (1 712 644)          | -                   | 1 531 198            |
| Health                      | 14 933 330           | -                  | 14 933 330               | (34 940)             | (419 239)           | -                | (454 229)            | -                   | 14 479 100           |
| Community & Social Services | 153 748              | -                  | 153 748                  | (100 771)            | (18 014)            | -                | (119 394)            | -                   | 34 351               |
| Public Safety               | 2 185 266 425        | (79 511)           | 2 484 850 615            | (220 649 148)        | (29 842 635)        | 11 363           | (250 480 420)        | -                   | 2 174 170 185        |
| Water                       | -                    | -                  | -                        | -                    | -                   | -                | -                    | -                   | -                    |
| Other                       | -                    | -                  | -                        | -                    | -                   | -                | -                    | -                   | -                    |
| <b>Total</b>                | <b>3 309 181 053</b> | <b>(1 530 843)</b> | <b>2 537 710 688</b>     | <b>(253 189 289)</b> | <b>(38 915 078)</b> | <b>1 401 816</b> | <b>(268 766 542)</b> | <b>(80 638)</b>     | <b>2 269 025 970</b> |

ZULULAND DISTRICT MUNICIPALITY  
APPENDIX E

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 30 June 2015

|  | 2 014         |                    | 2 014               |                             | 2015          |                    | 2015                |   |
|--|---------------|--------------------|---------------------|-----------------------------|---------------|--------------------|---------------------|---|
|  | Actual Income | Actual Expenditure | Surplus / (Deficit) |                             | Actual Income | Actual Expenditure | Surplus / (Deficit) |   |
|  | R             | R                  | R                   |                             | R             | R                  | R                   | R |
|  | 288 836 948   | 53 149 349         | (53 149 349)        | Executive & Council         | -             | 44 670 776,74      | (44 670 777)        |   |
|  | 9 531 613     | 35 258 091         | 253 578 857         | Finance & Admin             | 304 813 312   | 35 808 723,02      | 269 004 589         |   |
|  | 8 338 025     | 16 768 522         | (7 236 910)         | Planning & Development      | 3 909 370     | 17 215 935,20      | (13 306 565)        |   |
|  | 403 889 547   | 88 396 884         | (80 058 859)        | Community & Social Services | 1 729 000     | 114 120 051,00     | (112 391 051)       |   |
|  |               | 328 304 576        | 75 584 971          | Water & Sanitation          | 385 088 903   | 327 846 676,68     | 57 242 226          |   |
|  | 710 596 133   | 521 877 423        | 188 718 711         |                             | 695 540 585   | 539 662 163        | 155 878 422         |   |



| Account Name                       | 2014/15 Budget        |                        | 2014/15 Actual |                       | 2014/15 Actual        |   | 2014/15 Actual |               | Actual Outcomes as % of Original Budget | Notes  |
|------------------------------------|-----------------------|------------------------|----------------|-----------------------|-----------------------|---|----------------|---------------|---|--|
|                                    | 1                     | 2                      | 3              | 4                     | 5                     | 6 | 7              | 8             |   |  |
| <b>Financial Performance</b>       |                       |                        |                |                       |                       |   |                |               |   |  |
| Service Charges                    | 29 297 000,00         |                        |                | 29 297 000,00         | 29 948 179,38         |   |                | 102,22        | 102,22                                  | Service charges from Sewerage Removal was not budget for during 2014/15 budget.  |
| Transfers recognized - operational | 312 899 000,00        | 463 000,00             |                | 313 032 000,00        | 658 448 093,73        |   |                | 210,86        | 210,86                                  |  |
| Other own revenue                  | 190 318 000,00        | (7 652 000,00)         |                | 182 666 000,00        | 14 991 928,61         |   |                | 8,16          | 7,83                                    | Due to the appropriation of accumulated reserves used to finance the budget  |
| <b>Total Revenue</b>               | <b>532 104 000,00</b> | <b>(7 189 000,00)</b>  |                | <b>524 915 000,00</b> | <b>794 299 201,70</b> |   |                | <b>321,03</b> | <b>321,03</b>                           |  |
| Employee costs                     | 142 395 000,00        |                        |                | 142 335 000,00        | 144 065 006,19        |   |                | 101,17        | 101,17                                  | savings was reallocated to salaries to cater for salaries more than budget   |
| Remuneration of councillors        | 8 487 000,00          |                        |                | 8 487 000,00          | 6 221 335,45          |   |                | 98,20         | 98,20                                   | savings in allowances  |
| Bad Debts                          |                       |                        |                |                       | 8 246 052,95          |   |                |               |   | Based on actual debt investment  |
| Depreciation                       | 45 618 000,00         |                        |                | 45 618 000,00         | 45 070 211,33         |   |                | 98,80         | 98,80                                   | Other Assets are purchased at different intervals during the year and some were not capitalised since they are still in progress.  |
| Repairs and Maintenance            | 58 987 000,00         |                        |                | 58 987 000,00         | 41 115 042,01         |   |                | 69,70         | 69,70                                   | Savings achieved   |
| Employee benefits                  |                       |                        |                |                       | 15 733 000,00         |   |                |               |   | No budget for employees benefits   |
| Materials and Bulk Purchases       | 84 865 000,00         |                        |                | 84 865 000,00         | 74 180 428,45         |   |                | 87,41         | 87,41                                   | provs prior year expenditure and it was agreed that money will not be transferred  |
| Transfers of grants                | 1 981 000,00          |                        |                | 1 981 000,00          | 200 000,00            |   |                | 10,10         | 10,10                                   | Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance. |
| <b>Other expenditure</b>           | <b>173 957 000,00</b> | <b>(18 680 000,00)</b> |                | <b>157 177 000,00</b> | <b>219 579 085,76</b> |   |                | <b>139,70</b> | <b>139,70</b>                           |  |
| <b>Total Expenditure</b>           | <b>614 178 000,00</b> | <b>(16 690 000,00)</b> |                | <b>497 488 000,00</b> | <b>854 401 964,15</b> |   |                |               |   |  |

|  |                |                |   |                |                |        |       |   |   |
|--|----------------|----------------|---|----------------|----------------|--------|-------|---|---|
| Surplus / (Deficit)                                      | 18 014 000,00  | 9 481 000,00   | - | 27 505 000,00  | 149 808 137,68 | -      | -     | - | - |
| Transfers Recognised- capital Contributions Recognized   | 336 894 000,00 | (7 000 000,00) |   | 329 894 000,00 | 329 894 000,00 | 100,00 | 97,92 |   |   |
| Surplus/Deficit after capital transfer                   | 355 008 000,00 | 2 481 000,00   |   | 357 489 000,00 | 479 802 137,68 |        |       |   |   |
| Capital Expenditure                                      | 355 008 000,00 | 2 480 000,00   |   | 357 488 000,00 |                |        |       |   |   |
| Transfers recognised- capital Internally Generated Funds | 336 894 000,00 | (7 000 000,00) |   | 329 894 000,00 | 329 894 000,00 | 100,00 | 97,92 |   |   |
| Total Sources of capital Funds                           | 355 008 000,00 | 2 480 000,00   |   | 357 488 000,00 | 333 717 379,00 | 93,35  | 94,00 |   |   |

## ZULULAND DISTRICT MUNICIPALITY

EXTRACT FROM MINUTES OF THE FULL COUNCIL MEETING HELD ON 28 JANUARY 2016

**ITEM NUMBER: ZDMC: 16/372**

**FILE NUMBER: 5/1**

### **2014/2015 ANNUAL REPORT**

#### **PURPOSE:**

To present the 2014/2015 Annual Report for consideration.

#### **BACKGROUND:**

**Section 121 of the Municipal Finance Management Act, provides that:**

- 1) Every municipality must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality in accordance with section 129.
- 2) The purpose of annual report is-
  - a) to provide a record of the activities of the municipality during the financial year to which the report relates;
  - b) to provide a report on performance against the budget of the municipality for that financial year; and
  - c) to promote accountability to the local community for the decisions made throughout the year by the municipality.
- 3) The annual report of a municipality must include-

- a) the annual financial statements of the municipality, as submitted to the Auditor- General for audit in terms of section 126 (1);
- b) the Auditor-General's audit report in terms of section 126 (3) on those financial statements;
- c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- d) the Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act;
- e) an assessment by the municipality's accounting officer of arrears on municipal taxes and service charges;
- f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- h) any explanations that may be necessary to clarify issues in connection with the financial statements;
- i) any information as determined by the municipality;
- j) any recommendations of the municipality's audit committee; and
- k) any other information as may be prescribed.

**Section 129 of the MFMA, inter alia, provides that:**

- 1) The council of a municipality must consider the annual report of the municipality and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council-

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

2) The accounting officer must-

a) Attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report; and

b) Submit copies of the minutes of those meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

3) The accounting officer must in accordance with section 21(a) of the Municipal Systems Act make public an oversight report referred to in subsection (1) within seven days of its adoption.

The 2014/2015 Annual report has been drafted in terms of s121 as stated above and is attached for consideration.

**IT IS RECOMMENDED THAT:**

- i) The tabling of the 2014/2015 Annual Report be accepted.
- ii) The Annual Report be referred to MPAC for oversight purposes.

**CERTIFIED A TRUE COPY OF THE ORIGINAL**

|                               |   |
|-------------------------------|---|
| Certified Copy of the Minutes |   |
| Michael Nkosinathi Shandu     |   |
| HOD Corporate Services        |   |
| Item Number:                  | ZOMC 16/372   |
| Meeting Date:                 | 28 JANUARY 2016   |
| Signature:                    |  |