

# ZULULAND DISTRICT MUNICIPALITY

## ANNUAL REPORT

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### ASSESSMENT REPORT FOR THE 2021/2022 FINANCIAL YEAR



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## **1. ABOUT THIS ANNUAL REPORT**

Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is:

- a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

This Annual Report is therefore a reflection or record of activities and performance of the Zululand District Municipality for the period **01 July 2021 to 30 June 2022**.

## **2. FOREWORDS**

### **2.1. MESSAGE FROM HIS WORSHIP THE MAYOR**

The municipality has so much to celebrate as it continues to thrive. We ended the previous financial year on a high note, achieving an improved audit outcome for the 2019/2020, and remain steadfast to improve even further. As we enter this new financial year on a positive note after achieving a funded budget status, the government's recent decision to repeal all Covid-19 regulations, gives us hope as we are slowly going back to our normal activities and being more effective on the ground as the previous financial years were challenging not only for Zululand District, but for the whole country. We remain resolute and hopeful that the scrapping of Covid-19 regulations will enable us to bring sustainability to the community of Zululand and to our stakeholders.

In spite of conquering Covid 19, we are entering this new financial year with the weakening and volatile economic status, forcing everyone to tighten their grip. The recent soaring price of fuel and staggering cost of living will impact negatively on our efforts in increasing revenue and debt collection. However, our administration is committed to fierce service delivery, clean governance and compliance. We commit to fighting the demon of corruption whenever it rears its ugly head. We are still committed into delivering on our commitment manifesto, supplying clean water being our focal point. The aforementioned reinforces the importance of Performance Management in ensuring effective, efficient and economic use of resources.

This municipality is engulfed with challenges such as infrastructure backlog and ageing infrastructure, but this will not deter us from investing in repairs and maintenance, above all, creating more job opportunities. As Zululand District Municipality we pride ourselves by managing to fill most of the senior management positions and for nearly completing key major projects in water provision.

The Zululand District Municipality's Integrated Development Plan (IDP) and the Service Delivery Budget and Implementation Plan (SDBIP) ensures the municipality remains customer centric in its approach and prioritization of projects, awareness, training and development within the Zululand District Municipality. The social, economic and infrastructural needs of the community are well articulated in the IDP which governs the remaining term. The Annual Performance Report is thus a critical document in assessing the progress we have made in Service Delivery and enables the council to regularly report to the communities thus enhancing accountability and active citizenry. The Municipality remains resolute to the call of responsibility to improve the lives of the residents on the Zululand community.

I would like to thank amakhosi, council of Zululand District Municipality, Executive Members of Council, the various Portfolio Committees, the Municipal Public Accounts Committee, the Audit Performance Committee, and management of the municipality and all the employees of the Zululand District Municipality. The Municipality's success and achievements articulated on this report, demonstrate your efforts and commitment to improving the lives of the people of Zululand District through service delivery.

In conclusion, it is our ultimate dream to be the most progressive and developing district municipality not only in KwaZulu-Natal but in the whole country. We will remain an epicentre of tourist's attraction, investors, and social cohesion. Trust us to deliver!

A handwritten signature in dark ink, appearing to read 'T.D. Buthelezi', written over a horizontal line.

**CLLR T.D. BUTHELEZI**

**HONOURABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY**



## 2.2. STATEMENT BY THE ACCOUNTING OFFICER

In the 2020/2021 financial year, the Zululand District Municipality, despite the challenges and redirection of priorities due to COVID 19, managed to turn around their audit outcome as compared to the previous three financial years. In the three preceding years (2017/18, 2018/19 and 2019/20) the municipality received a qualified audit opinion and in the peak of a worldwide pandemic, our institution managed to turn this around and gain an unqualified audit opinion. This is indicative of the commitment and hard work ethic of our Council, Administrative Management, and staff. Needless to say, it was on this high note that the work began in earnest for the new financial year. We remained steadfast in our mission to be a leader in service delivery and serve the constituents of the Zululand District Municipality with integrity and transparency in order maintain and improve on service delivery within the district, while always ensuring the health and well-being of our foot-soldiers was never compromised.

With the above background in mind, we are yet again at the point in our municipal calendar where we present to you the 2021/2022 financial year Annual Report. This report will seek to provide a summary of the performance of the municipality as well as highlighting challenges and successes on the achievement of all **Service Delivery and Budget Implementation Plan (SDBIP)** key performance indicators which is the guiding tool in efficient service delivery.

Over and above the challenges surrounding the pandemic, cognisance should also be given to the challenges encountered by the Municipality around human resources. The Zululand District Municipality started off the financial year with a few senior management vacancies however, our dedicated staff compliment rose to the occasion with middle-management officials with the required technical knowledge assuming the responsibility of temporarily filling these positions in an Acting capacity to mitigate the vacuum in leadership and progress the workload within the various departments. These efforts do not go unnoticed by any means and are highly appreciated. As such, the challenges experienced in change management within the municipality inevitably led to a decreased staff morale in general, which meant the mammoth task of correcting and improving the mood of officials, as we know that a happy employee is a productive employee.

With the National State of Disaster for Covid 19 lifted in April 2022, the Municipality yet again had to readjust its plans to revert and refocus on their core mandate of provision of clean water and sanitation facilities for the community of Zululand. This also meant the delays placed on recruitment could be addressed and the Municipality embarked on a rigorous recruitment drive to fill key strategic positions which would expedite the SDBIP deliverables. Zululand District Municipality has also managed to make major strides in directing the municipality to a more 4IR centric approach to the operations within the workspace.

The SDBIP of the organisation has grown quite significantly in the key performance indicators set for the Municipality aimed purely at improving service delivery and accountability by the administration. All efforts

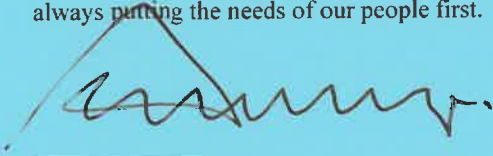
are geared towards exceeding the previously improved levels of service delivery and to mitigate shortfalls in order to address key strategic areas for the district with focus on improving and maintaining new and existing infrastructure.

The revival of key structure such as the District Development Model attests to the intergovernmental cooperation and streamlined focus to bring about major developments which will enrich the economy of the District and inevitably the livelihoods of our people of the Zululand District Municipality. A series of catalytic projects have been identified which will attract international investors as well as local investors to vastly improve the economy of the District.

On this note, I would like to extend heartfelt gratitude to the political leadership under which the Municipality is led, the administrative leadership and staff as well as all the stakeholders of Zululand District Municipality for their participation in the transformation of the organisation and the continuous patience and support they have demonstrated.

In the spirit of cooperative governance in the Zululand District and the inclusion of various civil society structures in efforts of continued public participation, I leave with this excerpt from our extended municipal vision: *"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 women and youth"*.

As the Accounting Officer of the Zululand District Municipality and on behalf of the management, I commit to ensuring and providing oversight to successfully upholding the vision and mission of the municipality and always putting the needs of our people first.

A handwritten signature in black ink, appearing to read 'RN Hlongwa', is written over a horizontal line.

**MR. RN HLONGWA**

**MUNICIPAL MANAGER**

### **3. CHAPTER 1 –PROFILE OF THE ZULULAND DISTRICT MUNICIPALITY**

#### **3.1. Municipal Functions**

The Zululand District Municipality is a Category C municipality administered under a collective executive system.

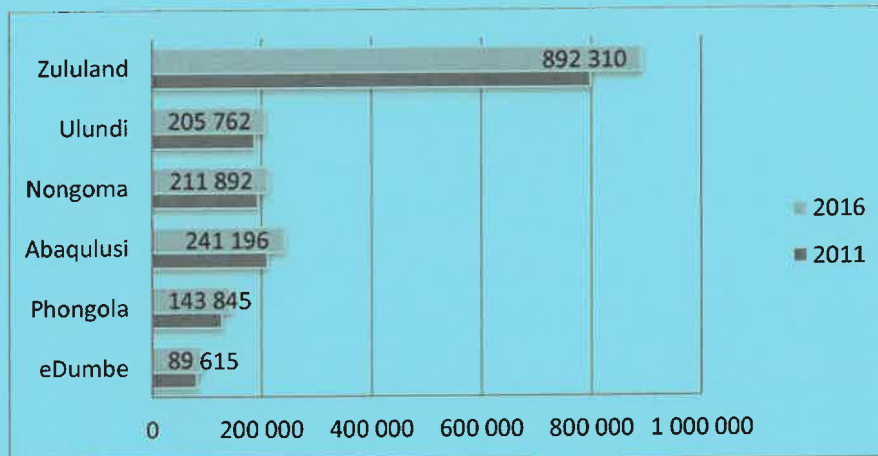
According to Section 84. (1) A district municipality has the following functions and powers:

- (a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.*
- (b) Bulk supply of water that affects a significant proportion of municipalities in the district.*
- (c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.*
- (d) Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district.*
- (e) Solid waste disposal sites serving the area of the district municipality as a whole.*
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.*
- (g) Regulation of passenger transport services.*
- (h) Municipal airports serving the area of the district municipality as a whole.*
- (i) Municipal health services serving the area of the district municipality as a whole.*
- (j) Firefighting services serving the area of the district municipality as a whole.*
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.*
- (l) The establishment, conduct and control of cemeteries and crematoria serving the district as a whole.*
- (m) Promotion of local tourism for the area of the district municipality.*
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.*
- (o) The receipt, allocation and if applicable the distribution of grants made to the district municipality.*
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.*

### 3.2. Demographic Profile

A combination of sources have been used to interpret the statistics relating to the demographic statistics. These are StatsSA Census 2011, Census Community Survey 2016 and Global Insight 2015.

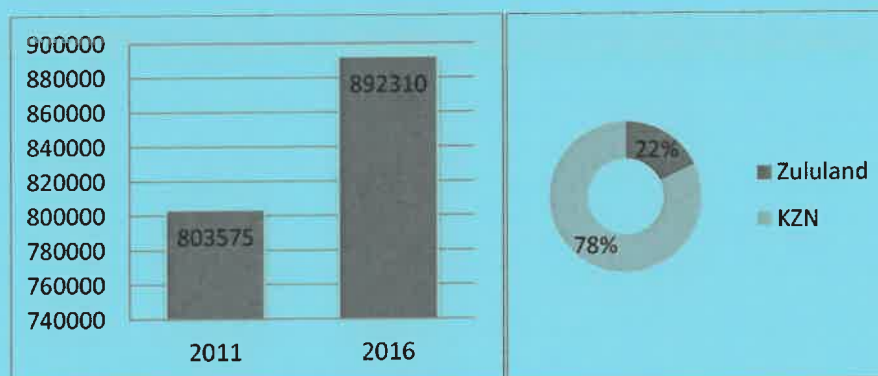
*Figure 1 Local Municipality population comparison between 2011-2016*



According to Census 2016 figures, Zululand District experienced an increase in its total population figures from 803 575 in 2011, to 892 310 in 2016.

Most of the district's **population** in 2016 resides in Abaqulusi (241 196), Nongoma (211 892) and Ulundi (205 762) local municipalities. The smallest population is recorded as 89 615 for eDumbe. In terms of percentage contribution, Abaqulusi contributes the highest percentage (27.5%) towards Zululand's population, followed by Nongoma and Ulundi with 23.8% and 23.1%, respectively.

**Figure 2 District population**



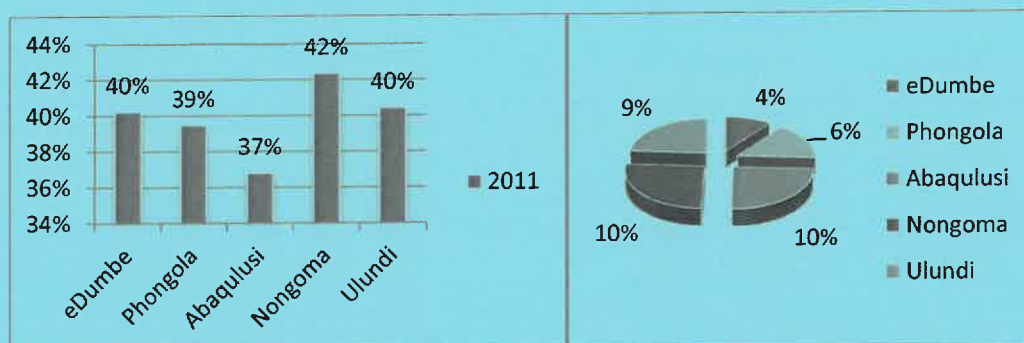
According to census, the population in the Zululand District Municipality grew by 1.45% in 2011 from 803,535 to 892,310 in 2016.

Between 2011 and 2016, the Zululand growth rate rose from 1.2% to 1.4% which is on par with its neighbouring districts.

The Zululand District Municipality contributes 22% to the provinces population.



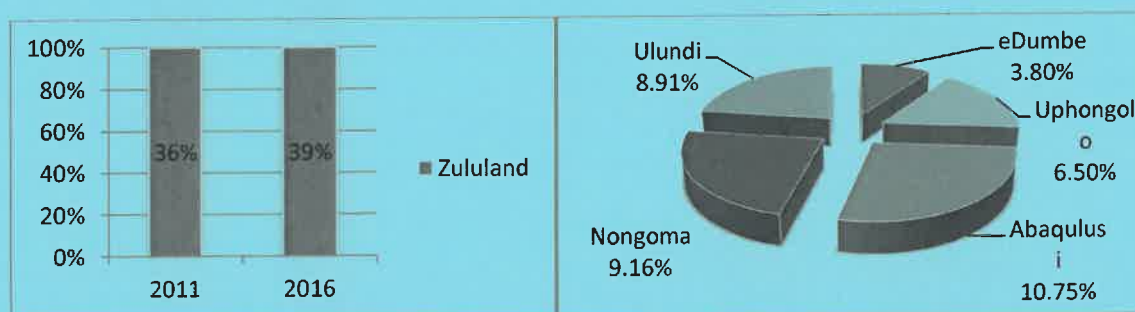
Figure 3 District population 0-14 age group



In 2011 40% of the Zululand population belonged to the age-group 0-14 years.

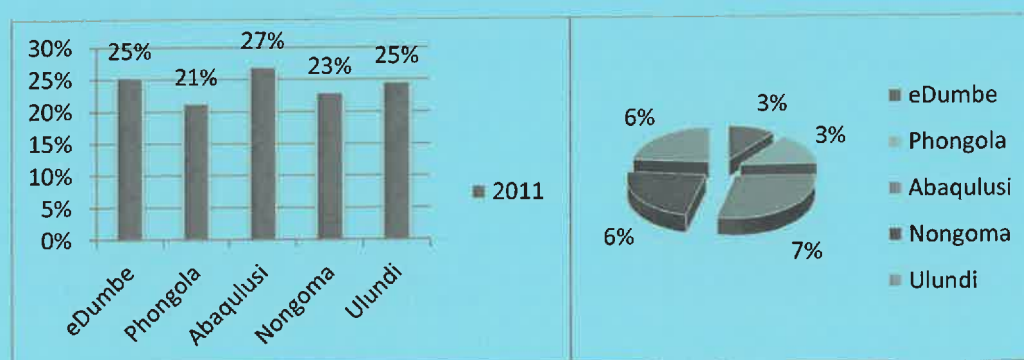
42% of the population in Nongoma belongs to this age group followed by Ulundi and Edumbe. Ophongolo has 39% with Abaqulusi at 37%. Nongoma (10%), Abaqulusi (10%) and Ulundi (9%) contribute the highest to the 0-14 age-group in the district.

Figure 4 Percentage district population 15-34 age group



Between 2011 and 2016, the age group 15-34 or youth increased from 36% to 39%. In 2016, Abaqulusi contributes the largest percentage of youth to the district with 10.75%. Nongoma and Ulundi follows closely at 9.16% and 8.91% respectively. Phongolo(6.50%) and eDumbe(3.80%) contributes the smallest.

Figure 5 District population 15-34 age group



Adults contribute 24% to the Zululand District population.



27% of Abaqulusi's population is adults followed by eDumbe and Ulundi at 25%. Nongoma contributes 23% and oPhongolo 21% respectively. Abaqulusi (7%), Nongoma (6%) and Ulundi (6%) contribute the most to the district population in terms of this age group.

### 3.3. Socio Profile

A total population of 596 680 in Zululand is considered economically active (ages of 15-64). Abaqulusi has the largest economically active population at 165 020. Ulundi and Nongoma follow with economically active populations of 138 977 and 136 603 respectively.

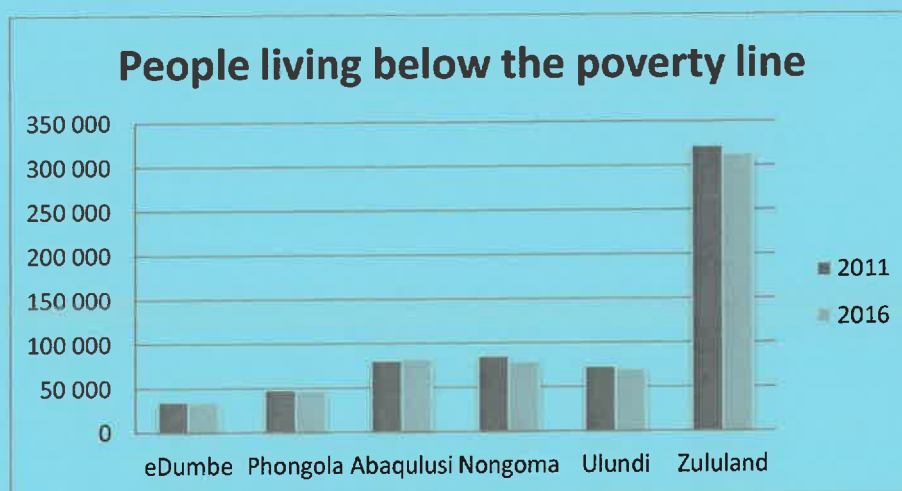
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

The labour force participation rate in Zululand is 31.6% compared to a provincial average of 48.4%

According to the KZN Provincial Treasury KZN Multiple Deprivation Index in 2011 Zululand have relatively lower levels of deprivation than most other municipalities within the province. Of the five local municipalities, eDumbe and uPhongolo are classified as having the highest levels of deprivation.

The table below demonstrates population living below the poverty line in Zululand.

**Figure 6 Local Municipality general labour indicator comparison**



Source: Global Insight, 2017

313 212 (Community Survey 2016) people live below the poverty line in Zululand as compared to 321 881(Census 2011) which is a mere reduction of 8669.

### 3.4. Impact Of Hiv/Aids

A comparison between 2001 and 2011 HIV/AIDS statistics for the district shows a worsening of the situation, with figures reflecting an increase in both the HIV/AIDS prevalence rate and HIV/AIDS related deaths in Zululand over the period.

The high prevalence of HIV/AIDS poses a severe developmental challenge the district, as HIV/AIDS inhibits economic growth by reducing the availability of human capital. The labour force shrinks as more people fall sick and/or die, resulting in a young labour force that lacks experience, subsequently leading to reduced productivity and a smaller skilled population.

In overall terms, the Zululand District made a limited contribution to the economy of KwaZulu-Natal in 2011, i.e. contributing only 3.0 % to the provincial economy at a growth rate of 1.4%.

#### 4. THE ZULULAND DISTRICT ECONOMY

Table 1 Sectoral performance

Sector	2006	2011	2015
Agriculture	8.30%	9.80%	9.70%
Mining	9.80%	9.00%	10.30%
Manufacturing	6.60%	6.30%	6.00%
Electricity	5.80%	5.50%	5.10%
Construction	3.60%	3.60%	3.60%
Trade	10.60%	10.50%	10.50%
Transport	7.90%	8.10%	8.30%
Finance	11.40%	12.10%	12.10%
Community services	28.70%	28.10%	27.60%

The community sector contributed 27.60% to the district GVA in 2015.

Manufacturing, which is the highest economic contributor in the province made a comparatively smaller contribution to the District economy (6.0%). Despite the District being largely dependent on the sector for employment, agriculture only made a 9.70% contribution to the district economy. In 2015, agriculture, mining, trade and accommodation, and general government sectors made larger contributions than in other areas of the province.

Key areas of concern are the significant gaps between the percentage of working age population, employment and the large numbers of not economically active residents, indicating high dependency levels. Abaqulusi and Ulundi Local Municipalities provide the largest number of formal and informal jobs within the district economy. However, it is important to note that none of the local municipalities are able to provide sufficient jobs for the working age population.

The figure below depicts the share of each local municipality in total employment (formal and informal) for Zululand. Abaqulusi hosts the largest proportion of the population that are employed (41309) followed by Ulundi (20983). eDumbe contributes the lowest towards district employment levels (11478 of the total employed in the district).

#### 4.1. Infrastructure Profile

##### Human Settlements

According to the Census Community Survey there are **178,516 households** across the Zululand District Municipality. This is less than 10% of total households in the whole of KwaZulu Natal.

About **32.3 % (57,702)** of these dwellings in the Zululand District Municipality are classified as traditional.

**53.8% (96,091)** of the households in the Zululand District Municipality are headed by women which is 10% higher than the rate in KZN.

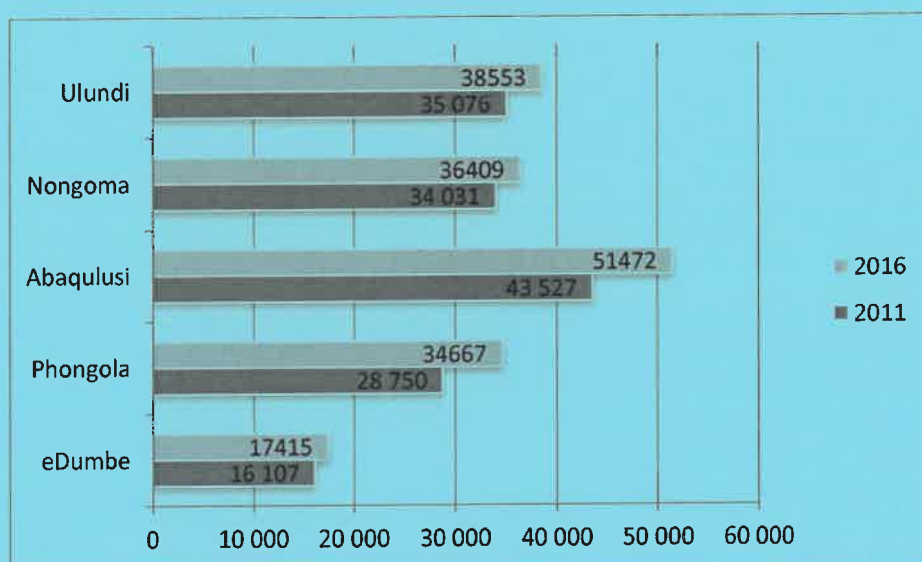


Figure 7 Households per Local Municipality

The majority of the households are in the area of Abaqulusi (51,472) followed by Ulundi (38,553), Nongoma (36,409), oPhongolo (34,667) and eDumbe (16,107).

The table below provides a summary of the status of access in respect of water and sanitation within the Zululand District and its five constituent local municipalities.

Table 2 Access to services

Municipality	Water		Sanitation		Electricity	
	2011	2016	2011	2016	2011	2016
	Households serviced	Households serviced	Households serviced	Households serviced	Households serviced	Households serviced
Abaqulusi	30 604	37 418	25 590	27 200	31 223	11 709
eDumbe	10 400	10 738	11 570	11 221	10 127	41 400
Nongoma	9 435	7 518	12 088	17 106	21 851	23 256

Ulundi	18 513	23 283	20 988	12 808	25 825	25 825
uPhongolo	15 026	24 791	12 334	10 674	21 004	87 185

Source: Statistics SA, Community Survey 2016

Between 2011 and 2016, more than 9000 households received access to water. During the same period, more than 1600 households received access to sanitation. Improvement percentages in water access were found oPhongolo, Abaqulusi and Ulundi while vast improvement for sanitation is recorded in Nongoma and Abaqulusi.

On access to electricity Nongoma recorded the most improvement.

**Table 3 Access to electricity**

Municipality	Total Households	No of H/H electrified (2016)	No of H/H Backlog	% Backlog
				per LM
Abaqulusi	51472	11709	39763	77%
eDumbe	17415	4140	13275	76%
oPhongolo	34667	8718	25949	75%
Nongoma	36409	23256	13153	36%
Ulundi	38553	25825	12728	33%
Total	178516	73648	104868	59%

At an average cost of R22,000 per household to provide electricity to a rural household the approximate capital cost required to eradicate the backlog per local municipality can be seen in the table below:

Municipality	HH Backlog	Budget (mill) @ R22,000 per HH
Abaqulusi	11709	257 598 000
eDumbe	13275	292 050 000
Nongoma	13153	289 366 000
Ulundi	12728	280 016 000
oPhongolo	25949	570 878 000
Total	76814	1 689 908 000

### Municipal District Roads

The table below illustrates the network statistics that excludes the provincial and the national roads.

**Table 4 Road infrastructure backlogs**

Authority	Paved Roads (km)	Unpaved Roads(km)	Total(km)



Abaqulusi LM	195.98	727.18	923.16
eDumbe LM	35.61	243.95	279.56
Nongoma LM	10.14	602.02	612.16
Ulundi LM	101.14	740.08	841.22
uPhongolo LM	46.9	390.07	436.97
<b>Total</b>	<b>389.77</b>	<b>2703.3</b>	<b>3 093.07</b>

Zululand District Municipality and its Local Municipalities, still have a huge backlog in terms of addressing the basic needs of its population. The challenge is also due to the inherent regional spatial disintegration which must begin to allow previously disadvantaged communities to also enjoy the same opportunities and benefits as those enjoyed by previously advantaged communities. In this regard, Roads and Transport play a crucial role in facilitating movement amongst these communities and business centres in respect of underpinning socio-economic development and sustainability.

Through Rural Road Asset Management System (RRAMS) the District Municipality will be fulfilling its constitutional mandate, which requires that the District establish, manage, regulate and control municipal roads, which form an integral part of a road transport system for its area of jurisdiction. Furthermore RRAMS ("the project") will afford the district capacity to fortifying its plenary foresight by having established Roads Asset Management Systems that can effectively support its infrastructure investment programme.

**Table 5 Road infrastructure assets**

Unpaved Roads	Paved Roads	Traffic Count Stations	Bridges	Culverts	Ancillary Assets
<b>2703.3</b>	389.77	157	41	21	8779

According to the RRAMS 2016, the district municipality a total road network of 2030km. The current RRAMS indicates that the municipality now has a total of 3093km. Of that total 2703.3km is unpaved. 390km is paved.

**Table 6 Paved road network**

Local Municipality	Paved Road Network Condition					Length (km)
	Very Good	Good	Fair	Poor	Very Poor	
<b>Abaqulusi LM</b>	1.93%	6.09%	13.32%	27.96%	50.70%	139.62
<b>eDumbe LM</b>	0%	6.98%	29.75%	34.69%	28.57%	33.07
<b>Nongoma LM</b>	6.53%	1.58%	22.46%	27.34%	42.08%	8.55



<b>Ulundi LM</b>	8.94%	10.27%	16.26%	22.82%	41.72%	81.33
<b>uPhongolo LM</b>	6.23%	7.64%	22.53%	39.71%	23.89%	37.05

Source: RRAMS 2021

The capital investment required to repair the road network is indicated below:

**Table 7 Capital investment needed to repair the paved road network by local municipality**

<b>Local Municipality</b>	<b>Replacement Value</b>
<b>Abaqulusi LM</b>	R183 040 000.00
<b>eDumbe LM</b>	R85 030 000.00
<b>Nongoma LM</b>	R32 340 000.00
<b>Ulundi LM</b>	R223 960 000.00
<b>uPhongolo LM</b>	R105 050 000.00

Abaqulusi has the longest road network of which more than 80% of the paved network is in a poor state. Ulundi has the second longest road network with more than 60% in a poor state. There is an urgent need for the implementation of road rehabilitation programmes in all municipalities of Zululand.

**Table 8 Unpaved road network**

<b>Local Municipality</b>	<b>UnPaved Road Network Condition</b>					
	Very Good	Good	Fair	Poor	Very Poor	Length (km)
<b>Abaqulusi LM</b>	4.29	5.2	20.05	34.07	36.4	633.97
<b>eDumbe LM</b>	31.12	1.97	14.05	23.74	29.12	157.66
<b>Nongoma LM</b>	0.03	4.03	8.17	9.18	78.59	417.29
<b>Ulundi LM</b>	5.08	7.9	23.22	16.13	47.68	452.88
<b>uPhongolo LM</b>	38.15%	10.7	15.23	8.66	27.26	199.37

Source: RRAMS 2021

Once again Abaqulusi LM has the longest unpaved road network in the district. More than 70% of this network is in an unacceptable state. This is followed up by Ulundi and Nongoma with 90% and 70% of their networks in an unacceptable state respectively.

The capital investment required to repair the road network is indicated below:

**Table 9 Capital investment needed to repair the unpaved road network by local municipality**

<b>Local Municipality</b>	<b>Current Replacement Value</b>
<b>Abaqulusi LM</b>	R 7 463 747.98
<b>eDumbe LM</b>	R 5 363 879.60

<b>Nongoma LM</b>	R 4 021 513.12
<b>Ulundi LM</b>	R 6 542 278.82
<b>uPhongolo LM</b>	R 2 740 626.15

Through IGR structures and other structures, the District will seek to co-ordinate the efforts of all municipalities to invest in the repair of their road networks, which will result in increased economic investment into the region.

#### **Rail Transportation**

The most important rail link in the Zululand District is the coal line from Mpumalanga through Vryheid to the Richards Bay Coal Terminal from where the product is exported. The line runs from Witbank through Piet Retief, Paul Pietersburg, Vryheid East, Ulundi to Richards Bay. Although initially designed to convey 21 million tons of coal exports per annum, the route was upgraded in 1989, and in 1997 it conveyed 62 million tons of coal to Richards Bay. The Coal Line Study, conducted in 1999 found that there is approximately 17 general freight trains on the line, transporting 30 000 tons of goods to Richards Bay, including ferro-chrome, granite, chrome, steel and timber. Although most of the freight is loaded north of Zululand substantial amounts of timber is loaded in the eDumbe and Vryheid areas.

#### **Civil Aviation**

The District has two airports of note, viz. the Ulundi Airport and the Vryheid Airport. However, due to a discontinuation of scheduled flights to Vryheid in the mid-1980s, the Vryheid airport is no longer licensed, and the municipal parks department maintains the airport.

The ownership of the Ulundi airport was transferred from the Office of the Premier to the Zululand District Municipality in April 2007. For the next three years the KwaZulu-Natal provincial government provided financial assistance to the District Municipality to subsidize the cost of operations at the airport, and allow for the training of District Municipality staff to operate the facility, the re-laying of the main runway, upgrading of fire and rescue equipment, and the installation of all-weather navigational instruments. Clearance was obtained from the Civil Aviation Authority for commercial flights to be resumed, in recognition of the vital role the airport has to play in local development.

The airport then commenced with the handling of commercial flights on a daily basis between Virginia Airport in Durban to Ulundi, and flights to Oribi Airport in Pietermaritzburg in 2012, with a view to stimulating both business and tourism growth in the district.

#### **4.2. Summative Key Challenges List**

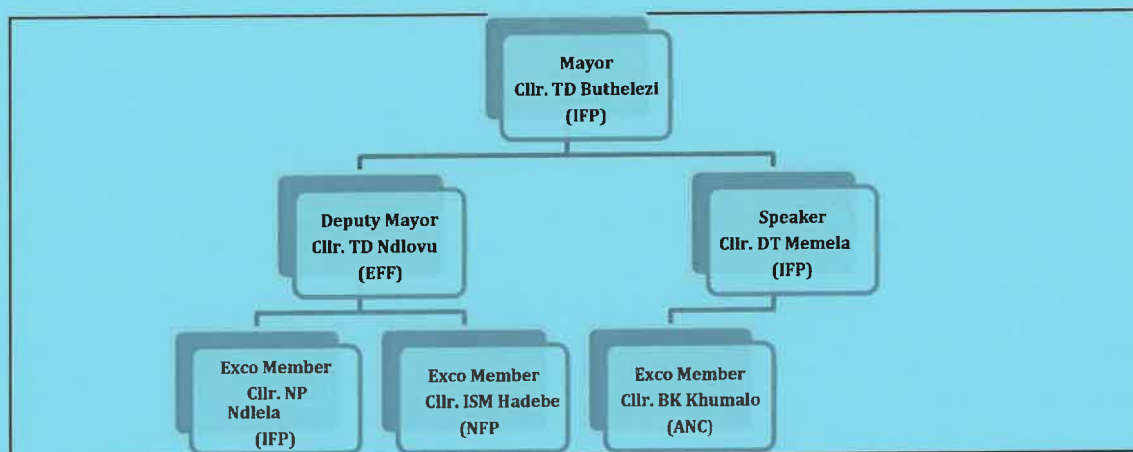
- Maintain functionality of Council structures
- Maintenance of EDMS system (collaborator) thereby ensuring accurate record keeping.
- Ongoing support to the LED sub-forums to continue functioning.
- Maintenance and continual improvement of GIS system.

- Ensure continued compliance with legal financial requirements.
- Improve vertical and horizontal alignment thereby ensuring coordinated service delivery by all spheres of government.
- Prioritization of needs of marginalized groups.
- Formulation and compliance with Risk Management Framework and Strategy.
- Maintain functionality of IDP organizational arrangements internally and externally.
- To further diversify the district's economy.
- Ongoing support of tourism initiatives.
- Harness agri-processing opportunities in the district, notably venison production, leather processing and traditional medicines.
- Foster timber product ion opportunities.
- Improve rural road network to ensure improve linkages between settlements, rural nodes and municipal centres.
- Harness opportunities relating to small scale mining.
- Ensure indigent policy remains updated and relevant.
- Ensuring ongoing monitoring of water balance in rural areas.
- Commit and implement approved MIG business plans for roll-out of water and sanitation services in the district.
- Ensure disaster management forums remain functional.
- Redress disparities between levels of services and development in the urban and rural areas.
- Improve access to formal waste disposal system.
- Provision of adequate land to cater for anticipated required burial space.
- Ongoing efforts to clarify the responsibilities between Local and District Municipality as well as the Department of Transport in respect of road maintenance and construction.
- Improve the limited capacity of the electricity network in the southern portions of the District.
- Improve functionality of Council oversight committee in particular.
- LLF (Local Labour Forum) to meet more regularly.

- Risk reduction strategies and actions to be defined and implemented.
- Seek clarification in respect of the land reform programme roll-out/implementation.

## 5. CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

### 5.1. Political Governance Organogram



The figure above shows the Executive Committee of the Zululand District Municipality during the period under review

#### Political Governance Performance

##### *Portfolio Committees*

**Table 10 Portfolio Committee performance**

Chairperson	Description	Date
Cllr. TD Buthelezi	Finance Portfolio Committee	24.03.2022
Cllr. TD Buthelezi	Technical Services Portfolio Committee	30.03.2022
Cllr. TD Ndlovu	Corporate Services Portfolio Committee	12.08.2021 18.02.2022 22.04.2022 04.05.2022

<b>Cllr NP Ndlela</b>	Planning Services Portfolio Committee	17.03.2022 17.05.2022
<b>Cllr ISM Hadebe</b>	Community Services Portfolio Committee	20.08.2021 15.03.2022 17.06.2022
<b>Cllr S Shelembe</b>	Municipal Public Accounts Committee	20.08.2021 24.03.2022 30.03.2022 12.05.2022 21.06.2022
<b>Cllr TD Ndlovu</b>	Local Labour Forum	25.03.2022 19.04.2022 26.05.2022

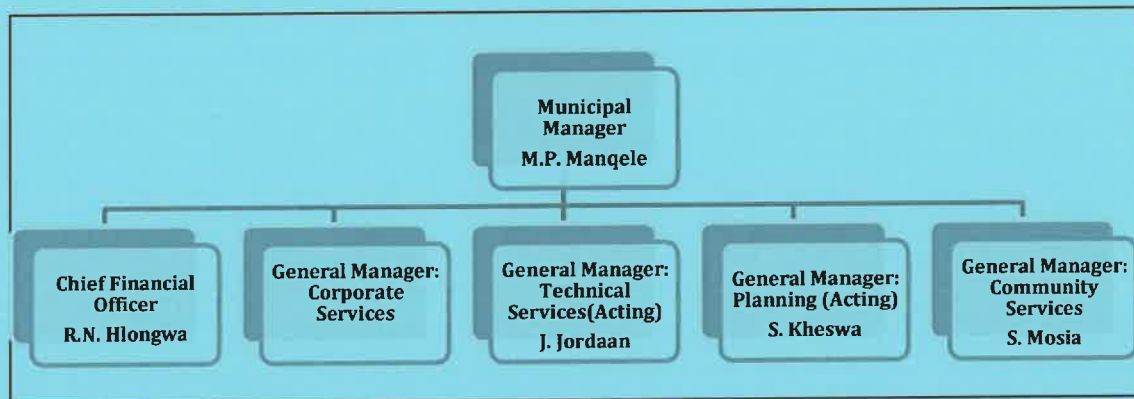
**Table 11 Council and EXCO Meeting performance**

<b>COUNCIL AND EXCO MEETINGS</b>	<b>2020/21</b>	<b>2021/22</b>	
	<b>Number of meetings:</b>	<b>Number of meetings:</b>	<b>Dates:</b>
<b>EXCO</b>	12	11	30/07/2021; 24/08/2021; 28/09/2022; 26/01/2022; 28/01/2022; 21/02/2022; 23/03/2022; 24/03/2022; 26/04/2022; 24/05/2022; 21/06/2022
<b>FULL COUNCIL</b>	12	16	25/08/2021; 18/10/2021; 26/11/2021; 02/12/2021; 7/01/2022; 27/01/2022; 05/02/2022; 25/02/2022; 22/03/2022; 29/03/2022; 31/03/2022; 22/04/2022; 27/05/2022; 15/06/2022; 22/06/2022; 30/06/2022



## 5.2. Administrative Governance

### Human Resources



#### *Municipal Manager*

The Municipal Manager's Office is responsible for co-ordinating the administration and key activities that are the responsibility of the Accounting Officer.

The divisions are Performance, Risk, Internal Audit and Legal Services.

#### *Planning Department*

General Manager: Mr S Kheswa

The Planning Department provides strategic support to the Council towards ensuring integrated development planning. The Department also houses the Water Services Authority.

The Department has 3 divisions including Planning Administration, Water Services Authority and Project Management Unit.

#### *Budget & Treasury Office*

General Manager: Mr RN Hlongwa

The Budget & Treasury Office applies Municipal financial management practice which involves managing a range of interrelated components such as Planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is effective and efficient and that municipalities can be held accountable.

This department has 2 divisions including Income and Expenditure. Expenditure includes Supply Chain Management.

#### *Corporate Services Department*

General Manager: Mrs S Linda

The Corporate Services department provides an integrated administrative support service to the municipality focusing on institutional development, administration, management and governance.

The Department has 4 divisions including Auxiliary Services, Human Resources, District Airport Management and Disaster Management.

### ***Community Services Department***

General Manager: Mr S Mosia

The Department promotes the district economic and social development as well as developing the people's quality of life in an inclusive and sustainable manner.

The Department has 6 divisions including social development, Youth, Gender & Disabled, HIV/AIDS, Arts and Craft, Local Economic Development and Municipal Health Services

### ***Technical Services***

Acting General Manager: Mr J Jordaan

The Technical Services Department is a Water Services Provider for its area of jurisdiction. 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 and Emergency Relief.

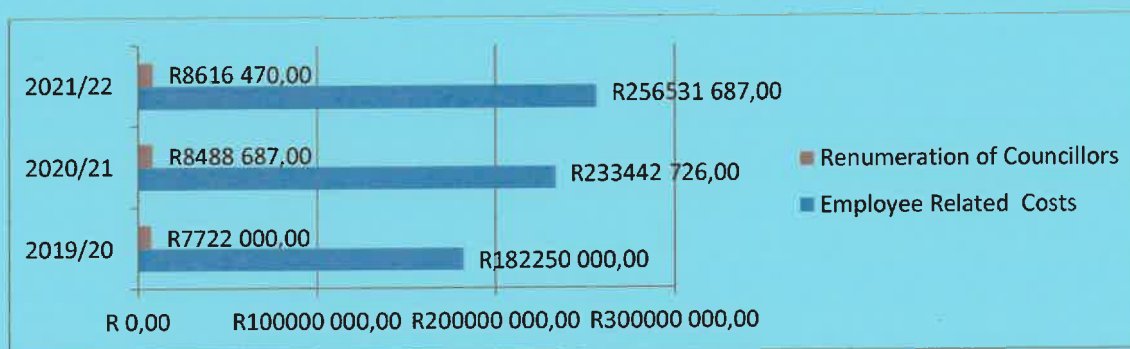
The Department has 3 divisions including the Project Management Unit (PMU), Bulk Management as well as Operations and Maintenance.

### **Organizational Personnel Related Expenditure**

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, allowances and medical aid.

**Figure 8 Organizational personnel related expenditure**



According to note 27 of the Audited Financial Statements, employee related costs increased for the period under review from R233,442,726 in 2020/21 to R256,531,687. According to note 46 the variance can be attributed to an increase in standby allowance and overtime claims.

For the same period according to note 28, councillor related costs decreased to R8,618,470.00 for the period under review. According to note 46 the difference can be attributed to an adjustment of the remuneration scales of Councillors.

**Table 12 Benefits paid to employees**

Item	2019/20	2020/21	2021/22
Motorcar allowances	R6 438 706,00	R6 999 457,00	R8 704 117,00
Housing benefits	R1 142 187,00	R1 218 658,00	R1 379 224,00
Cellular	R506 396,00	R533 383,00	R663 084,00
Leave pay provision charge	R5 465 388,00	R4 629 718,00	R3 223 448,00
<b>Total</b>	<b>R13 552 677,00</b>	<b>R13 381 216,00</b>	<b>R13 969 873,00</b>

The employee related costs also include overtime, homeowner allowances and medical aid and performance bonuses that are paid to Senior Management.

The costs associated with the Councillors allowance are determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of the Public Office Act, 1998 (Act 20 of 1998).

#### **Remuneration Packages of the Senior Managers**

Remuneration packages for the Municipal Manager and Managers reporting to the Municipal Manager are as follows:

**Table 13 Remuneration of Senior Managers**

Employee	Remuneration
Municipal Manager	R1 396 452,00
Chief Financial Officer	R1 396 452,00
Planning	R250 534,00
Technical	R1 280 192,00

#### **Employment and Vacancies**

The following summary indicates the number of posts on the establishment, the number of employees and the vacancy rate.

**Table 14 Posts and vacancy 3-year comparison**

Department	2019/2020		2020/2021		2021/22	
	No. of posts	No. of vacancies	No. of posts	No. of vacancies	No. of Posts	No. vacancies
Finance	63	6	60	8	60	6
Technical	484	42	449	54	442	26
Planning	33	4	29	4	20	2

Community	92	10	91	14	93	3
Corporate	59	8	75	8	117	4
MM's Office	37	1	25	5	29	2
<b>Total</b>	<b>768</b>	<b>71</b>	<b>729</b>	<b>93</b>	<b>761</b>	<b>44</b>

The number of posts increased for the period under review due to the decisions to align organizational capacity to service delivery demand.

#### **Senior Manager Appointments**

The Municipal Manager and 03 Senior Managers reporting to the Municipal Manager are appointed with 2 Acting appointments in the Technical as well as Planning Services.

#### **Signing of Performance Agreements**

All Senior Managers reporting to the Municipal Manager signed performance agreements for the 2021/2022 financial year in July 2021.

The Performance Agreements were submitted to the MEC: COGTA on the 12<sup>th</sup> August 2021 and also published in the media and website.

#### **Performance Rewards**

Performance Bonuses paid for the financial year under review are as follows:

<b>Employee</b>	<b>Performance Bonus %</b>
Municipal Manager	8
Chief Financial Officer	8
Planning	8
Technical	8

The Senior Managers received performance bonuses in December 2022 in accordance with the Performance Agreements and the KZN Collective Bargaining Agreement.

#### **Measuring of Performance for other levels of employees**

There is no system of financial performance reward for other levels of staff at the moment. The policy for cascading of performance was approved in the 2020/21 financial year by Council and is being implemented

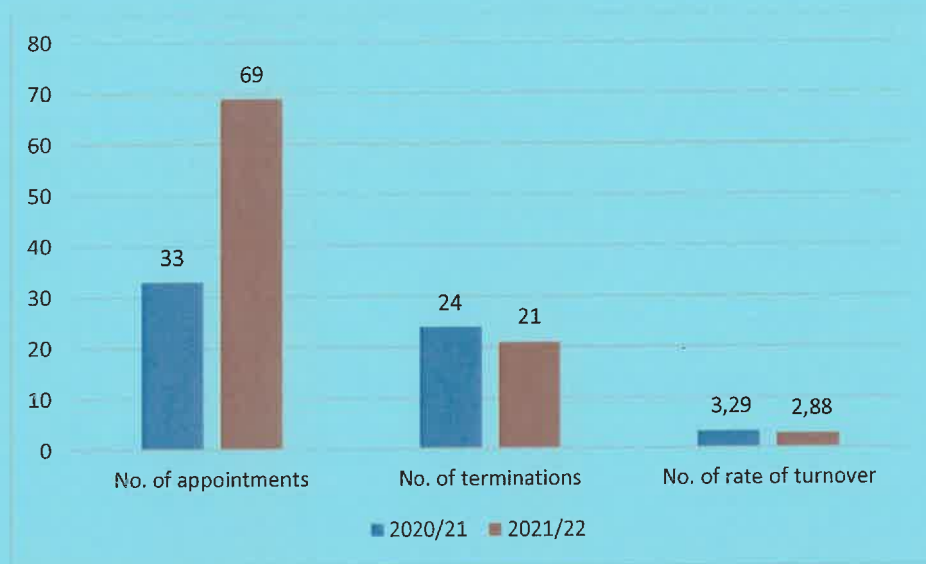
#### **Job Evaluations**

There are no job evaluation conducted for the period under review.

#### **Employment Changes**

This section provides information on changes in employment over the financial year. This is an indicator for rate of turnover in the departments.

**Figure 9 Appointments, Terminations and Turnover Rate**

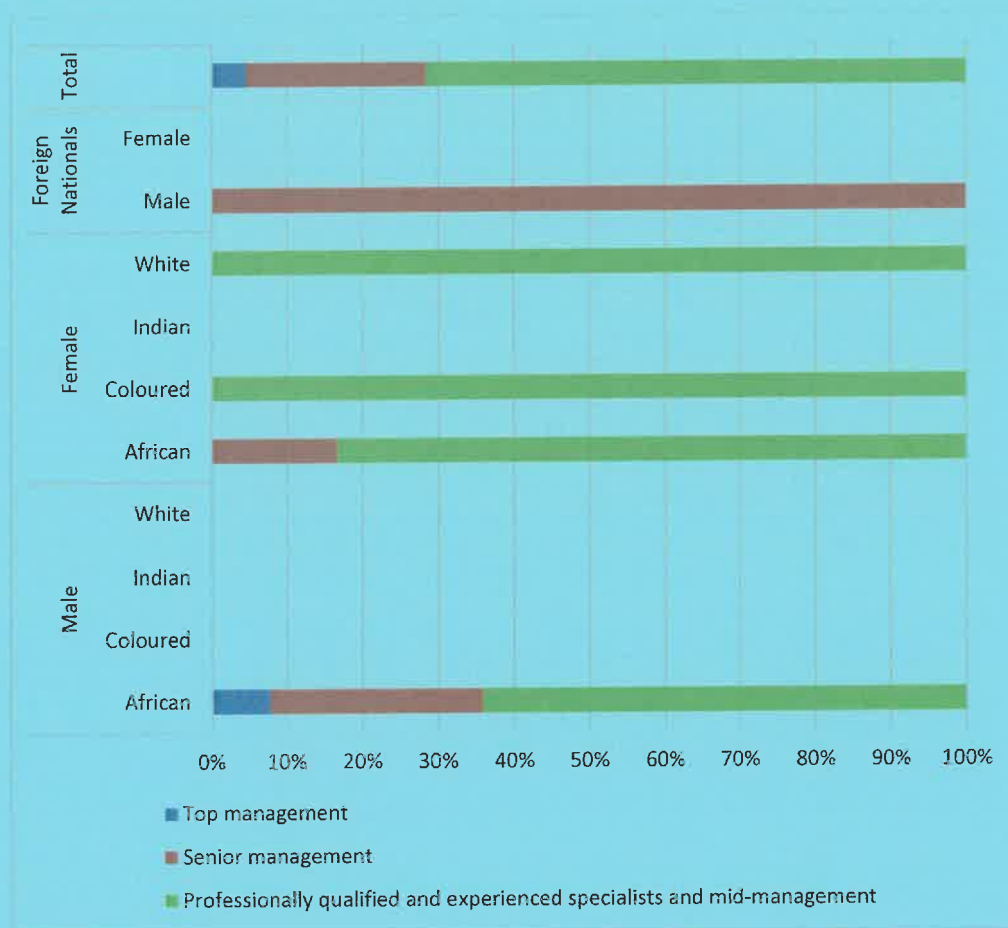


There was a number of new employments in vacant posts during the period under review. There were also less terminations compared to the 2020/21 financial year. The turnover decreased from 3,29% to 2,88% in the 2021/22 financial year.



## Employment Equity

Figure 10 Occupational Levels (Gender and Race)



## Leave Utilization and Trends

Table 15 Sick and Annual leave per employee category; state of accrued leave

Annual Leave			Sick Leave			Accrued leave		
19/20	20/21	21/22	19/20	20/21	21/22	19/20	20/21	21/22
4382	4971	5959	2289	2522	2202	554	321.75	1705

### Annual Leave

During the period under review and the previous financial year, there was an increase of 589 of annual leave days taken by employees.

### Sick Leave

The number of sick leave days taken between the period under review and the previous financial year decreased by 320.

#### *Accrued Leave*

There was a significance increase in the number of accrued leave days with a difference of 1384 accrued leave days taken by employees due to enforcement of leave protocol by the employer.

#### **Labour Relations**

**Table 16 Disciplinary issues**

Disciplinary issues (nature of issue)	Pending				Concluded				Suspensions			
	18/19	19/20	20/21	21/22	18/19	19/20	20/21	21/22	18/19	19/20	20/21	21/22
	0	0	0	1	0	0	0	8	0	0	0	5

There is 1 pending disciplinary issue for the year under review and 5 recorded suspensions.

#### **Skills Development & Capacity Building**

**Table 17 Employees trained including expenditure**

Department	2018/19		2019/20		2021/22	
	No. Trained	Total Expenditure	No. Trained	Total Expenditure	No. Trained	Total Expenditure
Councillors	33	R 290 904	34	R 624 589	37	R 147 394.36
Office of MM	0		0		9	
Finance	25		20		20	
Technical	4		61		15	
Planning	3		7		10	
Corporate	11		35		10	
Community	4		32		19	

From the table above it can be observed that there has been a significant decrease in the expenditure of training of employees. However there was an increase in the number of employees trained. This is a result of cheaper training rates on training.

## Financial Policies

	Name of Policy	Date adopted	Next Review
1	Budget Policy	31 Jan 2020	NA
2	Virement Policy	31 Jan 2020	NA
3	Tariff Policy & Credit control policy	28 May 2021	NA
4	Debt write off-policy	31 Jan 2020	NA
5	Banking and investment policy	31 Jan 2020	NA
6	Funding and Reserve policy	31 Jan 2020	NA
7	Supply Chain management policy	31 Jan 2020	NA
8	Asset Management Policy	31 Jan 2020	NA
9	Asset Loss control policy	31 Jan 2020	NA
10	Indigent support policy	28 May 2021	NA
11	Insurance Policy	31 Jan 2020	
12	Subsistence and Travelling Policy	31 Jan 2020	

## Other Policies

	Name of Policy	Date adopted	Next Review
1	Affirmative Action	31 Jan 2020	NA
2	Attraction and Retention	31 Jan 2020	NA
3	Code of Conduct for employees	31 Jan 2020	NA
4	Delegations, Authorisation & Responsibility	31 Jan 2020	NA
5	Disciplinary Code and Procedures	31 Jan 2020	NA
6	Essential Services	31 Jan 2020	NA
7	Employee Assistance / Wellness	31 Jan 2020	NA
8	Employment Equity	31 Jan 2020	NA
9	Exit Management	31 Jan 2020	NA
10	Grievance Procedures	31 Jan 2020	NA
11	HIV/Aids	31 Jan 2020	NA
12	Human Resource and Development	31 Jan 2020	NA
13	Information Communications Technology	31 Jan 2020	NA
14	Job Evaluation	31 Jan 2020	NA

15	Leave	31 Jan 2020	NA
16	Occupational Health and Safety	31 Jan 2020	NA
17	Official Housing	31 Jan 2020	NA
18	Official Journeys	31 Jan 2020	NA
19	Official transport to attend Funerals	31 Jan 2020	NA
20	Official Working Hours and Overtime	31 Jan 2020	NA
21	Organisational Rights	31 Jan 2020	NA
22	Payroll Deductions	31 Jan 2020	NA
23	Performance Management and Development	31 Jan 2020	NA
24	Recruitment, Selection and Appointments	31 Jan 2020	NA
25	Remuneration Scales and Allowances	31 Jan 2020	NA
26	Resettlement	31 Jan 2020	NA
27	Sexual Harassment	31 Jan 2020	NA
28	Skills Development	31 Jan 2020	NA
29	Smoking	31 Jan 2020	NA
30	Subsistence and Travelling (Officials)	31 Jan 2020	NA
31	Subsistence and Travelling (Councillors & Senior Managers	31 Jan 2020	NA
32	Public Participation Policy	31 Jan 2020	NA
33	Communications Policy	31 Jan 2020	NA
34	Grants In Aid Policy	31 Jan 2020	NA
35	Social Media Policy	31 Jan 2020	NA
36	Special Skills	31 Jan 2020	NA
37	Uniforms and Protective Clothing	31 Jan 2020	NA
38	Water Use Policy	31 Jan 2020	NA

### 5.3. PERFORMANCE MANAGEMENT

Performance Management is located in the Office of The Municipal Manager.

Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998, requires that the Municipality annually review their overall performance in achieving their constitutional objectives, the monitoring and implementation of the Municipality's Integrated Development Plan are overseen and intended to gradually improve operations. Through the effective and efficient implementation of the Annual Service Delivery Budget and Implementation Plan (SDBIP), an effective performance management system guarantees the successful realization of the Municipality's Integrated Development Plan (IDP).



#### **5.4. AUDITING AND OVERSIGHT**

In its annual audits, the Auditor-General of South Africa examines financial and non-financial information of the municipality to determine:

- Fair representation and absence of material misstatements in the financial statements
- Reliable and credible performance information for purposes of reporting on pre-determined performance objectives
- Compliance with all legislation governing financial matters

##### **5.4.1. Audit Outcome**

There are 5 audit outcome categories:

###### **CLEAN AUDIT OUTCOME:**

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

###### **FINANCIALLY UNQUALIFIED AUDIT OPINION:**

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

###### **QUALIFIED AUDIT OPINION:**

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

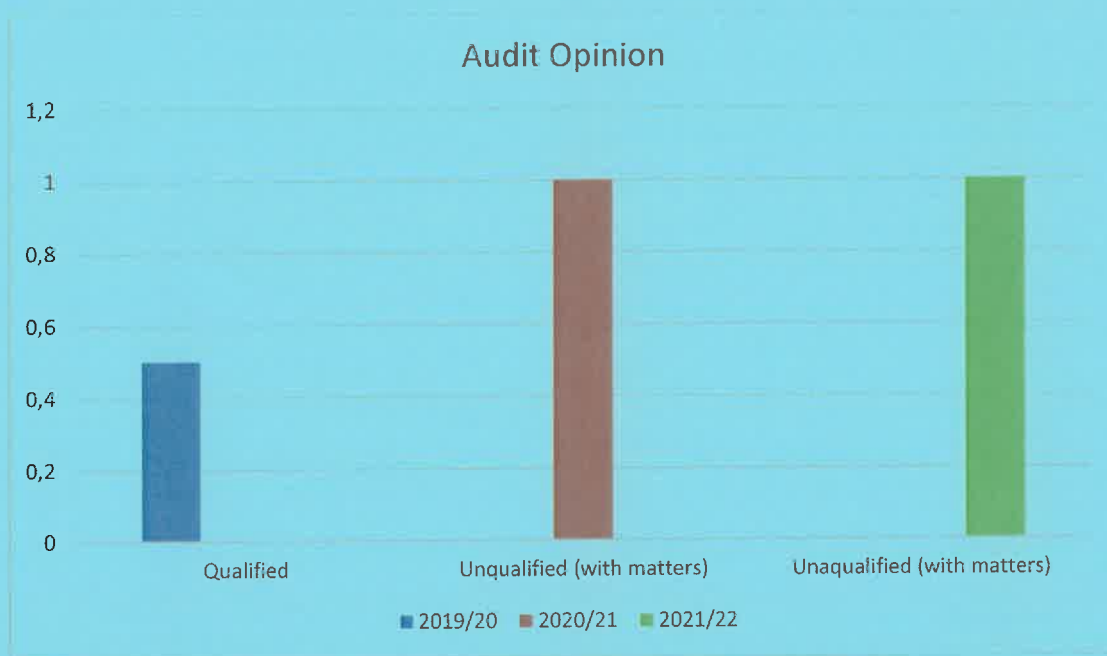
###### **ADVERSE AUDIT OPINION:**

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

###### **DISCLAIMER OF AUDIT OPINION:**

The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

The Zululand District Municipality received the following Audit opinions over the past 3 financial years:



In the 2019/20 financial year the municipality received a Qualified Audit Opinion.

In 2020/21 the municipality's Audit outcome improved and received Unqualified Audit Opinion with matters.

The formal audit outcome for the 2021/22 is an Unqualified Audit Opinion with matters. According to the Zululand District Municipality Audit for the year ending 30 June 2021 these were the matters of emphasis:

#### Restatement Of Corresponding Figures

As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

#### Material Impairments - Receivables From Exchange Transactions

As disclosed in note 4 to the financial statements, the municipality recognised a provision for impairment of R138,61 million (2020-21: R115,60 million) on receivables from exchange transactions as the recoverability of these debts was doubtful.

#### Material Water Losses

As disclosed in note 41 to the financial statements, material water losses of R233,95 million (2020-21: R299,84 million) was incurred, which represents 77% (2020-2021: 72%) of total water purified. The contributing factors to these losses were due to rural areas mainly being indigent where water is supplied through subsidised schemes as well as water leaks, illegal connections and ageing infrastructure.

Details on the Report on the Audit of the Annual Performance Report, Report on Compliance with Legislation, Other Information, Internal Control Deficiencies and Other Reports can be found on Page 4-8 of the Audit Report.

The municipality takes these findings seriously and hence they will be addresses within the provisions of the Constitution and the Municipal Systems Act Section 4(2)(d) which makes provision for the council of the municipality, within the municipality's financial and administrative capacity with having regard to practical

considerations to strive to ensure that municipal services (including its mechanisms) are provided to the local community in a financially sustainable manner.

At the time of printing, Management was in the process of preparing its Audit Action Plan outlining how the municipality will address the findings in the audit report.

#### **Internal Audit**

Internal Audit was outsourced to Bonakude Consulting for the period under review. The audit commences every quarter to produce a report which is tabled to the Audit and Performance Management Committee. The Internal Audit is guided by the Internal Audit Charter and Audit Plan which are tabled to the Audit and Performance Management Committee.

The Audit Plan (which is risk based) and Audit Charter for the 2021/2022 financial year was tabled to the Audit Committee on the 06<sup>th</sup> August 2021. The committee met as scheduled in the Charter.

#### **Audit and Performance Management Committee**

The Zululand District Municipality has an established 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 2016 (King IV).

The Audit and Performance Management Committee, consisting of four independent non-executive members. The committee 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.

Members of the Audit and Performance Committee are as follows:

**Table 18 Audit and Performance Committee Members**

Member	Designation	Attended
Ms. Z Dlamini (Chairperson)	External	4/4
Mr R. Nhleko	External	4/4
Mr. EN Sithole	External	4/4
Ms. N Thungo	External	4/4
Mr MA Ngcobo	External	4/4

The Audit Committee has met 4 times for the financial year under review as displayed in the table below.

Table 19 Meetings of the Audit Committee

Meetings of the Audit Committee		
2019/20	2020/21	2021/22
08/08/2019	29/09/20	20/08/2021
17/07/2020	04/12/20	08/12/2021
13/11/2020	31/03/21	23/02/2022
	10/06/21	27/06/2022
	18/06/21	

#### Oversight Committee

The section 79 oversight committee was established as per schedule 5 of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998). The oversight committee comprises of a chairperson elected by the municipal council, members of the committee as well as a committee secretary.

#### 5.5. RISK MANAGEMENT

The Local Government: Municipal Finance Management Act, No 56 of 2003 (Section 62) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The risk assessment exercise for the 2020/2021 was facilitated by Bonakude Consulting during the 3<sup>rd</sup> quarter of 2021. Senior Management and Middle Management were part of the process to provide inputs. 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.

The following risks were identified and monitored during the course of the financial year:

Table 20 Organizational Risk Management

Item No.	Risk Description	Risk Impact	Control Impact	Annual Result
1	Failure to effectively implement PMS at lower levels	Major	20%	Mitigated
2	Water Losses	Major	20%	Accepted
3	Failure of water and sewerage infrastructure	Major	70%	Accepted
4	Poor contribution of the tourism sector to the economy of Zululand	Major	20%	Accepted
5	Inability to continue providing Municipal Services during the pandemic.	Major	20%	Accepted



6	Increased ICT system security risks - unauthorised access.	Catastrophic	70%	Mitigated
7	Limited ability to generate and collect own revenue	Catastrophic	50%	Accepted

The risks that were accepted were those where an immediate outright solution is impossible due to limited resources. The risk in this case was nonetheless managed through existing capacity.

The Management Committee monitors management of risks on the register in their Management Meetings held every Monday.

#### 5.6. ANTI-CORRUPTION AND FRAUD

According to Section 155 (1) of The Local Government: Municipal Finance Management Act, No 56 of 2003 The accounting officer of a municipality or municipal entity must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

It must be noted that a Fraud Prevention Strategy is in place and a Code of Conduct for Municipal staff and its Councillors in terms of the Municipal Systems Act was applied by the Municipality.

No fraud and corruption was detected for the period under review.

#### 5.7. CODE OF CONDUCT

Section 112 of The Local Government: Municipal Finance Management Act, No 56 of 2003 requires that a supply chain management policy must make provision for compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids. *See Anti-Corruption and Fraud*

#### 5.8. SUPPLY CHAIN MANAGEMENT

Table 21 Quotations and deviations

Description	Total Value (2019/20)	Total Value (2020/21)	Total Value (2021/22)
Quotations Awarded	R11 769 233.29	R5 275 611.07	TBD
Deviations	R30 010 744.00	R21 956 880	R6 006 203

During the period under review the municipality saw a decrease of R15, 950,677.00 in Section 36 deviations compared to the 2020/21 financial year.

The Council had developed and approved its Supply Chain Management (SCM) Policy that is in line with the Local Government: Municipal Supply Chain Management (SCM) Regulations as issued by the National Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments are submitted to Council for approval. The SCM Unit is centralised and reporting to the office of the Chief Financial

Officer as required by regulation 7(1) of Municipal Supply Chain Management Regulations. Section 115 of the MFMA that deals with segregation of duties is complied with.

### 5.9. Unauthorised, Irregular Fruitless and Wasteful Expenditure

#### 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).

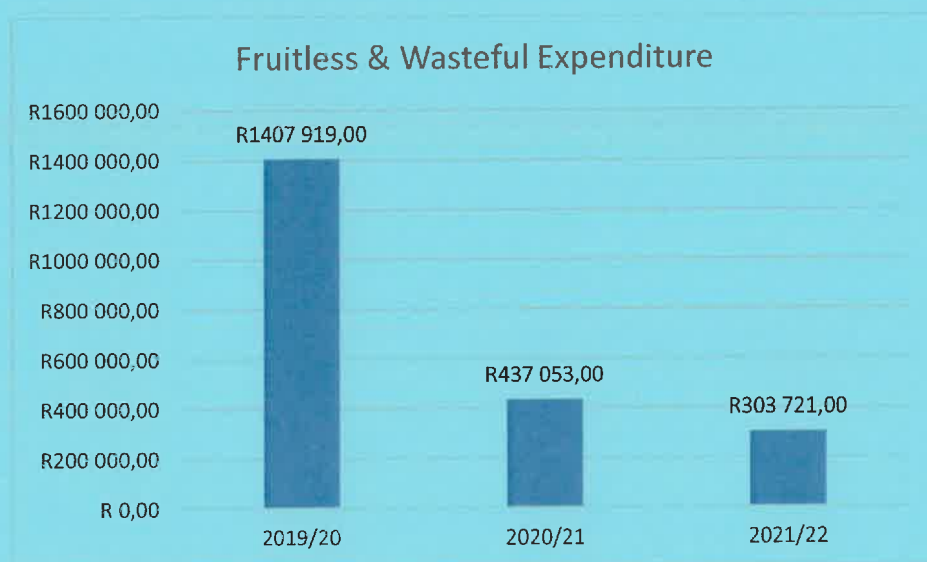
#### Irregular expenditure

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.

#### Fruitless and wasteful expenditure

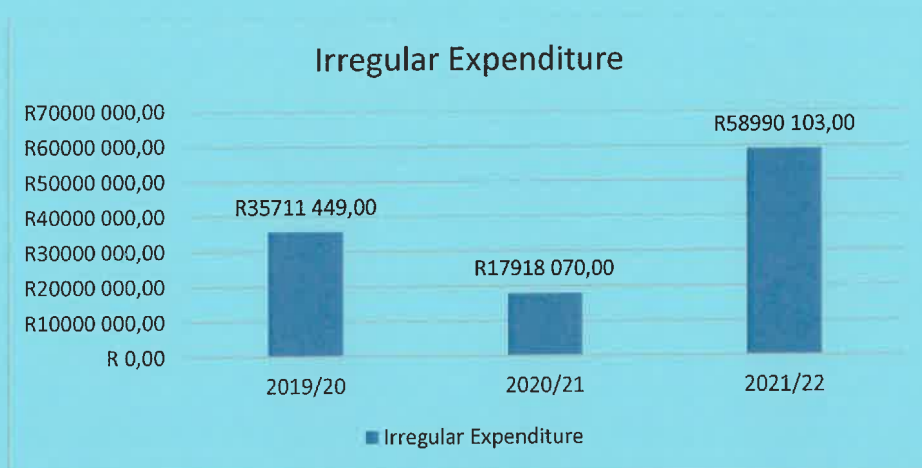
Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Figure 11 Fruitless and wasteful expenditure



According to note 48 (page 66) of the Audited Financial Statements, fruitless and wasteful expenditure for the period under review amounts to R303.721,00 a decrease of R133,332.00 in 2020/21.

Figure 12 Irregular expenditure



According to note 49 (page 66) of the Audited Financial Statements Irregular expenditure for the same period amounts to R58 990 103 a considerable increase of R41 072 033 from the 2020/21 financial year.

According to note 49 (page 66), the incidents can be identified as follows:

Item No.	Description	Amount
1	Non- compliance MSCMR 21 096 366	R21 096 366,00
2	Non-compliance with CIDBR 27 094 494	R27 094 494,00
3	Non-compliance with PPPFA 10 799 243	R10 799 243,00

A forensic investigation was commissioned and it recommended that a case be opened with the South African Police Service. A case has been opened with the South African Police Service and the investigation is underway for transgressions of the Municipal Supply Chain Management Regulations (MSCMR) to the value of R13 995 316.

Council adopted the council committee recommendation to write-off an amount of 17 918 070 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

#### 5.10. INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (IGR) in South African context concern the interaction of the different spheres of government. The Constitution declares that government is comprised of National, Provincial and Local spheres of government which are distinctive, interdependent and interrelated. According to the Constitution of the Republic of South Africa, Act, No.108 of 1996, Section 41 (1) and (2), all spheres of government and all organs of state within each sphere to – Preserve the peace of the Republic; Secure well – being of the people of the Republic; Provide effective, Transparent, Accountable and coherent government for the Republic as a whole; Cooperate within one another in mutual trust and good faith by inter alia – assisting and supporting one another, informing one another of and consulting one another on matters of common interest and coordinating their

actions and legislation. They must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

To achieve the objectives stated above the Zululand District Municipality has established District Development Model (DDM). The overarching objective of the Zululand District Development Model/structures and its establishment is to ensure that service delivery is fast tracked and that municipalities are properly supported and adequately resourced. Further the objectives are:

- Promote active collaboration of initiatives from all spheres of government
- Promote greater accountability
- Ensure that all three spheres of government operating in unison thus enabling coherent, seamless and sustainable service delivery and development with integrated impact on the quality of life and quality of living spaces at Municipal level
- Focus on the local government spaces as the appropriate scale and arena for intergovernmental planning and coordination
- That the ZDM -DDM is premised on the institutionalising a programmatic approach to Intergovernmental Relations (IGR)
- ZDM -DDM focus on the local government spaces as the appropriate scale and arena for Intergovernmental planning and coordination
- ZDM -DDM focus on the local government spaces as developmental spaces (IGR Impact Zones) that will be strategic alignment platforms for all three spheres of government
- ZDM – DDM ensures that it produce a Special Integrated Single Government Plans (as an Intergovernmental Compact) for each of these spaces that guides and directs all strategic investment spending and project delivery across government, and forms the bases for accountability
- This approach reinforces an outcome – based IGR systems where there is a systematic single government plan. This signifies a shift from highly negotiated alignment of plans to regulated cooperative governance one plan
- Take development to the community as key beneficiary and actors of what government does, and where they have a stake.

The membership and composition of the Zululand District Development Model / Structures comprises of the following:

- Political Hub
- Technical Hub
- Social Cluster
- Governance Cluster
- Economic Cluster
- Security Cluster



The table below demonstrates the number of times that the different segments of IGR met during the financial year under review:

Name of Forum	No of Meetings
<b>Political Hub</b>	01
<b>Technical Hub</b>	01
<b>Social Cluster</b>	01
<b>Governance Cluster</b>	01
<b>Economic Cluster</b>	01
<b>Security Cluster</b>	01

# 6. CHAPTER 3 – STRATEGIC PRIORITIES

KPA Ref.	Key Performance Area	SOOG Ref.	Strategic Oriented Outcome Goal(SOOG)	SO Ref.	Strategic Objective(SO)	2019	2020	2021	2022
1	Basic Service Delivery & Infrastructure	SOOG 1.1	All categories of Municipal Infrastructure and resources are stable and maintained <i>(Water&amp; sanitation, disaster &amp; fire management, district airports&amp; district roads)</i>	SO 1.1.1	Continuously managing all developed infrastructure capital assets to minimize the total cost of owning and operating these assets while delivering the desired service levels & protecting the natural environment <i>( Effective Asset Management, internal &amp;community capacity building, collecting revenue, tariffs, monitoring &amp; evaluation, environmental management)</i>		x	x	x
		SOOG 1.2	Access to the full package of municipal services offered to the community is efficient, affordable, economical, acceptable quality, sustainable and supports economic growth <i>(Build capacity, optimisation &amp;beneficiation)</i>	SO 1.2.1	Build adequate capacity, eliminate operational inefficiencies, streamline and refine processes and systems and establish partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to <i>(Including all government facilities)</i> <i>(Mobilise funding, service delivery model, manage indigents)</i>	x	x	x	x

2	Local Economic & Social Development	SOOG 2.1	The municipality's competitive advantage in agriculture, natural environment, culture and heritage is exploited optimally to create jobs, increase tourism and improve food security <i>(Emerging farmer support, marketing, tourism, agriculture, heritage and culture)</i>		Capacitate and provide emerging farmers with support		x	x	x
				SO 2.1.1	Build the capacity of emerging farmers to market produce through transformation of the local economy and local marketing and harnessing existing commodity value chains		x	x	x
				SO 2.1.2	Promote the establishment of strategic tourism linkages and attractions of the District, while actively facilitating the development of authentic, focused and sophisticated tourism assets		x	x	x
				SO 2.1.3	Stimulate and enhance the local agri-tourism industry		x	x	x
				SO 2.1.4	Develop and promote agricultural, heritage and culture corridors		x	x	x
		SOOG 2.2	A transformed spatial economy with communities participating in the district economy <i>(Human resource development, skills development, local economy)</i>	SO 2.2.1	Enhance nests of economic activity through a town and village development programme			x	
				SO 2.2.2	Promote skills development aligned with economic sectors to enable communities to participate in the local economy		x	x	x
				SO 2.2.3	Develop and promote local and district spatial economic zones to enable local and national and international trading and marketing of local goods			x	

		<b>SOOG 2.3</b>	Small scale mining & Industrialisation contributes to the livelihoods of communities <i>(Small scale mining &amp; beneficiation)</i>	<b>SO 2.3.1</b>	Establish and exploit the remaining mining potential in partnership with communities and the private sector			x	
		<b>SOOG 2.4</b>	The health of communities and citizens is improved <i>(Water quality, environmental health, pollution and HIV/AIDS)</i>	<b>SO 2.4.1</b>	Partner with local or neighbouring institutions (including institutions of higher learning) to assist in conducting water quality and other sample laboratory test		x	x	
				<b>SO 2.4.2</b>	Assess environmental health risk, provide information to the public and implement a range of programmes and projects to create partnerships including but not limited to communities, health services, environmental affairs, agriculture, housing department and private sector		x	x	x
				<b>SO 2.4.3</b>	Collaborating with communities, relevant sector departments institutions and private sector about the needs & methods to reduce pollution (air & land)		x	x	x
				<b>SO 2.4.4</b>	Reduce the impact of HIV/AIDS by partnering with communities and stakeholders, constantly evaluating, monitor, refine and implementing interventions focused on the scourge		x	x	x

3		SOOG 2.5	Inequalities, exclusions and disparities which engender divisions, distrust and conflict are reduced <i>(Social cohesion, partnerships, vulnerable groups)</i>	SO 2.5.1	Monitor and improve social cohesion through partnerships by enhancing implementation human community development, sports, cultural & social events targeted at vulnerable groups (youth, females, elderly)		x	x	x
				SO 2.5.2	Co-ordinate community safety activities with identified government departments, community and private sector to contribute towards reduction of community safety		x	x	x
	Municipal Financial Viability & Management	SOOG 3.1	Municipality is financially viable	SO 3.1.1	Establish and maintain a healthy financial state by maintaining a balance between assets and debt, operational efficiency, managing operating expenditure and increasing revenue		x	x	x
		SOOG 3.2	Sustainable budgeting, cashflow and expenditure management is achieved	SO 3.2.1	Apply sound financial management practises to keep a positive cash balance, coverage and liquidity ratios		x	x	x
		SOOG 3.3	Statutory compliance and accurate financial reporting is consistent	SO 3.3.1	Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance		x		



		SOOG 3.4	To enhance infrastructure, equipment and resources as a tool to fasttrack service delivery	SO 3.4.1	Refine procurement systems and processes to respond to the demand for services		x	x	x
4	Good Governance & Public Participation	SOOG 4.1	A sound customer/client relationship, improved accountability and responsiveness to the community is achieved and sustained	SO 4.1.1	Effectively handling of community enquiries and responding through an effective customer care service		x	x	x
				SO 4.1.2	Promoting transparent and accountable governance through regular community engagements and effective administration		x	x	x
				SO 4.1.3	Monitor, review and improve community satisfaction through quality of life surveys			x	
		SOOG 4.2	Statutory compliance is achieved	SO 4.2.1	Systematic development and or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation		x	x	x
		SOOG 4.3	Culture of fraud and corruption is eliminated	SO 4.2.2	To discourage fraud and corruption through effective enforcement of fraud and corruption policy as well as monitoring and implementation of consequence management		x	x	x

5	Municipal Transformation & Organizational Development	SOOG 5.1	Strong career pathing is achieved	SO 5.1.1	Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement		x	x	x
				SO 5.1.2	Promoting sound labour relations through promoting effective human resource practises		x	x	x
		SOOG 5.2	Ethical governance and leadership that effectively optimises service delivery	SO 5.2.1	Optimise workforce productivity by enforcing a sound organizational culture		x	x	x
				SO 5.2.2	Monitoring, review and progressively improve service delivery performance through improvement of business processes and systems, performance auditing, risk management and oversight		x		
				SO 5.2.3	Building adequate infrastructure, equipment and resources to respond to service interruptions		x	x	x
				SO 5.2.4	Establishing consistency and alignment between the district and locals by regular co-ordination of Intergovernmental Relations		x	x	x

				<b>SO 5.2.5</b>	Monitor and enhance compliance with health and safety standards to improve employee working conditions and the public		x	x	x
6	Spatial Planning & Environmental Management	<b>SOOG 6.1</b>	Compact human settlements that are socially cohesive	<b>SO 6.1.1</b>	Promoting integrated human settlements using spatial development strategies, frameworks and policies		x	x	x
		<b>SOOG 6.2</b>	The natural environment is preserved	<b>SO 6.2.1</b>	Promoting and conserving the natural environment through land use management policies, plans and frameworks		x	x	x

## **7. CHAPTER 4 – SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2021/2022**

In order to continuously ensure effective financial management and value for money in the execution of the municipal Integrated Development Plan, regular assessments by Performance Management in reviewing the set targets on quarterly basis. These assessments are conducted to identify and implement appropriate remedial action promptly to improve the probability of achieving the targets and subsequently sound service delivery to the community of Zululand District Municipality.

Performance targets for the financial year of 2021/2022 were developed and outlined in the organizational scorecard that was adopted together with the Adjustment Budget.

Against all difficulties, Zululand District Municipality was able maintain to its performance from the 2020/2021 and 2021/2022 financial years. The performance of the municipality was 82.69% in the previous financial cycle and 80.76% in the year ending on June 30, 2022. These are great results remembering that in 2020/2021 here were only 48 indicators which were added in 2021/2022 to 104. A difference of 56 indicators with only 1% decrease in achievement.

The municipality takes great pride in maintaining performance, and as a result of the dedication of its senior management, political leadership, and all employees, the residents of the Zululand District have benefited from numerous significant projects that were started and finished during the fiscal year. The Municipality will continuously monitor its performance extremely carefully to improve service delivery, and as a result, the monitoring controls will receive special attention in all of the Municipality's departments.

<b>2020/2021</b>		<b>2021/2022</b>	
Achieved	Not Achieved	Achieved	Not Achieved
83.33%	16.67%	80.76%	19.23%

The overall comparison between the three financial years is depicted in the graph below:



Figure 13 Performance comparison in %



The table below illustrates the summary of overall performance of the Municipality for the financial year ending June 2022. This means that it is a tabulation of the total number of targets set for all directorates combined, which then gives a picture of how the Municipality has performed. This simple summarised that out of the total of 104 Key Performance indicators set for the municipality, the Zululand District Municipality managed to achieve 84 key performance indicators and only 20 KPIs were not achieved. The report has indicated reasons for variance for each KPI and the corrective actions to be implemented to improve performance have been outlined in this report. A detailed clarification on the reasons for variance and corrective actions per KPI can be accessed on the attached annexure A which is the organisational scorecard which then will give a detailed report per each KPI that the Municipality could not achieve.

KPA No.	KPA	No. of Targets	No. of Targets achieved	No. of Targets not achieved
1	Basic Service Delivery and Infrastructure	10	8	2
2	Municipal Transformation and Organizational Development	18	13	5
3	Municipal Financial Viability and Management	10	6	4
4	Good Governance and Public participation	60	52	8
5	Local Economic Development	6	5	1
	<b>Total</b>	<b>104</b>	<b>84</b>	<b>20</b>

The table below presents the outcome of each Key Performance Area (KPA) in a two-year comparison

KEY PERFORMANCE AREA (KPA)	2020/2021 %	2021/2022 %	PERFORMANCE TREND
Basic Service Delivery	88.8%	80%	Regressed
Municipal Transformation and Organisational Development	100%	72.2%	Regressed
Municipal Financial Viability and Management	40%	60%	Improved
Good Governance and Public Participation	88.46%	86.66%	Regressed
Local Economic Development	66.6%	83.33%	Improved

## 7.1. INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE

### Service Levels

ZDM has the following levels of service:

- a. Regional schemes
- b. Intermediate Stand-Alone Schemes
- c. Rudimentary Water Supply Schemes
- d. Rural Sanitation Roll-Outs (New Infrastructure and Phase 3 Replacement Programme)

### Water Provision

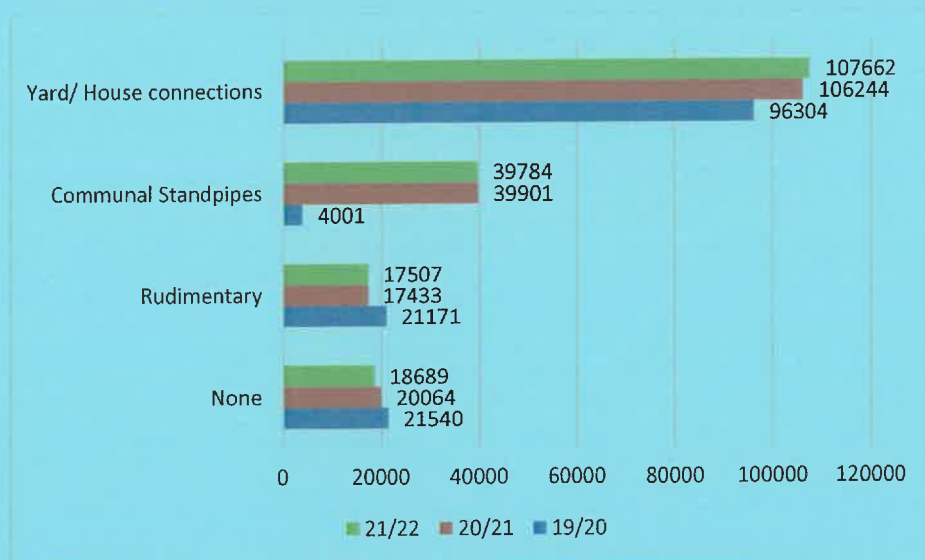
Each regional scheme footprint has a sustainable water source from where infrastructure is progressively being rolled out to all households within the supply area. The supply footprints have been identified in such a way that water can be provided to all households within the area in a sustainable manner and at the lowest possible cost (R/kl).

### Water Backlog Analysis

For the period under review the Water Services Development Plan identified 183,642 households. 1,078 of these households are farmhouses.

### Figure 14 Water backlog trends

The graph below demonstrates access to water over the past 3 years.



In the 2021/22 financial year **18,689** households had **none or inadequate** access to water compared to **20,064** in 2020/21

**17 507** households are receiving the rudimentary level of service (less than RDP level of service) which is an improvement as compared to 2020/21 in which, **17,433** received a rudimentary level of service.

**39784** households are receiving communal standpipes (equal to RDP) against 39,901 in 2020/2021.

In 2021/22 **107662** Households received yard connections against 106,244 in 2020/21.

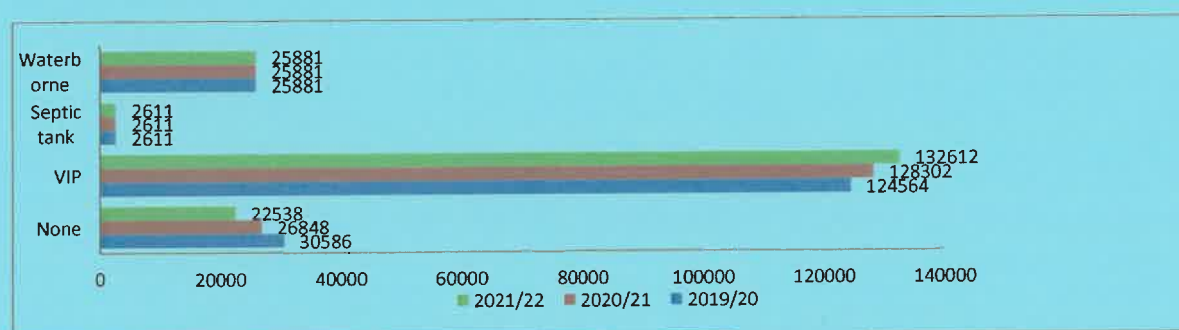
The backlog is defined by households receiving less than RDP level of services. If one looks at the figure above, this is a combination of none + rudimentary.

### Sanitation Provision

Sanitation in the rural areas is being provided in the form of dry-pit VIP toilets and the strategy is to implement these simultaneously with the roll-out of water services. This ensures a more effective impact with health and hygiene awareness training.

### Sanitation Backlog

Figure 15 Sanitation backlog trends



Key water and sanitation projects implemented in 2021/2022 are attached as appendix G:

### Customer Care

It is the Zululand District Municipality approach that our customers are treated with respect and integrity. In this way we want to display our commitment to the principle of “customer first” and ensure that service excellent is an integral part of the planning and delivery of all municipal services to its people.

Out of a total of **6151** queries and complaints logged by 30 June 2021, **2746 (44.6%)** were closed, **2543 (41.3%)** are still in progress and **862 (14.1%)** awaiting closeout approval. Upon inspection it has been discovered that most of these issues were resolved however they were not closed on the system.

### Operations & Maintenance

#### Key Projects implemented

PROJECT NAME	MUNICIPALITY & VILLAGE	EXPENDITURE
<b>Esphiva Phase 3 Amaphiva Stand Alone Bulk Pipeline:</b>	Ulundi	10 070 034,09
<b>Usuthu RWSS : Reticulation -Sigangeni</b>		8 016 929,60
<b>Esikhumbeni Stand Alone Water Supply Scheme</b>		4 338 949,64
<b>Kwankulu SAWSS: Emgodi Water Reticulation</b>	Nongoma	7 263 362,58
<b>Esikhumbeni Stand Alone Water Supply Scheme: Construction of R7 pumpstation(Okhalweni)</b>		3 877 643,16
<b>Ceza Stand Alone Water Supply Phase 2:: Construction of Reticulation pipeline 11</b>	Nongoma	5 665 232,68
<b>Esikhumbeni SAWSS : Construction of Reservoir ,Chamber , E&amp;M Refurbishment</b>		3 287 925,34
<b>Ceza Stand Alone Water Supply Phase 2: : Construction of Reservoir and Weir</b>	Nongoma	6 063 544,40
<b>Rudimentary South - Installation of Windmills</b>		4 825 649,71



<b>Usuthu Phase 2 : Completion of Holinyoka and Lindizwe Pump station</b>	Nongoma	20 286 093,54
<b>Usuthu RWSS: Construction of usuthu water reticulation1A</b>	Nongoma	5 583 657,00
<b>Construction of Nongoma reservoirs with access roads for GB5, GB4 and GB2</b>	Nongoma	19 429 856,31
<b>Nyokeni Self Build: Construction of eletrical poles for Pumpstation</b>	Ulundi	8 601 537,68
<b>Kwankulu SAWWS - KwaMfemfeni Water Reticulation:</b>	Ulundi	6 198 818,00
<b>Construction of Nongoma reservoir 7ML with access roads and Reservoir B (3ML)</b>	Nongoma	41 099 152,31
<b>Nongoma Reticulation - Duma</b>	Nongoma	4 514 932,20
<b>"Covid-19 Interventions at: Ndlandla, KwaBhokwe, Mbilane, Baqulusini Ward 1 &amp; 2 , Gwebu Komelmboog,, QweQwe Ward 1,QweQwe Ward 2 KwaMachanca . Engilandi Ward 1 &amp; 2 ,Mangosutho, Eziqaqeni Ward 1 &amp; 2, Helpmekaar Dungamanzi</b>		8 866 541,16
<b>"Covid-19 Interventions at: Drilling and testing of 11 boreholes within Ulundi Local Municipality.</b>	Ulundi	3 073 950,00
<b>eMondlo Bulk Water Suply: Refurbishment &amp; Additions</b>	Abaqulusi	65 767 544,11

#### Key Challenges

- Water Quality; Rudimentary schemes still remain a challenge, because most of them don't have proper treatment facilities e.g. filters and clarifiers.
- High cost to meet DWAF requirements in frequency of samples.
- Waste water quality; compromised by the age of waste water treatment facilities, ponds in particular.
- Design capacity of plants being exceeded.
- Power failures and load shedding.

- Turnaround time being too long for new power installation and response to power failures.

## 7.2. MUNICIPAL DISTRICT AIRPORTS

The Zululand district has two airports, Ulundi Airport (Prince Mangosuthu Buthelezi Airport) and Vryheid Airstrip.



The District continually maintains Airport Operations compliant to relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements though most of the airport infrastructure required to operate the facility in its designated category of operation, only complies with a bare minim safety and legal conditions. Refuelling Services are temporarily suspended as viability of providing this service is being investigated.

Airport Services consist of Airport Operations that include Admin Support, Rescue and Fire Fighting services compliant to relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements for limited Category 2 operation with one Fire Tender and a fully equipped rescue Vehicle as well as other related infrastructure required to operate the facility in its designated category of operation in a safe and legal manner.

This facility constantly assists this part of the Province with efficient emergency services i.e. 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 Tourism Hub building continues to house the ZDM Tourism offices, Car Rental offices and a training facility with the car rental offices being rented out to generate a little income.

### Projects Implemented for Year Under Review

Flights and passenger statistics are as follows:

Flights and passenger statistics are as follows:

**Table 22 Prince Mangosuthu Airport Flights and passenger statistics**

Item	2018/19	2019/20	2020/21	2021/22
<b>Passenger Arrivals</b>	574	564	758	611
<b>Flights</b>	217	100	135	139

A document on the proposed strategy for Airport Revitalization was prepared as well as a Business Plan for sourcing funds for upgrading the Airport. Funding was allocated by EDTEA for 2023 for the upgrade of the arrivals hall and the refurbishment of the restrooms in the arrivals hall. This project has to be finalized within 2023.

The Airport is continually used by dignitaries i.e. His Majesty the King, the President, the Premier, Prince MG Buthelezi, National and Provincial Ministers and renowned business people who normally fly in their business jet such as Shoprite.

Fedair has shown interest in operating a Lodge hopper system from April 2023 linking Nelspruit to Durban via the following route: Nelspruit-Phinda-Mkuze- Ulundi –Durban. This would support the Upper end Tourism lodge business within the region such as Biyela and Babanango lodge which use the airport facility for their clientele and personal use.

In order to bring back commercial viability, airport charges have been reintroduced for all charter flights except SAPS and the Army Defence Force as they are exempt from such fees due to the nature of their scope of work.

We will be implementing the “Hot desk” concept as the airport has backup generators with Ulundi being home to a lot of contract workers during the week, the airport has ample space at a price for those who are willing to pay for the privilege.

### **Challenges**

Operating the airport viably at the current moment is not practical. Incoming revenue is also not adequate to conduct preventative maintenance of the strong infrastructure and facilities of the airport. Both of these activities are putting a lot of pressure on the municipal finances which must be prioritised to address the community’s basic needs. The municipality would also like to manage the airport at the highest possible category but this is not possible if the airport does not generate revenue and infrastructure is not maintained.

The increasing levels of development around the airport precinct on tribal land is also a challenge to maintain the national and international safety standards of airports as well as pilot landing and take-off guidelines.

The National Disaster Management Act prescribes lockdown regulations in a state of disaster. The national lockdown regulations implemented during the 3rd quarter of 2019/20 had some effect on the operations of the airport. However in the 2020/2021 the number of flights and passengers increased slightly from last financial year as lockdown regulations were eased.

### **7.3. Disaster Management**

The disaster risk management function and DMC in the municipality resort under the Corporate Services Department of the Zululand District Municipality. Zululand District Municipality Disaster Management Centre was established in 2006 and is fully operational. It is located at the Prince Mangosuthu Buthelezi Airport in Ulundi.

#### **Status of Disaster Management Capacity/ Centre**

##### **Operational Function**

The Zululand Disaster Management is placed under the Committee of Health and Safety Portfolio Committee that is where the committee takes decision and makes recommendations to the Council. The Chairperson for the said committee is the councilor responsible for Disaster Management and the other councilors from other Local Municipalities who are responsible for Disaster Management who also participate in the District Disaster Management Advisory Forum. The diagram outlines the high level organogram of the unit:

**Figure 16 High Level Disaster Management Organogram**



The Disaster Management Centre operates 24/7.

#### **Zululand District Disaster Advisory Committee (DDMAC)**

Zululand District Disaster Advisory Committee is fully functionally and was formed in terms of the Disaster Management Act No. 57 of 2002, Section 51 coupled to section 42, which requires the Municipality to establish a multi – disciplined structure consisting of representatives from the District Municipality, all category B Municipalities within the District, Provincial Departments who have a role play in the Disaster Management and have District offices within the area, Senior Representatives of the National Departments within the area and all role players i.e. All NGO'S in the district.

The District Disaster Management Advisory Forum (DMAF) is being utilized as a body in which a municipality and relevant disaster management role players in the municipality consult one another and coordinate their function on matters relating to disaster management. The Disaster Management Advisory Forum and Disaster Management Practitioners meet at least four times per year. Special Disaster Practitioners usually meets as and when need arises.

**Table 23 ZDM Disaster Management IGR Meetings**

<b>ZDM PRACTIONER'S FORUM MEETING</b>	<b>ZDM ADVISORY FORUM MEETING</b>
09 March 2022	24 March 2022
08 June 2022	20 June 2022
22 August 2022	31 August 2022
08 November 2022	01 December 2022

The Zululand District Disaster Risk Management Plan has been approved on the in March 2021 by the Zululand District Municipality Council. The copies are available in software and hard copies. The Plan is ready and available at ZDM offices. Zululand District Municipality has budgeted District Management Plan to be upgraded to a Plan Level 3 according to the required standard.



### Projects Implemented for Year Under Review

Disaster management planning is an aspect of disaster preparedness; its purpose is to ensure the quick and effective response to the disaster or emergency. The Disaster Management Act of 2002 Section 57 (1) states every municipality must prepare a Disaster Management Emergency preparedness plan.

#### *Relief Material*

Relief Material was provided to the community within the Zululand District Municipality five Local Municipalities were beneficiaries.

As part of Planning or preparedness for the summer the following was purchased as a relief material:-

Six hundred (600) Blankets and one hundred and ninety (190) Plastic sheets.

Graphic image below shows the assistance relief Material for Victims

600 Blankets was procured	190 Plastic Sheets was procured
	

Relief material was distributed to all ZDM Local Municipalities to assist victims that were affected number of natural hazards related incidents/disasters during the festive season as follows:-

- Blankets,
- Plastic sheets and
- Food Parcels.

Below is the summary of incidents occurred during the period of 1st July 2020 to 30th June 2021.

Table 24 Disaster Occurrences by type

MUNICI PALITY	HEAVY RAINS	FIRE	STRONG WINDS	LIGHT NINGS	POIS ONING	HAIL STORMS	LOOT ING	DROW NED:	SNOW	MOTOR VEHICLE ACCIDENT (MVA)	TOTAL NO OF INCIDENTS OCCURRED
Abaqulusi	42	45	12	5	00	19	00	01	01	03	129
Edumbe	17	32	05	4	00	09	01	00	00	00	68
uPhongolo	44	33	05	3	00	01	00	01	00	28	115
Nongoma	12	49	09	4	00	05	00	00	00	01	80
Ulundi	13	31	03	10	01	00	00	01	00	01	60
<b>TOTAL</b>	<b>128</b>	<b>190</b>	<b>34</b>	<b>26</b>	<b>01</b>	<b>34</b>	<b>01</b>	<b>03</b>	<b>01</b>	<b>33</b>	<b>452</b>

Four hundred and thirty five (452) incidents had been reported and assessed by Zululand District Municipality during the period of 1st July 2021 to 30th June 2022. One thousand four hundred and fifteen (1415) households;

Thirteen thousand four hundred and twenty seven (13427) people being affected by the following hazards: fires; strong winds, Lightning's; hailstorms; heavy rains; drowned and motor vehicle incidents / accidents. One thousand two hundred and fifty-five (1255) structures were partially damaged and One thousand three hundred and fourth-nine (1349) structures were total destroyed. Twenty (20) fatalities and fourth-seven (47) injuries were reported.

Assessments had been conducted; assistance was provided to the victims although the budget was insufficient to procure all the required relief material. Relief material was distributed to the victims in the form of Blankets; Tents; Plastic Sheets; "Box-B" and Food parcels were distributed to the victims. Housing rehabilitation; repair and reconstruction is urgently required.

#### *Disaster Community Awareness*

Public awareness is essential in order to create an informed, alert and self-reliant community, capable of playing its full part in support of and in cooperation with district in all aspects of risk and vulnerability reduction. Public awareness campaigns aims to raise public consciousness about disaster

Schools and Traditional Councils were visited and awareness campaigns were conducted.

Thirty-six (36) awareness campaigns were conducted during the period of 1st June to 30th June 2022.

Awareness campaigns were conducted during the 2021/2022 financial year are attached as appendix I:

Disinfection and sanitisation programmes were also conducted successful within Zululand District Municipality jurisdiction.

#### *Volunteer Strategy*

There are trainings which undergoes for the volunteers. The volunteer program aimed to capacitate the community in the process of planning and coordinate it measures aimed to:

- Preventing or reducing the risk of disaster
- Mitigating the severity or consequences of disaster
- Emergency preparedness
- A rapid and effective response to disasters and
- Post disaster recovery and rehabilitation

#### **7.4. LOCAL ECONOMIC DEVELOPMENT**

Local Economic Development is one of the Key Performance Areas of the Municipality. As a municipality, Zululand has a Constitutional responsibility to promote local economic development, Section 153 of the Constitution states:

*A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.*

The context and the direction for the role of municipalities in economic development is provided in the White Paper on Local Government. It states that “Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”. Its role is therefore to create a conducive environment for economic development and growth.

##### **LED Objectives**

In terms of the National LED Framework a LED Strategy is needed to:

- Provide direction to the LED unit.
- To emphasize the role of the entire municipality in terms of LED.
- To set LED targets that are aligned to National and Provincial priorities.
- Coordinate efforts of private and public sector stakeholders in LED.
- To inform the municipalities IDP (as the LED Plan is a sector plan of the IDP).

The Zululand Region faces a number of challenges to Local Economic Development. Unemployment is high, as is poverty. Economic growth has in the recent past been slow, as the area’s development potential has not been exploited fully.

## Review LED Strategy

The purpose of this project is to review the Local Economic Development Strategy for the Zululand District Municipality. The plan is envisaged to serve as a mechanism of intervention in addressing the economic development challenges within the Municipality. It will serve to guide and direct the implementation of development initiatives. The strategy should also integrate with other key sector reports and existing District and Local Municipalities LED strategies and programmes already developed by ZDM. The strategy must also integrate with the Provincial Growth and Development Strategy and National Government's rural development strategy.

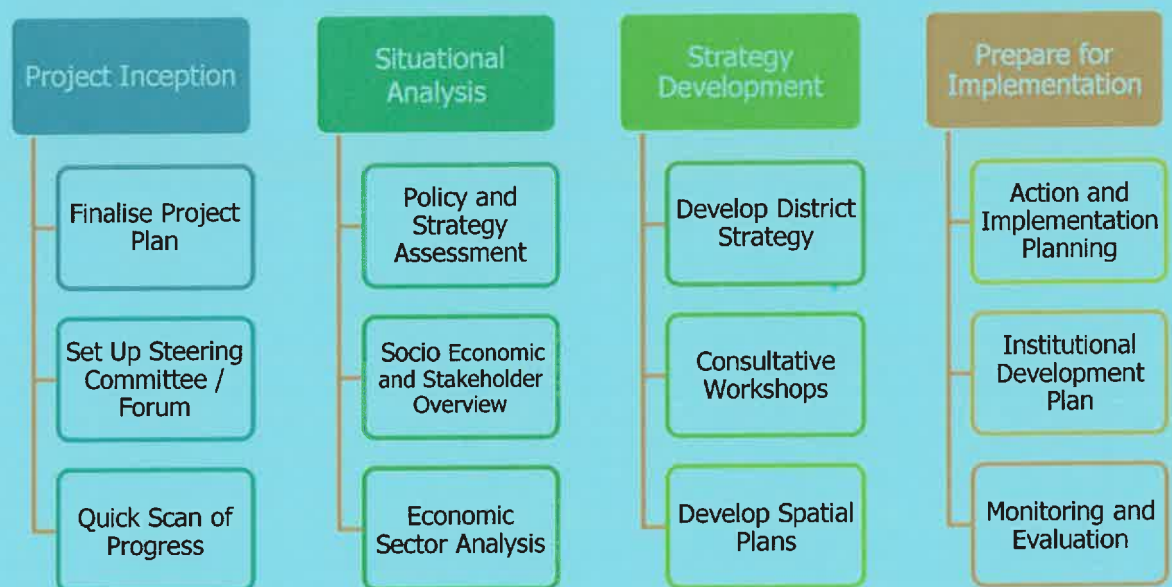
## Project Design and Process

The project process proposed in the Terms of Reference requires the Project Team (ZDM in-house) to implement specific phases as indicated below.

This proposed approach incorporates the implementation of the various principles identified. A four phase approach is proposed, viz.

- Phase 1: Project Inception;
- Phase 2: Situational Analysis;
- Phase 3: Strategy Development; and
- Implementation Plan.

*The proposed approach is reflected in the below diagram*



## ZDM Prioritised Sectors



### **SMME Promotion/ Development**

- SMME Policy Framework Plan has been developed to stimulate economic activities.
- The Zululand SMMEs Framework provides a comprehensive qualitative and quantitative framework for the development of SMMEs in Zululand District Municipality.
- It recognises the unique roles performed by this diverse and dynamic sector in the province in the creation of employment, contribution to economic growth, and the provision of sustainable livelihoods.
- The Framework Plan is part of the current IDP Review.
- Two Tender documents (i.e. Supply and Deliver: Sethembe Agricultural Items; and Supply and Deliver: Soccer Uniform) were drafted and submitted to SCM.

### **Tourism Development**

ZDM Tourism Section is reviewing the Regional Tourism Strategy.

### **Agricultural Sectoral Development**

The district municipality LED office is striving to provide an enabling environment for businesses and economic activities in general to thrive within the district.

In order to achieve the aforementioned we employ different approaches which include provision of support of economic activities e.g. equipment and inputs, facilitating institutions that could help businesses within the district e.g. Co-ops, direct intervention in form of capacity building, and funding in some instances.

### **Ukulima Program**

The primary objective of LED in Agricultural Sector is based on the vision of a modern and effectiveness of the Municipality which is inspired and activated to achieve higher service objectives, aiming constantly:

- Exploit the potential of the agricultural sector through Ukulima.
- Effective utilization of available, yet limited resources.

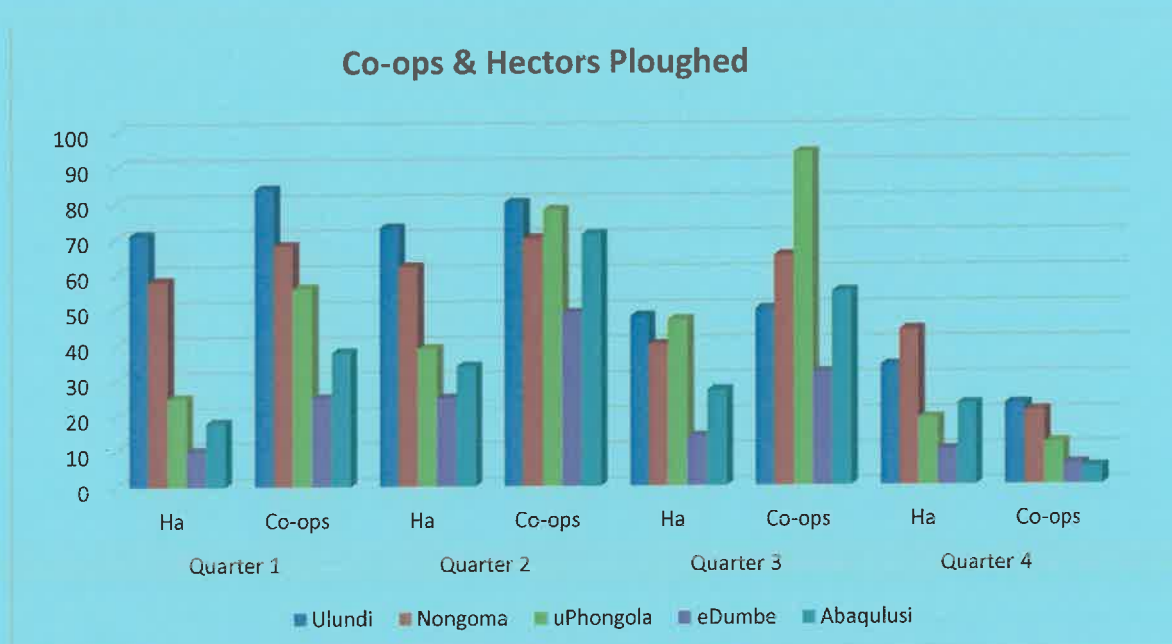
The unavailability of implements (i.e. ploughs) as well as agricultural inputs (seeds, seedlings and fertilizers) has a negative impact to our communities. We are receiving a number of different requests that we are “unable” to execute. Agriculture is one of the sectors that employs a number of people and also reduces poverty, as we are facing the current situation ZDM is at risk of unable to fight poverty. The unavailability of ploughs is hindering the municipality to assist small farmers who are solely depending on this programme.



### Hectors Ploughed in each LM

Local Municipality	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Co-ops	Hectors	Co-ops	Hectors	Co-ops	Hectors	Co-ops	Hectors
Ulundi	71	84	73	80	48	50	23	34
Nongoma	58	68	62	70	40	65	21	44
uPhongolo	25	56	39	78	47	94	12	19
eDumbe	10	25	25	49	14	32	6	10
Abaqulusi	18	38	34	71	27	55	5	23
<b>Total</b>	<b>182</b>	<b>271 Ha</b>	<b>233</b>	<b>348 Ha</b>	<b>176</b>	<b>296 Ha</b>	<b>130</b>	<b>67 Ha</b>

Feb/March\* - office was shut down due to Covid-19 pandemic



The above figure shows the co-operatives serviced with the number of hectors ploughed from July 2021 to June 2022.

### MOU between UKZN and ZDM

Zululand District Municipality and the University of KwaZulu-Natal signed a Memorandum of Understanding (MOU) with the main purpose of combining assets that exist between the two parties to implement agriculture and rural development programmes. It is envisaged that increased agricultural production within ZDM would result in higher income of famers and rural enterprises, and ultimately improve the livelihoods of communities within ZDM.

Co-operatives are receiving a very good training through this partnership. However there are no resources for our communities to be assisted on what they were trained on. The skills that they are obtaining need to be coupled with the actual outputs in different aspects of the training they have received.

#### *Zululand Development Agency (ZDA)*

Action plan for the establishment of the ZDA has been developed. For the period covering 2020/21 financial year the Zululand Development Agency was temporarily suspended. On the 24 of February 2021, ZDM Council at its sitting resolved per ZDMC: 20/554 as follows:

- i. *Zululand Development Agency be resuscitated in order to source funding for ZDM in purpose for the economic recovery in Zululand.*

It is against this background that, we seek assistance on the following matters from our different stakeholders in order to resuscitate our District development agency to be designed to be a special purpose vehicle for the facilitation of catalytic local economic development projects that are economically viable in order to unlock the development and economic potential of the district through investment promotion.

Without the fully operating District development agency, ZDM is losing out opportunities that would have been tapped into and so we can make strides in growing the district economy. With the pandemic facing the world, more jobs are lost and the poverty is rising. Sector departments have preferred to work with the District development agency instead of the Municipalities.

Unemployment is high, as is poverty. Economic growth has in the recent past been slow, as the area's development potential has not been exploited fully.

#### *Tourism Programmes*

Tourism in Zululand still stands as one of the key development legs for this district. Tourism together with agriculture and small business developments were some years ago identified as the key development legs of Zululand... not only industrial but very specifically focussing on the local communities and development in the district. This report serves as an annual report submitted to the office of the General Manager to give an account on tourism activities that were executed in the last financial year.

#### *Tourism And Investment Activation*

Zululand District Municipality was honoured to host an Investment and Tourism Activation that took place on the **23<sup>rd</sup> October 2020** at Ntonga Farm at uPhongolo Local Municipality. The activation proceeded to Koppie Alleen and ended up in Mkuze Falls. The department EDTEA have injected funds in these establishments so that they can be refurbished. During the event, tourism investment opportunities were unpacked and a need for tourism community development was prioritised by the MEC. The event was organised by the Department of Economic Development Tourism and Environmental Affairs in partnership with Zululand District Tourism and UPhongolo Municipality.



### *Zululand District Municipality Youth Development Summit*

Zululand district Municipality have appointed a Youth Development Officer whose main focus is on youth programs, this office incorporates all departments that have youth programs and it will assist in fast tracking these programs.

### *Tourism Graduate Development Program*

Economic Development Tourism and Environmental Affairs has once again embarked in a process of having a new intake on its Tourism Graduate Development Program 2020/2022. EDTEA is responsible advertising and selection of the in-service trainees and interns, Zululand District Municipality's responsibility is to provide an enabling environment and host the in-service trainees and Interns for the duration of the program.

### *National Tourism Relief Fund Beneficiaries*

Capped at R50 000 per entity, grant funding was meant to be utilised to subsidise expenses towards fixed costs, operational costs, supplies and other pressure cost items. As ZDM we played the role of coordinating and disseminating information to all tourism stakeholders in the district. We were the principal conduit between the National department of tourism and tourism businesses in Zululand. Below is a list of businesses that benefited from this grant:

Beneficiary	Funder	Role played by ZDM
Aber Jetz Guesthouse	National Department of Tourism	Coordination
Black Horse lodge	National Department of Tourism	Coordination



<b>Bongani BZ(Pty) Ltd</b>	National Department of Tourism	Coordination
<b>CA Hunter</b>	National Department of Tourism	Coordination
<b>Glovers B&amp;B and self-catering</b>	National Department of Tourism	Coordination
<b>Heystek properties</b>	National Department of Tourism	Coordination
<b>Dive inn Guest house</b>	National Department of Tourism	Coordination
<b>Lezmin 3464 (Pty)ltd</b>	National Department of Tourism	Coordination
<b>Lindelani catering and logistics</b>	National Department of Tourism	Coordination
<b>Lumbatho catering and Deco functions</b>	National Department of Tourism	Coordination
<b>Masibongokuhle Projects and other services</b>	National Department of Tourism	Coordination
<b>Mbopha Guest house</b>	National Department of Tourism	Coordination
<b>Muloro Bed and Breakfast cc</b>	National Department of Tourism	Coordination
<b>Nongoma Entertainment centre (Pty) ltd</b>	National Department of Tourism	Coordination
<b>Nongoma lodge and inn cc</b>	National Department of Tourism	Coordination
<b>Pengaan Estate (Pty) ltd</b>	National Department of Tourism	Coordination
<b>P Team Trading (PTY) Ltd</b>	National Department of Tourism	Coordination
<b>Qabuleka B&amp;B</b>	National Department of Tourism	Coordination
<b>Shayamoya Game lodge</b>	National Department of Tourism	Coordination
<b>Tata B&amp;B</b>	National Department of Tourism	Coordination
<b>Thandelani Trading and service cc</b>	National Department of Tourism	Coordination
<b>Thokazi Royal Lodge(Pty) Ltd</b>	National Department of Tourism	Coordination
<b>Tiger Hunter Tours+A2772</b>	National Department of Tourism	Coordination
<b>Umuzi Ondini Guest House cc</b>	National Department of Tourism	Coordination
<b>Velangani Decoration and Catering services</b>	National Department of Tourism	Coordination
<b>White Elephant lodge cc</b>	National Department of Tourism	Coordination
<b>Willies Tourism Services(Pty) Ltd</b>	National Department of Tourism	Coordination

#### *Impact Of Covid-19 On Tourism In The District*

Tourism in Zululand as is the case in the global economy has been thrown into crisis by the COVID19 pandemic, putting hundreds of businesses and jobs at risk. The situation requires an urgent response, but also recognition of the constraints that hamper district's tourism development.

As a truly aspirational destination, combining powerful social justice history, breath-taking natural beauty, warm-welcoming and diverse people, Zululand's tourism potential is not limited to precrisis performance. The

recovery plan will propose a series of measures to protect and rejuvenate supply, reignite demand and strengthen enabling capability.

Tourism businesses in the district are picking up very slowly and the district's economic chain has been largely affected. However, the district made allocation of R50 000.00 tourism relief fund

## **7.5. MUNICIPAL HEALTH**

Municipal Health main objective is to improve the health status of all Zululand District Municipal residents and visitors by ensuring access to Municipal Health Services of an internationally accepted standard.

The work of a Health Officer is to 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.

Below are the functions performed by Environmental Health Practitioners and Environmental Health Assistants of both South and North Region. South Region Consists of two local municipalities, that is Ulundi and Nongoma, whereas North consists of three local municipalities, Abaqulusi, eDumbe and uPhongola.

Municipal Health Services may be involves:

- Water quality monitoring
- Food safety
- Waste management
- Health surveillance of premises
- Control of communicable diseases
- Vector control
- Environmental pollution control
- Disposal of the dead; and
- Chemical safety

### *Health Awareness Conducted*

Two Awareness were conducted as follows;

- a) Street Vendors at Ulundi CBD Area
- b) Dnox food at Ezulwini Shopping Centre

Dnox Staff during training session (The place is newly opened and the food handling staff needed training on Health and Hygiene)

Performance achievements



Drafting of the following documents for Municipal Health Services

- Operational Plan for Municipal Health Services
- Food Safety Plan
- Water Quality Monitoring Programme

*Challenges*

Human Resource and tools of trade are still posing a great challenge in the efficient and effective delivery of Municipal Health Services within the district.

*Service Statistics For Health Inspection*

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	Number of food premises inspected	446		Those who complied were issued with COA, health education was done on non-compliance.
2	Food Caterers Issued with Certificate of Acceptability (COA)	96		Health and Hygiene education conducted.
	Number of food vendors inspected and health educated	109		Health education was given to those who were not complying, notices with recommendations were written.
3	Number of food samples taken	23		Non-compliance was addressed with the people concerned.
4	Number of people educated on food safety	455		Education was conducted to impact knowledge to the food handlers and minimization of food poisoning.
5	Complaints received	07	11	All complaint received were attended to and resolved.
6	Crèche inspection and Senior Citizen Clubs	33	52	Health education was given to those who were not complying, notices with recommendations were written.
7	Mortuary Inspection	36	49	Health education was given to those who were not complying, notices with recommendations were written.
8	Business license application	21	19	Inspections were conducted and letters were written to the local municipalities for all those who complied. On Noncompliance recommendation were given to the owner/manager.
9	School inspection	12	73	Most school sanitation facilities were not complying, written notices were issued to the school.
10	Funeral Parlors issued with COC	04	05	Most funeral Parlors COC were still valid.

11	Condemnation of food stuff	09 123KG and 2383Litres	11876kg and 5432Litres	All condemned foodstuff were safely disposed in the present of an EHP.
12	Bed & breakfast/Lodge	13	14	Health education was given to those who were not complying. notices with recommendations were written.
16	Building plans scrutinized	22	55	Approved and those not approved corrective measures were highlighted.
17	Water sampling	10	13	
18	Free chlorine testing	31	57	
19	Landfill site inspection/transfer station	02	03	All inspections conducted yielded some improvements on unsatisfactory conditions.
20	Inspection of home of the homeless	00	00	
21	Inspection of health establishments	34	45	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
24	Inspection of prisons	00	02	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
25	Inspection of salons	06	07	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
26	Inspections of bus taxi ranks	02	00	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
27	Inspection of hardware	03	06	
28	Inspection of motor spares	09	12	
29	Inspection of liquor stores	00	00	
	Inspection of swimming pool	00	05	
30	Covid19 burial attended	40	33	Creating awareness on Covid19 protocol to affected families. Crowd control and management during burial.

## **7.6. DEMOCRACY AND GOVERNANCE PERFORMANCE**

Compliance, Clean and Sound Administration

### **General Assessment Summary on Compliance**

#### ***The Constitution***

In terms of section 152 of the Constitution of The Republic of South Africa, a municipality must strive within its financial and administrative capacity to achieve the objects as set for local government.

The objects of local government are set to provide democratic and accountable government for local communities, ensure the provision of services to communities in a sustainable manner, promote social and economic development, promote a safe and healthy environment, and encourage the involvement of communities and community organisations in the matters of local government.

For the municipality to achieve these objects its performance is measured against compliance with various applicable legislation. The municipality is required in all material respect to comply with the following key legislation;

#### ***Municipal Finance Management Act (MFMA), No. 56 of 2003 and its regulations.***

The municipality is required to comply with vast sections of MFMA, as this is one of the key legislation applicable to municipalities. Nevertheless the municipality complied with other pieces of this Act, the audit results revealed that there are some areas of non-compliance noted within below subject matters;

#### **Annual financial statements**

The annual financial statements were corrected for all misstatement identified by external audit review. Internal controls have been strengthened to eliminate misstatements in future.

#### **Procurement and contract management**

Municipality has not complied with all material respect with Municipal Supply Chain Management (SCM) Regulations thus resulted to irregular expenditure. The municipality is subjecting all the identified irregular expenditures to processes of section 32 (MFMA). Through implementation of Audit Action Plan management has put in effort to improve internal control deficiencies.

#### **Expenditure management**

The municipality had material findings of non-compliance with sections 62 and 65 of MFMA respectively. The Audit Action Plan has been developed and being implemented to address all the above areas of non-compliance.

#### Division of Revenue Act (DoRA)

During the 2021-22 financial year there were no findings of non-compliance for DoRA were noted. The municipality has complied with DoRA in all material respect.

#### Municipal Structures Act, No. 117 of 1998 and its regulations and instructions.

There were no material findings of non-compliance with Municipal Structure Act as it is imposed to the municipality.

#### Municipal Systems Act, No. 32 of 2000 and its regulations and instructions.

As it is required in terms of sections 38 and 67 respectively, for the reporting period the municipality had not taken adequate appropriate steps to develop and implement performance management system for employees other than section 57 managers. Performance management system was implemented for section 57 managers only.

The municipality has taken firm commitment to cascade performance management system to managers below section 57 managers where they will be required to sign Performance Management Plans. This non-compliance has attracted urgent attention for management since it is reported for the second time in two consecutive audit cycles.

#### Preferential Procurement Policy Framework, Act No. 5 of 2000 and its regulations.

Couple instances on no-compliance with Preferential Procurement Policy Framework Act were noted. These findings had an impact to the auditor's report thus attracting urgent management attention. Firm commitment have been put in place to address issues of non-compliance.

#### Construction Industry Development Board Act, No. 38 of 2000 and its regulations.

The municipality ability to achieve its objects was also measure in line with compliance with this Act and none was found as deviation or non-compliance with this Act.

#### Prevention and Combating of Corruption Activities Act, No. 12 of 2004.



Compliance with this Act was reviewed by external audit and no findings were noted as a result the municipality has complied with this Act in all material respect.

#### Integrated Development Planning

The Integrated Development Plan (IDP) Review Process is a vehicle through which Municipalities prepare strategic development plans called Integrated Development Plans for a five-year period. Because service delivery is progressive in nature, the IDP must be reviewed annually to keep up with the evolving nature of communities.

The IDP is a legislative requirement, has a legal status and therefore supersedes all other plans that guide development at local government level.

The timeframes below were followed in preparing the 2022/23 IDP.

Phase/Activity	Proposed Completion Timeframe
Situational Analysis	30 Sept 2021
Development Strategies	30 Sept 2021
Projects&Integration	01 Dec 2021
Draft Approval	31 Mar 2022
Final Approval	29 May 2022

Figure 17 IDP Process Plan Timetable

The final IDP was adopted by Council as targeted.

Consultation with the community took place.

### 7.7. SPATIAL AND ENVIRONMENTAL MANAGEMENT PERFORMANCE

#### Development Planning Shared Services

The principle of the Development Planning Shared Services is to render statutory and strategic town and regional planning support to local municipalities in the Zululand District Municipal area. The unit provides strategic, development administration, information management, building control and performance management support to local municipalities.

The contracts of all the DPSS employees expired 30 June 2018. The services of certain critical employees were extended on a month to month basis. Currently the section only has two filled positions (Senior Planner & Admin Assistance) due to limited funding.

The Acting Chief Planner has been instrumental in assisting the local municipalities with statutory planning matters affecting the daily functions of the local municipalities in Zululand.

### Joint Municipal Planning Tribunal

Four municipalities in Zululand elected to form a joint municipal planning tribunal (JMPT). These include Ulundi, Nongoma, oPhongolo, eDumbe. An agreement was signed by all participating municipalities and gazetted. A business plan will now be prepared and submitted to the MEC. A panel of professionals to serve on the joint tribunal according to SPLUMA will also be co-ordinated by the District.

The JMPT sat 04 times during the 2021/22 financial year.

Below is a table depicting the number of development planning applications processed:

MUNICIPALITY	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
UPHONGOLO	1	2	0	2	18
ULUNDI	1	3	0	2	15
EDUMBE	0	1	0	2	9
NONGOMA	0	1	0	2	5
TOTAL	2	17	0	8	47

## 7.8. PERFORMANCE AGAINST GOVERNMENT LED PROGRAMMES

### Free Basic Services and Indigent Support

The definition of a poor household relates to income poverty, or the lack of sufficient income to satisfy basic and essential needs such as food, clothing, energy and shelter. The **ZDM Indigent Policy** is in line with this definition which also takes into consideration the total monthly household income.

Like many other Districts, the majority of the population in the Zululand District Municipality is indigent (approximately 54%) and that means a small revenue base. Therefore a significant portion of the budget goes towards infrastructure development with very little to no revenue generated. This cannot be sustained if the municipality is to ensure a consistent high quality basic level of service. The municipality must seek ways of improving increasing revenue as well as enhancement.

National Government Policy derives its standard for free basic water supply from that of the World Health Organisation (25l/p/p/day) which is regarded as sufficient to promote healthy living. The ZDM has an average household of 4.8 persons, and provides 6 kilolitres per household per month free this is provided at a rate of R8.80/kl. All households in ZDM receive the 6 kilolitres free water.

### Expanded Public Works Programme (EPWP)

The EPWP incentive grant is a Conditional Grant Programme that is intended to increase job creation in municipalities by providing a financial performance reward. It is intended to create job opportunities and alleviate poverty in the poor communities. It is considered a conditional grant in the sense that it can only be used for the intended and approval projects only, within approved time frame, specific reporting requirements etc.

In terms of challenges the following should be noted:

- **Understanding of the EPWP programme for projects stakeholders.** ZDM feels that there is still a need to train service providers who are directly working on the projects these includes Project steering committees, Contractors, Engineering Consultants and ISD Consultants. The initiative will ensure compliance in terms of documentation, proper use of EPWP templates, understanding of Ministerial Determination, appropriate system for recruitment of participants, timely communication and reporting, paper trail and the full understating of EPWP programme.
- **Delays in the implementation of infrastructure projects.** In these projects, a large number of participants are recruited and their details captured on the EPWP system, however during the commencements of site works only few participants are allowed to start work and thus dropping the number of employment opportunities to be reported for current financial ending in March.
- **Alignment of tender documents in terms of more labour intensity in all project to ensure that more participants are recruited to provide maximum work opportunities from projects.**

## 8. CHAPTER 5 – OVERVIEW OF FINANCIAL PERFORMANCE

### 8.1. STATEMENT OF FINANCIAL PERFORMANCE

#### Income

Zululand District Municipality's (ZDM) operating revenues grew from R1 023 327 749 in 2020/2021 to R1 230 015 475 in 2021/22. The increase resulted from an increase in our revenue from non-exchange transaction (government grants and subsidies).

Revenue from government grants and subsidies has increased by R124.6 million from R1.024. billion in 2021 to R1.149 billion in 2022.

Revenue from investments has increased from R3.2 million in 2021 to R3.7 million in 2022.

Total operating revenue indicates that the Municipality is more dependent on grant funding from National and Provincial Government.

*The table below illustrates operating revenue over a period of three (3) years;*

**Table 25 Operating revenue performance**

Financial Year	2021-22	2020-21	2019-20
Amount	R1 230 015 475	R1 089 071 550	R1 023 327 749

**Table 26 Schedule of conditional grants received**

GRANT	2021-22	2020-21	2019-20
EQUITABLE SHARE	524 645 000	564 272 000	464 560 000
FMG	1 200 000	1 200 000	1 465 000
EPWP	9 612 000	9 261 000	8 818 000
KZN TOWN PLANNING GRANT	0	0	550 000
ENERGY AND DEMAND MANAGEMENT	0	0	6 000 000
KZN GRANT ROYAL HOUSEHOLD WATER	0	0	1 900 000
DISASTER MANAGEMENT	0	0	596 000
INDONSA GRANT	1 911 000	1 911 000	1 911 000
KZN GRANT SPARTIAL DEVELOPMENT FRAMEWORK	241 770	758 230	0
KZN GRANT TOURISM STRATEGY	269 354	430 646	0
KZN GRANT AMAFA RESEARCH INSTITUTE	100 000	0	0
MIG	269 111 000	221 235 000	225 574 000



<b>RBIG</b>	222 531 000	113 798 000	163 774 000
<b>WSIG</b>	110 000 000	105 500 000	87 828 000
<b>RRAMS</b>	1 647 023	2 383 000	2 364 000
<b>KZN KWAMAJOMELA PROJECT</b>	7 958 503	3 820 680	0
<b>TOTAL</b>	<b>1 149 226 650</b>	<b>1 024 569 556</b>	<b>876 889 951</b>

#### **Cash Balance**

The cash and cash equivalents of the municipality as at 30 June 2022 amounts to R20 468 193 and unspent conditional grants amounted to R2 410 794. This represents a increase as compared to the previous year's (30 June 2021) cash and cash equivalent balance of R20 058 248.

#### **Cash Coverage**

The municipality does not have long-term borrowings/loan as a result the Council is not expected to service any interest costs in the future. Cash and cash equivalent amount as at the year-end represents cash available i.e. petty cash and cash at the bank.

#### **Expenditure**

*The table below illustrates operating expenditure over a period of three (3) years:*

**Table 27 Operating expenditure performance**

<b>Financial Year</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Amount</b>	R 869 561 835	R 820 791 933	R 704 703 830

The increase is attributable to a combination of the salary increases year on year and the filling of vacancies during the current financial year. This type of expenditure contributes 31.31% to the current total expenditure. Employees and councillors remuneration costs has increased by 8.72% during the current financial year whilst the increase was 11.12% in 2021.

#### ***Contracted services costs.***

Included in contracted services costs are outsourced services, consultants and professional services and contractors. Contracted services costs contribute 36.57% to the current total expenditure. The expenditure costs attributed to contracted services costs was R318 million (2022) and R319.7 million (2021 restated).

#### ***Spending of operational grants***

The Municipality received a total of 537 million operational grant funding, an decrease from R577 Million received in the previous financial year.



### *Spending of capital grants*

The capital budget is committed largely on new infrastructure projects and the renewal of existing capital assets. The Municipality received a total of R611.2 Million capital grant funding, an increase from R446.7 Million received in the previous financial year.

Of the total conditional grants received, R2.41 Million was not spent.

### *Fruitless and wasteful expenditure*

The municipality had incurred fruitless and wasteful expenditure over the years. This type of expenditure is resultant from penalties and interest charged accounts due to late payment of a particular invoice or statements. Major portion of this expenditure is caused by an additional cost paid due to delays on project completion.

*This table illustrates fruitless and wasteful expenditure incurred over the period of three years:*

**Table 28 Fruitless and wasteful expenditure**

<b>Financial Year</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Amount</b>	303 721	R 437 053	R 1 407 916

### **Liquidity Management**

The municipality has made self-assessment on liquidity management. The municipality uses current ratio and cash/cost coverage ratio to assess its ability to settle current obligations and meet its monthly fixed operating commitments.

#### **Current Ratio**

The municipality used current ratio to assess its ability to pay its short-term liabilities within its short-term assets. The determination of this ratio takes into account the possibility that the council can cede its receivables and inventories to settle its short-term liabilities. The norm of this ratio ranges from 1.5 to 2: 1.

The current ratio (CA/CL) is 0,34:1. However included in this calculation is retention of R 43 987 151 which is dependent on the future grant receipts and R 214 275 971 creditors at year-end. This retention does not have to be cash backed. The table below depicts current ratios over the period of three years (restated):

**Table 29 Current ratio on performance**

<b>Financial Year</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Current ratio</b>	0.34:1	0.37:1	0.3:1

The above assessment indicates current ratios are below the norm for the period over three years. Our current liabilities exceed current assets. Furthermore, the trend is depleting over the period as from 2020 to 2022. This suggests that the municipality would be unable to pay current and short-term obligations should they become due. The municipality is facing a serious financial challenge of liquidity problem.

#### **Debtors Impairment Percentage**

The municipality had maintained debtor's impairment provision of 81% for 2021/2022 and as compared to 82% in 2020/2021 respectively. The gross debtor's balances were R171.5 million (2022) and R153.6 million (2021).

### **Current Debtors Collection Rate**

The municipality had a debt collection period of 234 days in 2022 as compared to 261 (restated) days in 2021. The result of this assessment is concerning. This is an indication that revenue collection requires urgent attention

Debt impairment for the period under review is R19 677 454. This is an increase from the debt impairment of R5 452 078 from the previous financial year.

### **Asset Management**

The assets management system was effectively implemented during the year. Council approved the Asset Management Policy for implementation.

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.

### **Supply Chain Management**

The Council had developed and approved its Supply Chain Management (SCM) Policy that is in line with Municipal Supply Chain Management (SCM) Regulations as issued by national Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments are submitted to Council for approval. The SCM Unit is centralised and reporting to the office of the Chief Financial Officer as required by regulation 7(1) of Municipal Supply Chain Management Regulations. Section 115 of the MFMA that deals with segregation of duties is complied.

### **Cashflow Management and Investments**

The cash flow position has improved as compared to the previous year. The municipality had a positive cash flow balances for both 2021 and 2022 financial years. Cash flow is being monitored on a regular basis to ensure budget savings. Budget and Finance Committee comprising all General Managers is in place and meeting every week to monitor the actual expenditure vs expenditure projections.

### **Financial Recovery Plan**

During the financial year under review, it was evident that the Zululand district municipality was facing significant fiscal and service delivery difficulties, which undermined the effective and efficient performance of its function and mandate.

Cash flow reports were presented to Council that were showing the situation where the municipality may fail to finish that financial year with a positive position. Management engaged the cash flow position and agreed on a financial recovery plan.

The principal strategic objective of this financial recovery plan is to identify key priority areas as an immediate intervention and to set out specific intervention projects which will address the financial problems identified for a new financial year. The plan would and continues to set parameters which bind the municipality in the preparation of future budgets until the long-term financial plan is sustainable.

Several historic financial challenges were identified including lack of restraint in cash flow management, limited oversight, limited application of budgeting controls, unsustainable adjustment budget, lack of policy review and implementation, appointments without following established processes, ailed debt collection and credit control, litigations, residential and government consumers owing large debts to the municipality, small rates base, high dependency on outsourcing, impractical tariff structure and others.

A report on the review of the financial plan will be tabled in various structures and will also feature in the Annual Report for the next financial year.

### **Municipal Standard Chart Of Accounts (Mscoa)**

The overall objective of the project was to ensure that Zululand District Municipality complies with the National Treasury regulation through implementing a Municipal Standard Chart of Accounts (mSCOA) which aims at achieving an acceptable level of uniformity and quality on financial and non-financial data, incorporating all transaction types, appropriation of funds, spending on service delivery, capital and operating spending, policy outcome and legislative reporting.

The financial system of the municipality is Solar which is mSCOA compliant.

### **Assessment on Municipal Taxes And Service Charges arrears**

Total debtors balance as at 30 June 2022 are made up as follows:

**Table 30 Arrears on municipal taxes and service charges**

<b>Description</b>	<b>Gross debtors</b>	<b>Minus provision for impairment</b>	<b>Net debtors</b>
Current trade receivables from exchange transactions.	R171 502 785	(R138 614 150)	R32 888 635
Current receivables from non-exchange transactions.	R17 570 678	(R4 705 207)	R12 865 472
Current receivables from non-exchange transactions.	R719 310	R0	R719 310
Non-Current receivables from exchange transactions.	R17 334 576	R0	R17 334 576
Current receivables from exchange transactions - VAT Receivables.	R45 551 086	R0	R45 551 086
<b>Total</b>	<b>R252 678 435</b>	<b>(R143 319 357)</b>	<b>R109 359 078</b>

The total net debtors amounted to R32 888 635 as at 30 June 2022 decreased as compared to net debtors' amount of R38 045 390 as at 30 June 2021.

The decrease in debtors balance before provision, of approximately R5.15 million over the reporting period is attributable to the following factors:

- Eskom increased deposit paid on all active accounts over the reporting period based on their assessment of risk to the account. This results in an increase in deposit paid to Eskom.
- Change in consumers' behaviour towards payment for water services. The negative behaviour was caused by National Disaster Management Lockdown Regulations by the municipality over the period of time.
- The current economic recession climate.

The increase in the level of debt did not negatively impact upon service delivery. However, the Council is concerned about sufficient cash reserves in order to meet financial obligations as this was highlighted during



assessment of cost coverage ratio. Council will strive for efficient debt collection and credit control systems and procedures to improve current revenue collection rate that is concerning, through revenue enhancement strategies and establishment of indigent register.

### Long Term Contracts and Public Private Partnerships

There were no public private partnerships during 2021-22 financial year.

The municipality has signed multi-year contracts with various service providers for construction of infrastructure works including other related management services.

The Schedule of Long Term Contracts is attached as an Annexure.

### Revenue Collection Performance by Vote and By Source

Chapter 2 section 4C(ii) of the Municipal Systems Act allows a municipality to impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.

As a result the municipality collects of revenue for provision of water and sanitation services to its consumers as per revenue performance is as follows:

**Table 31 Revenue collection performance by vote**

Vote Description	2020/21 Audited Outcome	Budget Year 2021/22				
		Original Budget	Adjusted Budget	Actual	Variance	
					Original Budget	Adjusted Budget
<b>Revenue by Vote</b>						
Vote 01 - Council	-	-	-	-		-
Vote 02 - Corporate Services	605 476	-	314 580	448 390	448 390	133 810
Vote 03 - Finance	596 640 552	536 634 000	536 418 395	530 538 666	6 095 334	5 879 729
Vote 04 - Community Develop	6 930 556	2 511 000	12 132 444	10 480 627	7 969 627	1 651 817
Vote 05 - Planning & Wsa	452 177 000	583 670 000	604 058 000	603 289 023	19 619 023	768 977
Vote 06 - Technical Services	-	-	9 612 000	9 612 000	9 612 000	-
Vote 07 - Water Purification	-	-	-	-	-	-
Vote 08 - Water Distribution	41 280 209	43 085 000	42 271 396	63 081 591	19 996 591	20 810 195
Vote 09 - Waste Water	11 524 850	11 000 000	12 304 629	12 605 178	1 605 178	300 549
<b>Total Revenue by Vote</b>	<b>1 109 158 643</b>	<b>1 176 900 000</b>	<b>1 217 111 444</b>	<b>1 230 055 475</b>	<b>53 155 475</b>	<b>-12 944 031</b>

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

**Table 32 Total revenue**

Description	2020/21 Audited Outcome	Budget Year 2021/22		YearTD actual	Variance	
		Original Budget	Adjusted Budget		Original Budget	Adjusted Budget
R thousands						
Revenue By Source						
Service charges - water revenue	41 250 757	43 000 000	42 186 396	38 486 444	4 513 556	3 699 952
Service charges - sanitation revenue	11 514 159	11 000 000	12 304 629	12 512 659	1 512 659	208 230
Rental of facilities and equipment	179 242	210 000	183 486	195 241	14 759	11 755
Interest earned - external investments	3 225 546	6 000 000	6 000 000	3 705 403	2 294 597	2 294 597
Interest earned - outstanding debtors	29 451	85 000	85 000	287 762	202 762	202 762
Fines, penalties and forfeits	7 542 893	636 000	48 000	208 784	429 216	160 784
Licences and permits	10 000	10 000	10 000	-	10 000	10 000
Transfers and subsidies	577 632 676	541 399 000	542 010 124	537 979 124	3 419 876	4 031 000
Other revenue	661 929	500 000	626 489	1 064 917	584 947	459 458
Gains	20 175 010	-	-	40 000	40 000	40 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>662 421 984</b>	<b>602 842 000</b>	<b>603 453 124</b>	<b>594 500 664</b>	<b>8 341 436</b>	<b>8 952 560</b>

Table 33 Debtors age analysis

Description R thousands	Duration						Total
	0-30 Days	31-60 Days	61-90 Days	91- 120 Days	121- 365 Days	>365Days	
Trade and Other Receivables from Exchange Transactions - Water	R8 036 564,00	R3 036 284,00	R2 960 924,00	R2 329 341,00	R20 039 273,00	R96 799 155,00	R133 201 541,00
Receivables from Exchange Transactions - Waste Water Management	R2 210 274,00	R764 571,00	R693 310,00	R611 899,00	R4 382 423,00	R29 543 411,00	R38 205 888,00
Interest on Arrear Debtor Accounts	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00
Other	R39 825,00	R15 582,00	R8 346,00	R8 458,00	R22 357,00	R250,00	R94 818,00
<b>Total By Income Source</b>	<b>R10 286 663,00</b>	<b>R3 816 437,00</b>	<b>R3 662 580,00</b>	<b>R2 949 698,00</b>	<b>R24 444 053,00</b>	<b>R126 342 816,00</b>	<b>R171 502 247,00</b>

## 9. CHAPTER 6 – APPENDICES



# NOTICE OF COUNCIL MEETINGSN OF ZULULAND DISTRICT MUNICIPALITY

The Zululand District Municipality in line with Section 19 of the Local Government Systems Act,32 of 2000, hereby give notice of its meeting for year 22/23

MONTH	EXECUTIVE COMMITTEE @10H00	COUNCIL @11H00	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE@10H00	COMMUNITY SERVICES PORTFOLIO COMMITTEE @10H00	CORPORATE SERVICES PORTFOLIO COMMITTEE @10H00	TECHNICAL SERVICES PORTFOLIO @10H00	FINANCE SERVICES PORTFOLIO @10h00	PLANNING SERVICES PORTFOLIO @10H00	LOCAL LABOUR FORUM @10H00	AUDIT COMMITTEE @10h00
JUL-22	Thurs 26	Thurs 28	Tues 22	Thurs 14		Thurs 21		Tues 16	Thurs 7	Thurs 7
AUG-22	Tues 23	Thurs 25					Thurs 22	Tues 16		
SEP-22	Tues27				Wed 14					
OCT-22	Wed 25	Thurs 27	Tues 4	Thurs 13		Thurs 10	Wed 23		Wed 5	Thurs 11
NOV-22	Tues 22	Tues 29			Wed 7			Thurs 01		
DEC-22										
DECEMBER -COUNCIL RECESS										
Jan-23	Tues 19	Thurs 26	Tues 19@14h00		Wed 18		Wed 22@12h00		Tues 10	Tues 24
Febr-23	Wed 22	Fri 24		Thurs 14			Wed 22@12h00			
Mar-23	Wed 22	Fri 24	Tues 28			Wed 8	Wed 22@12h00	Thurs 9		
April-23	Tues 25	Thurs 27			Wed 18				Thurs 13	Wed 12
May-23	Tues 23	Thurs 25	Tues @14H00				Wed 22@12h00	Tues 16		
Jun-23	Thurs 29			Thurs 14		Thurs 8				