

**ZULULAND DISTRICT MUNICIPALITY**



**MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT**

**31 DECEMBER 2022**

**MFMA S72 REPORT**

**2022/2023 FINANCIAL YEAR**

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MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2022  
SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN  
ANNUAL REPORT 2021/2022

## **1.1 MAYOR`S REPORT**

**MID-YEAR REPORT FOR THE HONOURABLE MAYOR OF ZULULAND DISTRICT  
MUNICIPALITY, HIS WORSHIP DT BUTHELEZI**

To be attached

## **1.2 RESOLUTIONS**

### **RECOMMENDED THAT:**

1. The Mid-Year Budget and Performance Assessment report be adopted.
2. Based on the Assessment by the accounting Officer on the performance of the Municipality in the first half of the financial year, it is recommended that the adjustment budget be drafted for council consideration.

## 1.3 EXUCUTIVE SUMMARY

### BUDGET PERFORMANCE ANALYSIS

The Summary Statement of Financial Performance is prepared in terms of the prescribed budget formats, detailing revenue by source and expenditure by input type. The summary report indicates the following:

#### Summary Statement of Financial Performance

|                                                       | APPROVED<br>BUDGET | YTD ACTUAL         |
|-------------------------------------------------------|--------------------|--------------------|
| Total Revenue By Source (Excluding Capital Transfers) | 688 934 986        | 459 517 809        |
| Total Operating Expenditure                           | 626 160 559        | 358 467 569        |
| <b>Surplus/(Deficit)</b>                              | <b>62 774 427</b>  | <b>101 050 240</b> |

#### Operating revenue Performance

Total operating revenue generated by the Municipality as at **31 December 2022** is **R459.5 million** which is **67%** of the total operating revenue budget, the year-to-date budget is **R344.4 million** which is below year-to date actual, a variance of **R115.05 million** or **33%** is observed, this variance is a result of equitable share which is not received monthly but in trenches three times a year as per approved transfer schedule. Operating revenue comprises of equitable share and other operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Operating revenue is explained by source in Section 1.4 Operating Revenue Performance.

The Municipality is largely dependent on government grants and partly service charges for its operations. Service charges revenue recognized from trading services is only **R27.5 million** which is **6%** of the total generated operating revenue. No amount has been recognized relating to the proposed flat rate of **R50**.

Rural road asset management grant rollover application was unsuccessful, and the unspent amount was taken from equitable share.

#### Operating Expenditure Performance

Total Operating Expenditure as at **31 December 2022** is **R358.4 million** which is **57%** of the total operating expenditure budget, the year-to-date budget is **R314.2 million** which is below year-to date actual, a variance of **R44.2 million** or **14%** is observed, there are line items such as

inventory and debt impairment has either slow or no movement in previous months, on the other hand other expenditure is moving almost twice the year to date budget. Operating expenditure is explained by source in Section 1.5 Operating Expenditure Performance.

Expenditure adjustment of rolled over grants is recommended as indicated above under operating revenue performance.

## Capital Expenditure and Funding

### Summary Statement of Capital Expenditure and Funding

|                           | APPROVED<br>BUDGET | YTD ACTUAL  |
|---------------------------|--------------------|-------------|
| Total Capital Expenditure | 332 161 738        | 145 107 248 |
| Total Capital Financing   | 332 161 738        | 145 107 248 |

Total Capital Expenditure as at **31 December 2022** is **R145.1 million** which is **44%** of the capital budget, the year-to-date budget is **R167.01 million** which is above year-to-date actual, a variance of **R21.9 million** or **13%** is observed. This may indicate that capital grants are not spent in a required pace. Capital expenditure is explained by source in Section 1.6 Capital Expenditure and Funding.

KwaMajomela provincial grant of **R1.6 million** has been rolled over from the previous financial year. Regional bulk Infrastructure grant allocation has been revised and the municipality will receive an additional **R235 million**. A revised capital expenditure allocation is recommended. An upward adjustment of **R236.6 million** is recommended.

### Major Variances between actuals and year to date budget

Variances between year to date actual and year to date budget are highlighted in Section 1.4 Operating Revenue Performance and 1.5 Operating Expenditure Performance.

On Revenue there seem to be major variances between year-to-date budget and year to date actual, these variances are on interest on investments, Service charges, Fines, Penalties and forfeits, transfers and subsidies and other revenue. The variance on service charges, this is due to the delay in flat rate implementation, investment is low due to prioritization of payments of liabilities, transfers and subsidies variance is a result of grants which are not received monthly but in trenches as per approved transfer schedule.

Major variances on expenditure are on inventory consumed, debt impairment and other expenditure.

### Remedial and corrective steps taken to ensure the budget is implemented as approved.

The municipality adopted the budget implementation guidelines.

The municipality is in the process to develop and monitor a credible budget funding plan as the commitments seems to be above municipality means.

## 1.4 OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

| Description                                                   | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|---------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                               |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                   |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue By Source                                             |     |                 |                     |                 |                |               |               |              |                |                    |
| Property rates                                                |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - electricity revenue                         |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - water revenue                               |     | 38 486          | 68 000              | 68 000          | 2 993          | 19 911        | 34 000        | (14 089)     | -41%           | 68 000             |
| Service charges - sanitation revenue                          |     | 12 513          | 12 500              | 12 500          | 1 169          | 7 683         | 6 250         | 1 433        | 23%            | 12 500             |
| Service charges - refuse revenue                              |     |                 |                     |                 |                |               |               | -            |                |                    |
| Rental of facilities and equipment                            |     | 195             | 183                 | 183             | 17             | 105           | 92            | 13           | 14%            | 183                |
| Interest earned - external investments                        |     | 3 705           | 6 000               | 6 000           | 24             | 1 487         | 3 000         | (1 513)      | -50%           | 6 000              |
| Interest earned - outstanding debtors                         |     | 288             | 85                  | 85              | 21             | 94            | 42            | 52           | 122%           | 85                 |
| Dividends received                                            |     |                 |                     |                 |                |               |               | -            |                |                    |
| Fines, penalties and forfeits                                 |     | 209             | 150                 | 150             | 3              | 31            | 75            | (44)         | -59%           | 150                |
| Licences and permits                                          |     | -               | -                   | -               | 1              | 25            | -             | 25           | #DIV/0!        | -                  |
| Agency services                                               |     |                 |                     |                 |                |               |               | -            |                |                    |
| Transfers and subsidies                                       |     | 537 979         | 601 306             | 601 306         | 198 549        | 429 571       | 300 653       | 128 918      | 43%            | 601 306            |
| Other revenue                                                 |     | 1 085           | 711                 | 711             | 212            | 612           | 355           | 257          | 72%            | 711                |
| Gains                                                         |     | 40              | -                   | -               | -              | -             | -             | -            |                | -                  |
| Total Revenue (excluding capital transfers and contributions) |     | 594 501         | 688 935             | 688 935         | 202 989        | 459 518       | 344 467       | 115 050      | 33%            | 688 935            |

The year-to-date actual indicates operating revenue of **R459.5 million** for **six months**, which is above year-to-date budget of **R344.4 million**. A variance of **R115.05 million** or **33%** is observed. The total revenue to-date represents **67%** of the operating revenue budget. Included in operating revenue is an amount of revenue recognized on operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR).

The sources of funding are important to ensure that the expenditure is funded, and cash backed. Each line item on the face of financial performance is explained below:

### Service charges – Water revenue

This is the amounts billed on customers for water used, the year-to-date actual is **R19.9 million**, which is **below** year-to-date budget of **R34 million**. A variance of **R14.08 million** or **41%** is observed.

No amount has been recognized in relation to the proposed flat rate of **R50**, this is the main reason of the variance mentioned above.

The original budget for service charges water is **R68 million**, based on the year-to-date actual of **R19.9 million**, a decrease of **R28.1 million** is recommended. A revised allocation of **R39.8 million** is recommended based on the year-to-date actual full year projection.

### **Service charges – Sanitation revenue**

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R7.6 million** which is **above** year to date budget of **R6.2 million**. A variance of **R1.4 million** or **23%** is observed.

This overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month.

The original budget for service charges sanitation is **R12.5 million**, based on the year-to-date actual of **R7.6 million**, an increase of **R2.8 million** is recommended. A revised allocation of **R15.3 million** is recommended based on the year-to-date actual full year projection.

### **Rent of facilities**

Rental of facilities is amounts billed for the use of office space. The year-to-date actual is **R105 thousand** which is **above** year-to-date budget of **R92 thousand**. A variance of **R13 thousand** or **14%** is observed.

The original amount budgeted under this item did not include annual increases, an adjustment is recommended.

The original budget for Rental of facilities is **R 183.4 thousand**, based on the year-to-date actual of **R104.5 thousand**, an increase of **R25.5 thousand** is recommended. A revised allocation of **R209 thousand** is recommended based on the year-to-date actual full year projection.

### **Interest on investment**

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is **R1.4 million**, which is **below** year-to-date budget of **R3 million**. A variance of **R1.5 million** or **50%** is observed. The interest on investment is below target.



Investment is low due to prioritization of payments of liabilities.

The original budget for Interest on investment is **R6 million**, based on the year-to-date actual of **R1.4 million**, a decrease of **R3 million** is recommended. A revised allocation of **R3 million** is recommended based on the year-to-date actual full year projection.

### **Interest earned - outstanding debtors.**

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is **R94 thousand**, which is **above** to year-to-date budget of **R42 thousand**. variance of **R52 thousand** or **122%** is observed.

This is due to low collection rate on businesses since most businesses did not settle their accounts on time in compliance with the credit control policy, The municipality will implement stringent measures to ensure businesses pay on time.

The original budget for Interest earned - outstanding debtors is **R85 thousand**, based on the year-to-date actual of **R94.3 thousand**, an increase of **R103.7 thousand** is recommended. A revised allocation of **R188.7 thousand** is recommended based on the year-to-date actual full year projection.

### **Fines, penalties and forfeits**

Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is **R31 thousand**, which is below the year-to-date budget of **R75 thousand**. A variance of **R44 thousand** or **59%** is observed. This is a positive indication that less consumers are illegally connected.

This amount depends on the number of illegal connections detected.

The original budget for Fines, penalties and forfeits is **R150 thousand**, based on the year-to-date actual of **R30.7 thousand**, a decrease of **R88.4 thousand** is recommended. A revised allocation of **R61.5 thousand** is recommended based on the year-to-date actual full year projection.

### **Licences and permits.**

This amount is for health certificates and permits issued, these certificates and permits include inspection fees, and competency certificates etc., the year-to-date actual is **R25 thousand**, which is above year-to-date budget of **R0**. A variance of **R25 thousand** or is observed.

There was no allocated budget in this revenue stream.

The original budget for Licences and permits is **R0**, based on the year-to-date actual of **R24.7 thousand**, an increase of **R49.4 thousand** is recommended. A revised allocation of **R49.4 thousand** is recommended based on the year-to-date actual full year projection.

### **Transfers and subsidies**

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share, which is not a conditional grant.

Transfers and subsidies year to date actual is **R429.5 million**, which is above year-to-date budget of **R300.6 million**. A variance of **R128.9 million** or **43%** is observed.

This variance is mainly a result of equitable share which is not received monthly but three times a year as per approved transfer schedule.

The original budget for Transfers and subsidies is **R601.3 million**. Transfers and subsidies are based on the transfer schedule, Division of Revenue act, and approved rolled over grants, there was no rolled over grants. No adjustment and revised allocation is recommended.

### **Other revenue**

Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is **R611.9 thousand**, which is above year-to-date budget of **R355 thousand**. A variance of **R257 thousand** or **72%** is observed.

The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year-to-date budget.

The original budget for other revenue is **R710 thousand**, based on the year-to-date actual of **R611.9 thousand**, an increase of **R513.3 thousand** is recommended. A revised allocation of **R1.2 million** is recommended based on the year-to-date actual full year projection.

## 1.5 OPERATING EXPENDITURE PERFORMANCE

| DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December |     |                 |                     |                 |                |                |                |               |              |                    |
|--------------------------------------------------------------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|---------------|--------------|--------------------|
| Description                                                                                                        | Ref | 2021/22         | Budget Year 2022/23 |                 |                |                |                |               |              |                    |
|                                                                                                                    |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance  | YTD variance | Full Year Forecast |
| R thousands                                                                                                        |     |                 |                     |                 |                |                |                |               | %            |                    |
| <b>Expenditure By Type</b>                                                                                         |     |                 |                     |                 |                |                |                |               |              |                    |
| Employee related costs                                                                                             |     | 263 669         | 268 152             | 268 152         | 23 166         | 136 117        | 134 077        | 2 040         | 2%           | 268 152            |
| Remuneration of councillors                                                                                        |     | 8 616           | 8 771               | 8 771           | 722            | 4 530          | 4 385          | 144           | 3%           | 8 771              |
| Debt impairment                                                                                                    |     | 20 001          | 14 000              | 14 000          | –              | –              | 7 000          | (7 000)       | -100%        | 14 000             |
| Depreciation & asset impairment                                                                                    |     | 101 119         | 80 000              | 80 000          | 14 252         | 47 585         | 40 000         | 7 585         | 19%          | 80 000             |
| Finance charges                                                                                                    |     | 399             | –                   | 88              | –              | 88             | 22             | 66            | 300%         | 88                 |
| Bulk purchases - electricity                                                                                       |     | –               | –                   | –               | –              | –              | –              | –             |              | –                  |
| Inventory consumed                                                                                                 |     | 22 023          | 33 320              | 25 675          | 631            | 9 947          | 15 833         | (5 887)       | -37%         | 25 675             |
| Contracted services                                                                                                |     | 318 040         | 106 388             | 124 878         | 30 930         | 73 358         | 58 137         | 15 221        | 26%          | 124 878            |
| Transfers and subsidies                                                                                            |     | 11 295          | 3 070               | 4 228           | 2 000          | 2 504          | 1 169          | 1 335         | 114%         | 4 228              |
| Other expenditure                                                                                                  |     | 131 178         | 112 460             | 103 442         | 21 471         | 84 339         | 53 578         | 30 761        | 57%          | 103 442            |
| Losses                                                                                                             |     | 2 627           | –                   | –               | –              | –              | –              | –             |              | –                  |
| <b>Total Expenditure</b>                                                                                           |     | <b>878 966</b>  | <b>626 161</b>      | <b>629 234</b>  | <b>93 172</b>  | <b>358 468</b> | <b>314 202</b> | <b>44 266</b> | <b>14%</b>   | <b>629 234</b>     |

The year-to-date actual indicates spending of **R358.4 million** for **six months**, which is above the year-to-date budget of **R314.2 million**, a variance of **R44.2 million** or **14%** is observed. The total expenditure to date represents **57%** of the approved operational budget.

### Employee Related Costs

Employee related costs year to date actual is **R136.1 million**, which is **above** the year-to-date budget of **R134.07 million**, a variance of **R2 million** or **2%** is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.

The above variance is not major therefore does not warrant remedy.

The original budget for employee related costs is **R268.1 million**, based on the year-to-date actual of **R136 million**, an increase of **R4 million** is recommended. A revised allocation of **R272.2 million** is recommended based on the year-to-date actual full year projection.

### Remuneration of Councillors

Remuneration of Councillors year to date actual is **R4.5 million**, which is above the year-to-date budget of **R4.3 million**, a variance of **R144 thousand** or **3%** is observed.

The municipality had considered upper limits in the original budget and councillors have been back paid.

The original budget for Remuneration of Councillors is **R8.7 million**, based on the year-to-date actual of **R4.5 million**, an increase of **R228.7 thousand** is recommended. A revised allocation of **R9 million** is recommended based on the year-to-date actual full year projection.

### **Debt impairment**

Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasury recommend that the assessment and calculations be done monthly.

Municipality calculate debt impairment once at year end.

The municipality is looking into the process of assessing debtors for impairment on the monthly basis.

### **Depreciation**

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R47 million**, which is **above** year-to-date budget of **R40 million**. A variance of **R7.5 million** or **19%** is observed.

The municipality under budgeted for depreciation.

The original budget for **Depreciation** is **R80 million**, based on the year-to-date actual of **R47.5 million**, an increase of **R15.1 million** is recommended. A revised allocation of **R95.1 million** is recommended based on the year-to-date actual full year projection.

### **Bulk purchases - electricity**

The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section **other expenditure** below.

### **Inventory Consumed**

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual is **R9.9 million**, which is below the year-to-date budget of **R15.8 million**, a variance of **R5.8 million** or **37%** is observed.

The variance may be caused by delayed payments of bulk water and late capturing of requisition.

The original budget for Inventory consumed is **R33.3 million**, based on the year-to-date actual of **R9.9 million**, a decrease of **R13 million** should be recommended, but the municipality still has commitments on this line item which will escalate expenditure in the second half of the financial

year, the Municipality will review further these line items to determine if savings are available to allocate to other expenditure items in the adjustment budget.

### **Contracted services.**

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R73.3 million** which is above the year-to-date budget of **R58.1 million**, a variance of **R15.2 million** or **10%** is observed.

The variance is caused by the municipality honouring service level agreements that speak directly to service delivery.

The original budget for Contracted services is **R106.3 million**, based on the year-to-date actual of **R73.3 million**, an increase of **R40.3 million** is recommended; and a revised allocation of **R146.7 million** is recommended based on the year-to-date actual full year projection.

Expanding the budget to meet the full year projection is not possible at this stage since the municipality has limited funding sources. The Municipality will prepare a budget funding plan and utilise initiatives proposed to curb and halt expenditure.

### **Transfers and subsidies paid.**

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is **R2.5 million**, which is below the year-to-date budget of **R1.1 million**, a variance of **R1.3 million** or **114%** is observed.

This expenditure item is seasonal therefore expenditure cannot be benchmarked on a straight-line method.

The original budget for transfers and subsidies is **R3 million**, based on the year-to-date actual of **R2.5 million**, a revised allocation of **R5 million** should be recommended, considering all the above no adjustment or revised allocation is recommended.

### **Other expenditure**

Other expenditure year to date actual is **R84.3 million**, which is **above** the year-to-date budget of **R53.5 million**, a variance of **R30.7 million** or **57%** is observed. Other expenditure includes monthly cost of electricity for water supply plants and other seasonal/once off expenditure items.

This expenditure item includes cost of electricity for water/sewer plants, Municipal services, external Audit fees, subsistence and travel, fuel, insurance, software licences, SALGA bargaining council levy, telephone, Hiring charges, uniforms & protective clothing, operating leases, and other operating cost. Some of the expenditure items are once off and incurred in the first half of the financial year and will not be incurred in the second half of the financial year e.g., SALGA bargaining council levy, software licences, insurance, uniforms & protective clothing, and external audit fees.

The municipality has taken a decision to limit nonpriority items that do not impact on service delivery directly. This will help reduce cost so that the municipality spends within the limits of the budget.

The original budget for other expenditure is **R112.4 million**, based on the year-to-date actual full year projection an increase of **R56.2 million** is recommended; and a revised allocation of **R168.6 million** is recommended.

Expanding the budget to meet the full year projection is not possible at this stage since the municipality has limited funding sources. The Municipality will prepare a budget funding plan in the next adjustment budget and utilise initiatives proposed to curb and halt expenditure.

The Municipality will also identify savings and reallocate to those needy expenditure items.

### **Operating Grants Expenditure Performance**

Operating grants are allocated and spent as per Division of Revenue Act requirements.

| <b>CONDITIONAL OPERATING GRANTS EXPENDITURE</b> | <b>APPROVED BUDGET</b> | <b>YTD ACTUAL</b> |
|-------------------------------------------------|------------------------|-------------------|
| Finance Management grant                        | 1 200 000              | 224 960           |
| EPWP Incentive                                  | 8 517 000              | 8 517 000         |
| Art centre Subsisies (Indonsa Grant)            | 1 911 000              | 1 062 824         |
| Aviation Strategy                               | 500 000                | -                 |
| Municipal Systems Improvement Grant             | 2 787 000              | -                 |
| <b>Total Operating Grant Expenditure</b>        | <b>14 915 000</b>      | <b>9 804 783</b>  |

### **Summary of Revenue and Operational Expenditure Performance**

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

| Description                                                                                                                                                                                                              | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                                                                                                                                                                                          |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                                                                                                                                                                              |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue By Source                                                                                                                                                                                                        |     |                 |                     |                 |                |               |               |              |                |                    |
| Property rates                                                                                                                                                                                                           |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - electricity revenue                                                                                                                                                                                    |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - water revenue                                                                                                                                                                                          |     | 38 486          | 68 000              | 68 000          | 2 993          | 19 911        | 34 000        | (14 089)     | -41%           | 68 000             |
| Service charges - sanitation revenue                                                                                                                                                                                     |     | 12 513          | 12 500              | 12 500          | 1 169          | 7 683         | 6 250         | 1 433        | 23%            | 12 500             |
| Service charges - refuse revenue                                                                                                                                                                                         |     |                 |                     |                 |                |               |               | -            |                |                    |
| Rental of facilities and equipment                                                                                                                                                                                       |     | 195             | 183                 | 183             | 17             | 105           | 92            | 13           | 14%            | 183                |
| Interest earned - external investments                                                                                                                                                                                   |     | 3 705           | 6 000               | 6 000           | 24             | 1 487         | 3 000         | (1 513)      | -50%           | 6 000              |
| Interest earned - outstanding debtors                                                                                                                                                                                    |     | 288             | 85                  | 85              | 21             | 94            | 42            | 52           | 122%           | 85                 |
| Dividends received                                                                                                                                                                                                       |     |                 |                     |                 |                |               |               | -            |                |                    |
| Fines, penalties and forfeits                                                                                                                                                                                            |     | 209             | 150                 | 150             | 3              | 31            | 75            | (44)         | -59%           | 150                |
| Licences and permits                                                                                                                                                                                                     |     | -               | -                   | -               | 1              | 25            | -             | 25           | #DIV/0!        | -                  |
| Agency services                                                                                                                                                                                                          |     |                 |                     |                 |                |               |               | -            |                |                    |
| Transfers and subsidies                                                                                                                                                                                                  |     | 537 979         | 601 306             | 601 306         | 198 549        | 429 571       | 300 653       | 128 918      | 43%            | 601 306            |
| Other revenue                                                                                                                                                                                                            |     | 1 085           | 711                 | 711             | 212            | 612           | 355           | 257          | 72%            | 711                |
| Gains                                                                                                                                                                                                                    |     | 40              | -                   | -               | -              | -             | -             | -            |                | -                  |
| Total Revenue (excluding capital transfers and contributions)                                                                                                                                                            |     | 594 501         | 688 935             | 688 935         | 202 989        | 459 518       | 344 467       | 115 050      | 33%            | 688 935            |
| Expenditure By Type                                                                                                                                                                                                      |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs                                                                                                                                                                                                   |     | 263 669         | 268 152             | 268 152         | 23 166         | 136 117       | 134 077       | 2 040        | 2%             | 268 152            |
| Remuneration of councillors                                                                                                                                                                                              |     | 8 616           | 8 771               | 8 771           | 722            | 4 530         | 4 385         | 144          | 3%             | 8 771              |
| Debt impairment                                                                                                                                                                                                          |     | 20 001          | 14 000              | 14 000          | -              | -             | 7 000         | (7 000)      | -100%          | 14 000             |
| Depreciation & asset impairment                                                                                                                                                                                          |     | 101 119         | 80 000              | 80 000          | 14 252         | 47 585        | 40 000        | 7 585        | 19%            | 80 000             |
| Finance charges                                                                                                                                                                                                          |     | 399             | -                   | 88              | -              | 88            | 22            | 66           | 300%           | 88                 |
| Bulk purchases - electricity                                                                                                                                                                                             |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Inventory consumed                                                                                                                                                                                                       |     | 22 023          | 33 320              | 25 675          | 631            | 9 947         | 15 833        | (5 887)      | -37%           | 25 675             |
| Contracted services                                                                                                                                                                                                      |     | 318 040         | 106 388             | 124 878         | 30 930         | 73 358        | 58 137        | 15 221       | 26%            | 124 878            |
| Transfers and subsidies                                                                                                                                                                                                  |     | 11 295          | 3 070               | 4 228           | 2 000          | 2 504         | 1 169         | 1 335        | 114%           | 4 228              |
| Other expenditure                                                                                                                                                                                                        |     | 131 178         | 112 460             | 103 442         | 21 471         | 84 339        | 53 578        | 30 761       | 57%            | 103 442            |
| Losses                                                                                                                                                                                                                   |     | 2 627           | -                   | -               | -              | -             | -             | -            |                | -                  |
| Total Expenditure                                                                                                                                                                                                        |     | 878 966         | 626 161             | 629 234         | 93 172         | 358 468       | 314 202       | 44 266       | 14%            | 629 234            |
| Surplus/(Deficit)                                                                                                                                                                                                        |     | (284 466)       | 62 774              | 59 701          | 109 817        | 101 050       | 30 265        | 70 785       | 0              | 59 701             |
| Transfers and subsidies - capital (monetary allocations)<br>(National / Provincial and District)                                                                                                                         |     | 611 248         | 372 306             | 372 306         | 51 825         | 159 407       | 186 153       | (26 746)     | (0)            | 372 306            |
| Transfers and subsidies - capital (monetary allocations)<br>(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) |     |                 |                     |                 |                |               |               | -            |                |                    |
| Transfers and subsidies - capital (in-kind - all)                                                                                                                                                                        |     | 24 307          | -                   | -               | -              | -             | -             | -            |                | -                  |
| Surplus/(Deficit) after capital transfers & contributions                                                                                                                                                                |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Taxation                                                                                                                                                                                                                 |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after taxation                                                                                                                                                                                         |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Attributable to minorities                                                                                                                                                                                               |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/(Deficit) attributable to municipality                                                                                                                                                                           |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Share of surplus/ (deficit) of associate                                                                                                                                                                                 |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/ (Deficit) for the year                                                                                                                                                                                          |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |

## 1.6 CAPITAL EXPENDITURE AND FUNDING

The Capital Expenditure Report reflected has been prepared on the basis of the format required by National Treasury and is categorized by municipal vote. The capital expenditure is funded from the following sources:

- Government Grants
- Internally Generated Funds

The summary report indicates the following: -

|                           | APPROVED<br>BUDGET | YTD ACTUAL  |
|---------------------------|--------------------|-------------|
| Total Capital Expenditure | 332 161 738        | 145 107 248 |
| Total Capital Financing   | 332 161 738        | 145 107 248 |

The capital expenditure amounts to **R145.1 million** which is **44%** of the capital budget, after a period of **six months**.

| CAPITAL EXPENDITURE BY SOURCE<br>EXCLUSIVE OF VAT | APPROVED<br>BUDGET | YTD ACTUAL         |
|---------------------------------------------------|--------------------|--------------------|
| Municipal Infrastructure Grant (MIG)              | 225 678 261        | 96 205 587         |
| Regional Bulk Infrastructure (RBIG)               | 13 258 261         | 13 550 558         |
| Water services infrastructure Grant (WSIG)        | 82 608 696         | 28 908 806         |
| Rural Roads Asset Managemnt Systems Grant         | 2 199 130          | -                  |
| Kwamajomela Manuafacturing Centre Grant           | 1 641 817          | 1 302 978          |
| Indonsa Grant                                     | 26 087             | -                  |
| Other Assets                                      | 8 391 303          | 5 139 319          |
| <b>Total Operating Expenditure</b>                | <b>333 803 555</b> | <b>145 107 248</b> |

An amount of **R1.6 million** for KwaMajomela provincial grant was rolled over from the previous financial year, regional bulk Infrastructure grant allocation has been revised and the municipality will receive an additional **R235 million**, a letter has been received from DWS. A revised capital expenditure allocation is recommended. An upward adjustment of **R236.6 million** is recommended.

### Capital Grant Expenditure as per MFMA circular no. 58

In terms of Circular No.58 conditional/capital grants must be reported VAT inclusive, below Grants expenditure is VAT inclusive.



| CAPITAL GRANTS EXPENDITURE (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58) | APPROVED BUDGET    | YTD ACTUAL         |
|------------------------------------------------------------------------|--------------------|--------------------|
| Municipal Infrastructure Grant (MIG)                                   | 259 530 000        | 109 709 257        |
| Regional Bulk Infrastructure (RBIG)                                    | 15 247 000         | 15 177 775         |
| Water services infrastructure Grant (WSIG)                             | 95 000 000         | 33 021 689         |
| Rural Roads Asset Managemnt Systems Grant                              | 2 529 000          | -                  |
| Kwamajomela Manuafacturing Centre Grant                                | 1 641 817          | 1 498 424          |
| Indonsa Grant                                                          | 26 087             | -                  |
| <b>Total Capital Grant Expenditure</b>                                 | <b>373 973 904</b> | <b>159 407 146</b> |

Overall capital grant expenditure is sitting at **43%** of the approved capital budget, **MIG** is sitting at **42%**, **RBIG** at **100%**, **WSIG** at **35%**, **RAMS** at **0%**, **KwaMajomela Manufacturing Centre** at **91%** and **Indonsa Art Centre** at **0%**.

### Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

| Vote Description                                             | Ref | 2021/22         | Budget Year 2022/23 |                 |                |                |                |                 |                |                    |
|--------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
|                                                              |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance    | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                           | 1   |                 |                     |                 |                |                |                |                 |                |                    |
| <b>Multi-Year expenditure appropriation</b>                  | 2   |                 |                     |                 |                |                |                |                 |                |                    |
| Vote 01 - Council                                            |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 02 - Corporate Services                                 |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 03 - Finance                                            |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 04 - Community Development                              |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 05 - Planning & Wsa                                     |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 06 - Technical Services                                 |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 07 - Water Purification                                 |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 08 - Water Distribution                                 |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 09 - Waste Water                                        |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 10 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 11 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 12 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 13 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 14 - *                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 15 - Other                                              |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Total Capital Multi-year expenditure</b>                  | 4,7 | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Single Year expenditure appropriation</b>                 | 2   |                 |                     |                 |                |                |                |                 |                |                    |
| Vote 01 - Council                                            |     | 6 594           | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 02 - Corporate Services                                 |     | 3 746           | 3 261               | 3 318           | 24             | 89             | 1 652          | (1 563)         | -95%           | 3 318              |
| Vote 03 - Finance                                            |     | 2 918           | 478                 | 478             | -              | 20             | 239            | (219)           | -92%           | 478                |
| Vote 04 - Community Development                              |     | 7 451           | 26                  | 2 657           | 582            | 2 525          | 841            | 1 684           | 200%           | 2 657              |
| Vote 05 - Planning & Wsa                                     |     | 464 144         | 327 657             | 328 299         | 45 578         | 142 302        | 163 916        | (21 613)        | -13%           | 328 299            |
| Vote 06 - Technical Services                                 |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 07 - Water Purification                                 |     | -               | 348                 | 548             | 172            | 172            | 224            | (52)            | -23%           | 548                |
| Vote 08 - Water Distribution                                 |     | -               | 391                 | 191             | -              | -              | 146            | (146)           | -100%          | 191                |
| Vote 09 - Waste Water                                        |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 10 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 11 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 12 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 13 - .                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 14 - *                                                  |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Vote 15 - Other                                              |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Total Capital single-year expenditure</b>                 | 4   | 484 853         | 332 162             | 335 492         | 46 356         | 145 107        | 167 017        | (21 909)        | -13%           | 335 492            |
| <b>Total Capital Expenditure</b>                             |     | <b>484 853</b>  | <b>332 162</b>      | <b>335 492</b>  | <b>46 356</b>  | <b>145 107</b> | <b>167 017</b> | <b>(21 909)</b> | <b>-13%</b>    | <b>335 492</b>     |
| <b>Capital Expenditure - Functional Classification</b>       |     |                 |                     |                 |                |                |                |                 |                |                    |
| <b>Governance and administration</b>                         |     | <b>13 258</b>   | <b>3 652</b>        | <b>3 709</b>    | <b>24</b>      | <b>109</b>     | <b>1 847</b>   | <b>(1 739)</b>  | <b>-94%</b>    | <b>3 709</b>       |
| Executive and council                                        |     | 6 594           | -                   | -               | -              | -              | -              | -               |                | -                  |
| Finance and administration                                   |     | 6 664           | 3 652               | 3 709           | 24             | 109            | 1 847          | (1 739)         | -94%           | 3 709              |
| Internal audit                                               |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Community and public safety</b>                           |     | <b>485</b>      | <b>70</b>           | <b>1 273</b>    | <b>582</b>     | <b>1 222</b>   | <b>387</b>     | <b>835</b>      | <b>216%</b>    | <b>1 273</b>       |
| Community and social services                                |     | 485             | 70                  | 1 273           | 582            | 1 222          | 387            | 835             | 216%           | 1 273              |
| Sport and recreation                                         |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Public safety                                                |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Housing                                                      |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Health                                                       |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Economic and environmental services</b>                   |     | <b>6 965</b>    | <b>6 112</b>        | <b>7 515</b>    | <b>-</b>       | <b>4 940</b>   | <b>3 524</b>   | <b>1 417</b>    | <b>40%</b>     | <b>7 515</b>       |
| Planning and development                                     |     | 6 965           | 6 112               | 7 515           | -              | 4 940          | 3 524          | 1 417           | 40%            | 7 515              |
| Road transport                                               |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Environmental protection                                     |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Trading services</b>                                      |     | <b>464 144</b>  | <b>322 284</b>      | <b>322 951</b>  | <b>45 749</b>  | <b>138 837</b> | <b>161 237</b> | <b>(22 401)</b> | <b>-14%</b>    | <b>322 951</b>     |
| Energy sources                                               |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Water management                                             |     | 464 144         | 322 284             | 322 951         | 45 749         | 138 837        | 161 237        | (22 401)        | -14%           | 322 951            |
| Waste water management                                       |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Waste management                                             |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Other</b>                                                 |     | <b>-</b>        | <b>43</b>           | <b>43</b>       | <b>-</b>       | <b>-</b>       | <b>22</b>      | <b>(22)</b>     | <b>-100%</b>   | <b>43</b>          |
| <b>Total Capital Expenditure - Functional Classification</b> | 3   | <b>484 853</b>  | <b>332 162</b>      | <b>335 492</b>  | <b>46 356</b>  | <b>145 107</b> | <b>167 017</b> | <b>(21 909)</b> | <b>-13%</b>    | <b>335 492</b>     |
| <b>Funded by:</b>                                            |     |                 |                     |                 |                |                |                |                 |                |                    |
| National Government                                          |     | 464 144         | 323 744             | 324 386         | 45 578         | 138 665        | 161 959        | (23 294)        | -14%           | 324 386            |
| Provincial Government                                        |     | 7 451           | 26                  | 1 428           | -              | 1 303          | 480            | 823             | 171%           | 1 428              |
| District Municipality                                        |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Transfers and subsidies - capital (monetary allocations)     |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| (National / Provincial Departmental Agencies, Households,    |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Non-profit Institutions, Private Enterprises, Public         |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| Corporations, Higher Educational Institutions)               |     | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Transfers recognised - capital</b>                        |     | <b>471 595</b>  | <b>323 770</b>      | <b>325 814</b>  | <b>45 578</b>  | <b>139 968</b> | <b>162 439</b> | <b>(22 471)</b> | <b>-14%</b>    | <b>325 814</b>     |
| <b>Borrowing</b>                                             | 6   | -               | -                   | -               | -              | -              | -              | -               |                | -                  |
| <b>Internally generated funds</b>                            |     | <b>13 258</b>   | <b>8 391</b>        | <b>9 678</b>    | <b>778</b>     | <b>5 139</b>   | <b>4 577</b>   | <b>562</b>      | <b>12%</b>     | <b>9 678</b>       |
| <b>Total Capital Funding</b>                                 |     | <b>484 853</b>  | <b>332 162</b>      | <b>335 492</b>  | <b>46 356</b>  | <b>145 107</b> | <b>167 017</b> | <b>(21 909)</b> | <b>-13%</b>    | <b>335 492</b>     |

## 1.7 IN-YEAR BUDGET TABLES

The following part of in-year reporting presented below focuses on monthly budget statement tables as required in terms of regulation 31 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2022/2023 budget, actual financial performance, actual capital expenditure, actual financial position, and actual cashflow as implemented by the accounting officer in terms of S62 of the MFMA.

Below are tables as per Schedule C for **December 2022**.

### **Table C1 – Monthly Budget Statement Summary**

DC26 Zululand - Table C1 Monthly Budget Statement Summary - M06 December

| Description                                                                                                                                                                                                                                                                | 2021/22          | Budget Year 2022/23 |                   |                    |                    |                    |                     |                 |                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
|                                                                                                                                                                                                                                                                            | Audited Outcome  | Original Budget     | Adjusted Budget   | Monthly actual     | YearTD actual      | YearTD budget      | YTD variance        | YTD variance %  | Full Year Forecast |
| <b>R thousands</b>                                                                                                                                                                                                                                                         |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Financial Performance</b>                                                                                                                                                                                                                                               |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Property rates                                                                                                                                                                                                                                                             | –                | –                   | –                 | –                  | –                  | –                  | –                   |                 | –                  |
| Service charges                                                                                                                                                                                                                                                            | 50 999           | 80 500              | 80 500            | 4 161              | 27 594             | 40 250             | (12 656)            | -31%            | 80 500             |
| Investment revenue                                                                                                                                                                                                                                                         | 3 705            | 6 000               | 6 000             | 24                 | 1 487              | 3 000              | (1 513)             | -50%            | 6 000              |
| Transfers and subsidies                                                                                                                                                                                                                                                    | 537 979          | 601 306             | 601 306           | 198 549            | 429 571            | 300 653            | 128 918             | 43%             | 601 306            |
| Other own revenue                                                                                                                                                                                                                                                          | 1 817            | 1 129               | 1 129             | 254                | 866                | 564                | 302                 | 53%             | 1 129              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                                                                                                                                                                                                       | <b>594 501</b>   | <b>688 935</b>      | <b>688 935</b>    | <b>202 989</b>     | <b>459 518</b>     | <b>344 467</b>     | <b>115 050</b>      | <b>33%</b>      | <b>688 935</b>     |
| Employee costs                                                                                                                                                                                                                                                             | 263 669          | 268 152             | 268 152           | 23 166             | 136 117            | 134 077            | 2 040               | 2%              | 268 152            |
| Remuneration of Councillors                                                                                                                                                                                                                                                | 8 616            | 8 771               | 8 771             | 722                | 4 530              | 4 385              | 144                 | 3%              | 8 771              |
| Depreciation & asset impairment                                                                                                                                                                                                                                            | 101 119          | 80 000              | 80 000            | 14 252             | 47 585             | 40 000             | 7 585               | 19%             | 80 000             |
| Finance charges                                                                                                                                                                                                                                                            | 399              | –                   | 88                | –                  | 88                 | 22                 | 66                  | 300%            | 88                 |
| Inventory consumed and bulk purchases                                                                                                                                                                                                                                      | 22 023           | 33 320              | 22 675            | 631                | 9 947              | 15 833             | (5 887)             | -37%            | 22 675             |
| Transfers and subsidies                                                                                                                                                                                                                                                    | 11 295           | 3 070               | 4 228             | 2 000              | 2 504              | 1 169              | 1 335               | 114%            | 4 228              |
| Other expenditure                                                                                                                                                                                                                                                          | 471 845          | 232 848             | 245 320           | 52 401             | 157 697            | 118 715            | 38 982              | 33%             | 245 320            |
| <b>Total Expenditure</b>                                                                                                                                                                                                                                                   | <b>878 966</b>   | <b>626 161</b>      | <b>629 234</b>    | <b>93 172</b>      | <b>358 468</b>     | <b>314 202</b>     | <b>44 266</b>       | <b>14%</b>      | <b>629 234</b>     |
| <b>Surplus/(Deficit)</b>                                                                                                                                                                                                                                                   | <b>(284 466)</b> | <b>62 774</b>       | <b>59 701</b>     | <b>109 817</b>     | <b>101 050</b>     | <b>30 265</b>      | <b>70 785</b>       | <b>234%</b>     | <b>59 701</b>      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)                                                                                                                                                                              | 611 248          | 372 306             | 372 306           | 51 825             | 159 407            | 186 153            | ###<br>###<br>..    | -14%            | 372 306            |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | 24 307           | –                   | –                 | –                  | –                  | –                  | –                   |                 | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>                                                                                                                                                                                                       | <b>351 089</b>   | <b>435 080</b>      | <b>432 007</b>    | <b>161 642</b>     | <b>260 457</b>     | <b>216 418</b>     | <b>44 039</b>       | <b>20%</b>      | <b>432 007</b>     |
| Share of surplus/ (deficit) of associate                                                                                                                                                                                                                                   | –                | –                   | –                 | –                  | –                  | –                  | –                   |                 | –                  |
| <b>Surplus/ (Deficit) for the year</b>                                                                                                                                                                                                                                     | <b>351 089</b>   | <b>435 080</b>      | <b>432 007</b>    | <b>161 642</b>     | <b>260 457</b>     | <b>216 418</b>     | <b>44 039</b>       | <b>20%</b>      | <b>432 007</b>     |
| <b>Capital expenditure &amp; funds sources</b>                                                                                                                                                                                                                             |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Capital expenditure</b>                                                                                                                                                                                                                                                 | <b>484 853</b>   | <b>332 162</b>      | <b>335 492</b>    | <b>46 356</b>      | <b>145 107</b>     | <b>167 017</b>     | <b>(21 909)</b>     | <b>-13%</b>     | <b>335 492</b>     |
| Capital transfers recognised                                                                                                                                                                                                                                               | 471 595          | 323 770             | 325 814           | 45 578             | 139 968            | 162 439            | (22 471)            | -14%            | 325 814            |
| Borrowing                                                                                                                                                                                                                                                                  | –                | –                   | –                 | –                  | –                  | –                  | –                   |                 | –                  |
| Internally generated funds                                                                                                                                                                                                                                                 | 13 258           | 8 391               | 9 678             | 778                | 5 139              | 4 577              | 562                 | 12%             | 9 678              |
| <b>Total sources of capital funds</b>                                                                                                                                                                                                                                      | <b>484 853</b>   | <b>332 162</b>      | <b>335 492</b>    | <b>46 356</b>      | <b>145 107</b>     | <b>167 017</b>     | <b>(21 909)</b>     | <b>-13%</b>     | <b>335 492</b>     |
| <b>Financial position</b>                                                                                                                                                                                                                                                  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total current assets                                                                                                                                                                                                                                                       | 1 446 071        | 338 914             | 338 914           |                    | 187 734            |                    |                     |                 | 338 914            |
| Total non current assets                                                                                                                                                                                                                                                   | 4 601 310        | 4 188 965           | 4 192 295         |                    | 4 698 835          |                    |                     |                 | 4 192 295          |
| Total current liabilities                                                                                                                                                                                                                                                  | 355 836          | 224 332             | 224 332           |                    | 269 971            |                    |                     |                 | 224 332            |
| Total non current liabilities                                                                                                                                                                                                                                              | 42 112           | 33 904              | 33 904            |                    | 41 810             |                    |                     |                 | 33 904             |
| Community wealth/Equity                                                                                                                                                                                                                                                    | 4 378 271        | 3 834 563           | 3 834 563         |                    | 4 575 798          |                    |                     |                 | 3 834 563          |
| <b>Cash flows</b>                                                                                                                                                                                                                                                          |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Net cash from (used) operating                                                                                                                                                                                                                                             | 466 705          | 549 645             | 549 645           | 383 948            | 429 278            | 274 822            | (154 456)           | -56%            | 549 645            |
| Net cash from (used) investing                                                                                                                                                                                                                                             | (505 782)        | (332 162)           | (332 162)         | (46 356)           | (145 107)          | (166 081)          | (20 974)            | 13%             | (332 162)          |
| Net cash from (used) financing                                                                                                                                                                                                                                             | –                | –                   | –                 | (86)               | (432)              | –                  | 432                 | #DIV/0!         | –                  |
| <b>Cash/cash equivalents at the month/year end</b>                                                                                                                                                                                                                         | <b>(19 019)</b>  | <b>290 159</b>      | <b>290 159</b>    | <b>–</b>           | <b>234 449</b>     | <b>181 418</b>     | <b>(53 031)</b>     | <b>-29%</b>     | <b>168 193</b>     |
| <b>Debtors &amp; creditors analysis</b>                                                                                                                                                                                                                                    | <b>0-30 Days</b> | <b>31-60 Days</b>   | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b> | <b>Total</b>       |
| <b>Debtors Age Analysis</b>                                                                                                                                                                                                                                                |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total By Income Source                                                                                                                                                                                                                                                     | 5 105            | 5 777               | 4 217             | 3 954              | 3 389              | 3 199              | 22 850              | 144 540         | 193 030            |
| <b>Creditors Age Analysis</b>                                                                                                                                                                                                                                              |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total Creditors                                                                                                                                                                                                                                                            | 17 750           | 6 502               | 1 526             | –                  | –                  | –                  | –                   | –               | 25 779             |

**DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December**

| Description                                       | Ref      | 2021/22          | Budget Year 2022/23 |                  |                |                |                |                |                |                    |
|---------------------------------------------------|----------|------------------|---------------------|------------------|----------------|----------------|----------------|----------------|----------------|--------------------|
|                                                   |          | Audited Outcome  | Original Budget     | Adjusted Budget  | Monthly actual | YearTD actual  | YearTD budget  | YTD variance   | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                | <b>1</b> |                  |                     |                  |                |                |                |                |                |                    |
| <b>Revenue - Functional</b>                       |          |                  |                     |                  |                |                |                |                |                |                    |
| <i><b>Governance and administration</b></i>       |          | <b>530 987</b>   | <b>594 535</b>      | <b>594 535</b>   | <b>194 957</b> | <b>425 744</b> | <b>297 267</b> | 128 476        | 43%            | <b>594 535</b>     |
| Executive and council                             |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Finance and administration                        |          | 530 987          | 594 535             | 594 535          | 194 957        | 425 744        | 297 267        | 128 476        | 43%            | 594 535            |
| Internal audit                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Community and public safety</b></i>         |          | <b>2 011</b>     | <b>2 011</b>        | <b>2 011</b>     | <b>14</b>      | <b>92</b>      | <b>1 005</b>   | (914)          | -91%           | <b>2 011</b>       |
| Community and social services                     |          | 2 011            | 1 911               | 1 911            | 13             | 77             | 956            | (878)          | -92%           | 1 911              |
| Sport and recreation                              |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Public safety                                     |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Housing                                           |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Health                                            |          | -                | 100                 | 100              | 1              | 15             | 50             | (35)           | -70%           | 100                |
| <i><b>Economic and environmental services</b></i> |          | <b>9 606</b>     | <b>5 316</b>        | <b>5 316</b>     | <b>-</b>       | <b>1 498</b>   | <b>2 658</b>   | (1 160)        | -44%           | <b>5 316</b>       |
| Planning and development                          |          | 9 606            | 5 316               | 5 316            | -              | 1 498          | 2 658          | (1 160)        | -44%           | 5 316              |
| Road transport                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Environmental protection                          |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Trading services</b></i>                    |          | <b>686 941</b>   | <b>458 879</b>      | <b>458 879</b>   | <b>59 843</b>  | <b>191 591</b> | <b>229 439</b> | (37 848)       | -16%           | <b>458 879</b>     |
| Energy sources                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Water management                                  |          | 674 336          | 446 379             | 446 379          | 58 672         | 183 877        | 223 189        | (39 312)       | -18%           | 446 379            |
| Waste water management                            |          | 12 605           | 12 500              | 12 500           | 1 171          | 7 714          | 6 250          | 1 464          | 23%            | 12 500             |
| Waste management                                  |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Other</b></i>                               | <b>4</b> | <b>511</b>       | <b>500</b>          | <b>500</b>       | <b>-</b>       | <b>-</b>       | <b>250</b>     | <b>(250)</b>   | <b>-100%</b>   | <b>500</b>         |
| <b>Total Revenue - Functional</b>                 | <b>2</b> | <b>1 230 055</b> | <b>1 061 241</b>    | <b>1 061 241</b> | <b>254 814</b> | <b>618 925</b> | <b>530 620</b> | <b>88 305</b>  | <b>17%</b>     | <b>1 061 241</b>   |
| <b>Expenditure - Functional</b>                   |          |                  |                     |                  |                |                |                |                |                |                    |
| <i><b>Governance and administration</b></i>       |          | <b>255 470</b>   | <b>225 404</b>      | <b>229 250</b>   | <b>29 150</b>  | <b>130 395</b> | <b>114 210</b> | 16 185         | 14%            | <b>229 250</b>     |
| Executive and council                             |          | 61 104           | 47 846              | 53 025           | 8 771          | 36 212         | 25 689         | 10 523         | 41%            | 53 025             |
| Finance and administration                        |          | 194 366          | 177 558             | 176 225          | 20 379         | 94 183         | 88 520         | 5 663          | 6%             | 176 225            |
| Internal audit                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Community and public safety</b></i>         |          | <b>24 796</b>    | <b>25 580</b>       | <b>26 485</b>    | <b>2 129</b>   | <b>13 752</b>  | <b>13 104</b>  | 647            | 5%             | <b>26 485</b>      |
| Community and social services                     |          | 13 211           | 13 202              | 14 107           | 1 020          | 7 336          | 6 915          | 421            | 6%             | 14 107             |
| Sport and recreation                              |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Public safety                                     |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Housing                                           |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Health                                            |          | 11 586           | 12 378              | 12 378           | 1 109          | 6 416          | 6 189          | 227            | 4%             | 12 378             |
| <i><b>Economic and environmental services</b></i> |          | <b>24 502</b>    | <b>23 962</b>       | <b>24 647</b>    | <b>2 994</b>   | <b>9 925</b>   | <b>11 901</b>  | (1 976)        | -17%           | <b>24 647</b>      |
| Planning and development                          |          | 24 502           | 23 962              | 24 647           | 2 994          | 9 925          | 11 901         | (1 976)        | -17%           | 24 647             |
| Road transport                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Environmental protection                          |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Trading services</b></i>                    |          | <b>566 315</b>   | <b>337 266</b>      | <b>335 829</b>   | <b>58 410</b>  | <b>199 900</b> | <b>168 154</b> | 31 746         | 19%            | <b>335 829</b>     |
| Energy sources                                    |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| Water management                                  |          | 558 489          | 332 231             | 330 794          | 57 840         | 196 987        | 165 637        | 31 351         | 19%            | 330 794            |
| Waste water management                            |          | 7 826            | 5 035               | 5 035            | 570            | 2 913          | 2 517          | 395            | 16%            | 5 035              |
| Waste management                                  |          | -                | -                   | -                | -              | -              | -              | -              | -              | -                  |
| <i><b>Other</b></i>                               |          | <b>7 882</b>     | <b>13 948</b>       | <b>13 023</b>    | <b>489</b>     | <b>4 496</b>   | <b>6 832</b>   | <b>(2 337)</b> | <b>-34%</b>    | <b>13 023</b>      |
| <b>Total Expenditure - Functional</b>             | <b>3</b> | <b>878 966</b>   | <b>626 161</b>      | <b>629 234</b>   | <b>93 172</b>  | <b>358 468</b> | <b>314 202</b> | <b>44 266</b>  | <b>14%</b>     | <b>629 234</b>     |
| <b>Surplus/ (Deficit) for the year</b>            |          | <b>351 089</b>   | <b>435 080</b>      | <b>432 007</b>   | <b>161 642</b> | <b>260 457</b> | <b>216 418</b> | <b>44 039</b>  | <b>20%</b>     | <b>432 007</b>     |

## **MBRR Table C2 – Monthly Budget Statement Financial Performance (revenue and expenditure by functional classification)**

Table C2 is a view of the actual financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional and the Total Revenue on this table includes capital

revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table C4.

**DC26 Zululand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

| Vote Description                | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|---------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                 |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                     |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue by Vote                 | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 01 - Council               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 02 - Corporate Services    |     | 448             | 850                 | 850             | 38             | 74            | 425           | (351)        | -82.6%         | 850                |
| Vote 03 - Finance               |     | 530 539         | 594 185             | 594 185         | 194 919        | 425 670       | 297 092       | 128 577      | 43.3%          | 594 185            |
| Vote 04 - Community Development |     | 10 481          | 2 011               | 2 011           | 14             | 1 590         | 1 005         | 585          | 58.2%          | 2 011              |
| Vote 05 - Planning & Wsa        |     | 603 289         | 383 610             | 383 610         | 55 658         | 163 872       | 191 805       | (27 933)     | -14.6%         | 383 610            |
| Vote 06 - Technical Services    |     | 9 612           | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 07 - Water Purification    |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 08 - Water Distribution    |     | 63 082          | 68 085              | 68 085          | 3 014          | 20 005        | 34 042        | (14 037)     | -41.2%         | 68 085             |
| Vote 09 - Waste Water           |     | 12 605          | 12 500              | 12 500          | 1 171          | 7 714         | 6 250         | 1 464        | 23.4%          | 12 500             |
| Vote 10 - .                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 11 - .                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 12 - ,                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 13 - ,                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 14 - *                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 15 - Other                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Total Revenue by Vote           | 2   | 1 230 055       | 1 061 241           | 1 061 241       | 254 814        | 618 925       | 530 620       | 88 305       | 16.6%          | 1 061 241          |
| Expenditure by Vote             | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 01 - Council               |     | 61 104          | 47 846              | 53 025          | 8 771          | 36 212        | 25 689        | 10 523       | 41.0%          | 53 025             |
| Vote 02 - Corporate Services    |     | 124 394         | 98 375              | 97 030          | 10 703         | 55 956        | 48 945        | 7 011        | 14.3%          | 97 030             |
| Vote 03 - Finance               |     | 70 809          | 79 473              | 80 102          | 7 440          | 31 476        | 39 917        | (8 441)      | -21.1%         | 80 102             |
| Vote 04 - Community Development |     | 43 410          | 49 413              | 49 437          | 7 024          | 30 265        | 24 588        | 5 677        | 23.1%          | 49 437             |
| Vote 05 - Planning & Wsa        |     | 62 982          | 23 285              | 23 310          | 1 669          | 9 846         | 11 657        | (1 811)      | -15.5%         | 23 310             |
| Vote 06 - Technical Services    |     | 29 532          | 5 992               | 6 112           | 798            | 4 482         | 3 031         | 1 451        | 47.9%          | 6 112              |
| Vote 07 - Water Purification    |     | 48 620          | 36 762              | 36 762          | 4 375          | 25 724        | 18 381        | 7 343        | 39.9%          | 36 762             |
| Vote 08 - Water Distribution    |     | 430 289         | 279 979             | 278 421         | 51 821         | 161 594       | 139 476       | 22 118       | 15.9%          | 278 421            |
| Vote 09 - Waste Water           |     | 7 826           | 5 035               | 5 035           | 570            | 2 913         | 2 517         | 395          | 15.7%          | 5 035              |
| Vote 10 - .                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 11 - .                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 12 - ,                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 13 - ,                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 14 - *                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Vote 15 - Other                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Total Expenditure by Vote       | 2   | 878 966         | 626 161             | 629 234         | 93 172         | 358 468       | 314 202       | 44 266       | 14.1%          | 629 234            |
| Surplus/ (Deficit) for the year | 2   | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       | 44 039       | 20.3%          | 432 007            |

### **MBRR Table C3 - Monthly Budget Statement Financial Performance (revenue and expenditure by municipal vote)**

Table C3 is a view of the actual financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

**DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description                                                                                                                                                                                                              | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                                                                                                                                                                                          |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                                                                                                                                                                              |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue By Source                                                                                                                                                                                                        |     |                 |                     |                 |                |               |               |              |                |                    |
| Property rates                                                                                                                                                                                                           |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - electricity revenue                                                                                                                                                                                    |     |                 |                     |                 |                |               |               | -            |                |                    |
| Service charges - water revenue                                                                                                                                                                                          |     | 38 486          | 68 000              | 68 000          | 2 993          | 19 911        | 34 000        | (14 089)     | -41%           | 68 000             |
| Service charges - sanitation revenue                                                                                                                                                                                     |     | 12 513          | 12 500              | 12 500          | 1 169          | 7 683         | 6 250         | 1 433        | 23%            | 12 500             |
| Service charges - refuse revenue                                                                                                                                                                                         |     |                 |                     |                 |                |               |               | -            |                |                    |
| Rental of facilities and equipment                                                                                                                                                                                       |     | 195             | 183                 | 183             | 17             | 105           | 92            | 13           | 14%            | 183                |
| Interest earned - external investments                                                                                                                                                                                   |     | 3 705           | 6 000               | 6 000           | 24             | 1 487         | 3 000         | (1 513)      | -50%           | 6 000              |
| Interest earned - outstanding debtors                                                                                                                                                                                    |     | 288             | 85                  | 85              | 21             | 94            | 42            | 52           | 122%           | 85                 |
| Dividends received                                                                                                                                                                                                       |     |                 |                     |                 |                |               |               | -            |                |                    |
| Fines, penalties and forfeits                                                                                                                                                                                            |     | 209             | 150                 | 150             | 3              | 31            | 75            | (44)         | -59%           | 150                |
| Licences and permits                                                                                                                                                                                                     |     | -               | -                   | -               | 1              | 25            | -             | 25           | #DIV/0!        | -                  |
| Agency services                                                                                                                                                                                                          |     |                 |                     |                 |                |               |               | -            |                |                    |
| Transfers and subsidies                                                                                                                                                                                                  |     | 537 979         | 601 306             | 601 306         | 198 549        | 429 571       | 300 653       | 128 918      | 43%            | 601 306            |
| Other revenue                                                                                                                                                                                                            |     | 1 085           | 711                 | 711             | 212            | 612           | 355           | 257          | 72%            | 711                |
| Gains                                                                                                                                                                                                                    |     | 40              | -                   | -               | -              | -             | -             | -            |                | -                  |
| Total Revenue (excluding capital transfers and contributions)                                                                                                                                                            |     | 594 501         | 688 935             | 688 935         | 202 989        | 459 518       | 344 467       | 115 050      | 33%            | 688 935            |
| Expenditure By Type                                                                                                                                                                                                      |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs                                                                                                                                                                                                   |     | 263 669         | 268 152             | 268 152         | 23 166         | 136 117       | 134 077       | 2 040        | 2%             | 268 152            |
| Remuneration of councillors                                                                                                                                                                                              |     | 8 616           | 8 771               | 8 771           | 722            | 4 530         | 4 385         | 144          | 3%             | 8 771              |
| Debt impairment                                                                                                                                                                                                          |     | 20 001          | 14 000              | 14 000          | -              | -             | 7 000         | (7 000)      | -100%          | 14 000             |
| Depreciation & asset impairment                                                                                                                                                                                          |     | 101 119         | 80 000              | 80 000          | 14 252         | 47 585        | 40 000        | 7 585        | 19%            | 80 000             |
| Finance charges                                                                                                                                                                                                          |     | 399             | -                   | 88              | -              | 88            | 22            | 66           | 300%           | 88                 |
| Bulk purchases - electricity                                                                                                                                                                                             |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Inventory consumed                                                                                                                                                                                                       |     | 22 023          | 33 320              | 25 675          | 631            | 9 947         | 15 833        | (5 887)      | -37%           | 25 675             |
| Contracted services                                                                                                                                                                                                      |     | 318 040         | 106 388             | 124 878         | 30 930         | 73 358        | 58 137        | 15 221       | 26%            | 124 878            |
| Transfers and subsidies                                                                                                                                                                                                  |     | 11 295          | 3 070               | 4 228           | 2 000          | 2 504         | 1 169         | 1 335        | 114%           | 4 228              |
| Other expenditure                                                                                                                                                                                                        |     | 131 178         | 112 460             | 103 442         | 21 471         | 84 339        | 53 578        | 30 761       | 57%            | 103 442            |
| Losses                                                                                                                                                                                                                   |     | 2 627           | -                   | -               | -              | -             | -             | -            |                | -                  |
| Total Expenditure                                                                                                                                                                                                        |     | 878 966         | 626 161             | 629 234         | 93 172         | 358 468       | 314 202       | 44 266       | 14%            | 629 234            |
| Surplus/(Deficit)                                                                                                                                                                                                        |     | (284 466)       | 62 774              | 59 701          | 109 817        | 101 050       | 30 265        | 70 785       | 0              | 59 701             |
| Transfers and subsidies - capital (monetary allocations)<br>(National / Provincial and District)                                                                                                                         |     | 611 248         | 372 306             | 372 306         | 51 825         | 159 407       | 186 153       | (26 746)     | (0)            | 372 306            |
| Transfers and subsidies - capital (monetary allocations)<br>(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) |     |                 |                     |                 |                |               |               | -            |                |                    |
| Transfers and subsidies - capital (in-kind - all)                                                                                                                                                                        |     | 24 307          | -                   | -               | -              | -             | -             | -            |                | -                  |
| Surplus/(Deficit) after capital transfers & contributions                                                                                                                                                                |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Taxation                                                                                                                                                                                                                 |     |                 |                     |                 |                |               |               | -            |                |                    |
| Surplus/(Deficit) after taxation                                                                                                                                                                                         |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Attributable to minorities                                                                                                                                                                                               |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/(Deficit) attributable to municipality                                                                                                                                                                           |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |
| Share of surplus/ (deficit) of associate                                                                                                                                                                                 |     |                 |                     |                 |                |               |               |              |                |                    |
| Surplus/ (Deficit) for the year                                                                                                                                                                                          |     | 351 089         | 435 080             | 432 007         | 161 642        | 260 457       | 216 418       |              |                | 432 007            |

## MBRR Table C4 - Monthly Budget Statement Financial Performance (revenue and expenditure by source)

Table C4 indicates the actual revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table C5.

**DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December**

| Vote Description                                                                                                                                              | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                                                                                                                               |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                                                                                                                            | 1   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Multi-Year expenditure appropriation</b>                                                                                                                   | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 01 - Council                                                                                                                                             |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 02 - Corporate Services                                                                                                                                  |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 03 - Finance                                                                                                                                             |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 04 - Community Development                                                                                                                               |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 05 - Planning & Wsa                                                                                                                                      |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 06 - Technical Services                                                                                                                                  |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 07 - Water Purification                                                                                                                                  |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 08 - Water Distribution                                                                                                                                  |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 09 - Waste Water                                                                                                                                         |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 10 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 11 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 12 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 13 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 14 - *                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 15 - Other                                                                                                                                               |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Total Capital Multi-year expenditure</b>                                                                                                                   | 4,7 | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Single Year expenditure appropriation</b>                                                                                                                  | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 01 - Council                                                                                                                                             |     | 6 594           | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 02 - Corporate Services                                                                                                                                  |     | 3 746           | 3 261               | 3 318           | 24             | 89            | 1 652         | (1 563)      | -95%           | 3 318              |
| Vote 03 - Finance                                                                                                                                             |     | 2 918           | 478                 | 478             | -              | 20            | 239           | (219)        | -92%           | 478                |
| Vote 04 - Community Development                                                                                                                               |     | 7 451           | 26                  | 2 657           | 582            | 2 525         | 841           | 1 684        | 200%           | 2 657              |
| Vote 05 - Planning & Wsa                                                                                                                                      |     | 464 144         | 327 657             | 328 299         | 45 578         | 142 302       | 163 916       | (21 613)     | -13%           | 328 299            |
| Vote 06 - Technical Services                                                                                                                                  |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 07 - Water Purification                                                                                                                                  |     | -               | 348                 | 548             | 172            | 172           | 224           | (52)         | -23%           | 548                |
| Vote 08 - Water Distribution                                                                                                                                  |     | -               | 391                 | 191             | -              | -             | 146           | (146)        | -100%          | 191                |
| Vote 09 - Waste Water                                                                                                                                         |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 10 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 11 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 12 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 13 - .                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 14 - *                                                                                                                                                   |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Vote 15 - Other                                                                                                                                               |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Total Capital single-year expenditure</b>                                                                                                                  | 4   | 484 853         | 332 162             | 335 492         | 46 356         | 145 107       | 167 017       | (21 909)     | -13%           | 335 492            |
| <b>Total Capital Expenditure</b>                                                                                                                              |     | 484 853         | 332 162             | 335 492         | 46 356         | 145 107       | 167 017       | (21 909)     | -13%           | 335 492            |
| <b>Capital Expenditure - Functional Classification</b>                                                                                                        |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Governance and administration</b>                                                                                                                          |     | 13 258          | 3 652               | 3 709           | 24             | 109           | 1 847         | (1 739)      | -94%           | 3 709              |
| Executive and council                                                                                                                                         |     | 6 594           | -                   | -               | -              | -             | -             | -            |                | -                  |
| Finance and administration                                                                                                                                    |     | 6 664           | 3 652               | 3 709           | 24             | 109           | 1 847         | (1 739)      | -94%           | 3 709              |
| Internal audit                                                                                                                                                |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Community and public safety</b>                                                                                                                            |     | 485             | 70                  | 1 273           | 582            | 1 222         | 387           | 835          | 216%           | 1 273              |
| Community and social services                                                                                                                                 |     | 485             | 70                  | 1 273           | 582            | 1 222         | 387           | 835          | 216%           | 1 273              |
| Sport and recreation                                                                                                                                          |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Public safety                                                                                                                                                 |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Housing                                                                                                                                                       |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Health                                                                                                                                                        |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Economic and environmental services</b>                                                                                                                    |     | 6 965           | 6 112               | 7 515           | -              | 4 940         | 3 524         | 1 417        | 40%            | 7 515              |
| Planning and development                                                                                                                                      |     | 6 965           | 6 112               | 7 515           | -              | 4 940         | 3 524         | 1 417        | 40%            | 7 515              |
| Road transport                                                                                                                                                |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Environmental protection                                                                                                                                      |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Trading services</b>                                                                                                                                       |     | 464 144         | 322 284             | 322 951         | 45 749         | 138 837       | 161 237       | (22 401)     | -14%           | 322 951            |
| Energy sources                                                                                                                                                |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Water management                                                                                                                                              |     | 464 144         | 322 284             | 322 951         | 45 749         | 138 837       | 161 237       | (22 401)     | -14%           | 322 951            |
| Waste water management                                                                                                                                        |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Waste management                                                                                                                                              |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Other</b>                                                                                                                                                  |     | -               | 43                  | 43              | -              | -             | 22            | (22)         | -100%          | 43                 |
| <b>Total Capital Expenditure - Functional Classification</b>                                                                                                  | 3   | 484 853         | 332 162             | 335 492         | 46 356         | 145 107       | 167 017       | (21 909)     | -13%           | 335 492            |
| <b>Funded by:</b>                                                                                                                                             |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government                                                                                                                                           |     | 464 144         | 323 744             | 324 386         | 45 578         | 138 665       | 161 959       | (23 294)     | -14%           | 324 386            |
| Provincial Government                                                                                                                                         |     | 7 451           | 26                  | 1 428           | -              | 1 303         | 480           | 823          | 171%           | 1 428              |
| District Municipality                                                                                                                                         |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| Transfers and subsidies - capital (monetary allocations)                                                                                                      |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Transfers recognised - capital</b>                                                                                                                         |     | 471 595         | 323 770             | 325 814         | 45 578         | 139 968       | 162 439       | (22 471)     | -14%           | 325 814            |
| <b>Borrowing</b>                                                                                                                                              |     | -               | -                   | -               | -              | -             | -             | -            |                | -                  |
| <b>Internally generated funds</b>                                                                                                                             | 6   | 13 258          | 8 391               | 9 678           | 778            | 5 139         | 4 577         | 562          | 12%            | 9 678              |
| <b>Total Capital Funding</b>                                                                                                                                  |     | 484 853         | 332 162             | 335 492         | 46 356         | 145 107       | 167 017       | (21 909)     | -13%           | 335 492            |

## MBRR Table C5 - Monthly Budget Statement Capital Expenditure by vote, functional classification and funding source

Table C5 indicates Actual capital Expenditure by Municipal Vote and functional classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.



**DC26 Zululand - Table C6 Monthly Budget Statement - Financial Position - M06 December**

| Description                              | Ref      | 2021/22          | Budget Year 2022/23 |                  |                  |                    |
|------------------------------------------|----------|------------------|---------------------|------------------|------------------|--------------------|
|                                          |          | Audited Outcome  | Original Budget     | Adjusted Budget  | YearTD actual    | Full Year Forecast |
| <b>R thousands</b>                       | <b>1</b> |                  |                     |                  |                  |                    |
| <b>ASSETS</b>                            |          |                  |                     |                  |                  |                    |
| <b>Current assets</b>                    |          |                  |                     |                  |                  |                    |
| Cash                                     |          | 1 809 057        | 240 335             | 240 335          | (24 346)         | 240 335            |
| Call investment deposits                 |          | (480 000)        | –                   | –                | 100 000          | –                  |
| Consumer debtors                         |          | 32 918           | 67 333              | 67 333           | 49 251           | 67 333             |
| Other debtors                            |          | 81 540           | 28 773              | 28 773           | 59 981           | 28 773             |
| Current portion of long-term receivables |          | –                | –                   | –                | –                | –                  |
| Inventory                                |          | 2 556            | 2 473               | 2 473            | 2 848            | 2 473              |
| <b>Total current assets</b>              |          | <b>1 446 071</b> | <b>338 914</b>      | <b>338 914</b>   | <b>187 734</b>   | <b>338 914</b>     |
| <b>Non current assets</b>                |          |                  |                     |                  |                  |                    |
| Long-term receivables                    |          | –                | –                   | –                | –                | –                  |
| Investments                              |          |                  |                     |                  |                  |                    |
| Investment property                      |          |                  |                     |                  |                  |                    |
| Investments in Associate                 |          |                  |                     |                  |                  |                    |
| Property, plant and equipment            |          | 4 593 488        | 4 188 952           | 4 192 282        | 4 691 016        | 4 192 282          |
| Biological                               |          |                  |                     |                  |                  |                    |
| Intangible                               |          | 15               | 13                  | 13               | 12               | 13                 |
| Other non-current assets                 |          | 7 807            | –                   | –                | 7 807            | –                  |
| <b>Total non current assets</b>          |          | <b>4 601 310</b> | <b>4 188 965</b>    | <b>4 192 295</b> | <b>4 698 835</b> | <b>4 192 295</b>   |
| <b>TOTAL ASSETS</b>                      |          | <b>6 047 381</b> | <b>4 527 879</b>    | <b>4 531 209</b> | <b>4 886 569</b> | <b>4 531 209</b>   |
| <b>LIABILITIES</b>                       |          |                  |                     |                  |                  |                    |
| <b>Current liabilities</b>               |          |                  |                     |                  |                  |                    |
| Bank overdraft                           |          | –                | –                   | –                | –                | –                  |
| Borrowing                                |          | 902              | –                   | –                | 470              | –                  |
| Consumer deposits                        |          | 3 621            | 3 633               | 3 633            | 3 618            | 3 633              |
| Trade and other payables                 |          | 348 935          | 218 944             | 218 944          | 263 505          | 218 944            |
| Provisions                               |          | 2 378            | 1 755               | 1 755            | 2 378            | 1 755              |
| <b>Total current liabilities</b>         |          | <b>355 836</b>   | <b>224 332</b>      | <b>224 332</b>   | <b>269 971</b>   | <b>224 332</b>     |
| <b>Non current liabilities</b>           |          |                  |                     |                  |                  |                    |
| Borrowing                                |          | 1 092            | –                   | –                | 1 092            | –                  |
| Provisions                               |          | 41 020           | 33 904              | 33 904           | 40 718           | 33 904             |
| <b>Total non current liabilities</b>     |          | <b>42 112</b>    | <b>33 904</b>       | <b>33 904</b>    | <b>41 810</b>    | <b>33 904</b>      |
| <b>TOTAL LIABILITIES</b>                 |          | <b>397 948</b>   | <b>258 236</b>      | <b>258 236</b>   | <b>311 781</b>   | <b>258 236</b>     |
| <b>NET ASSETS</b>                        | <b>2</b> | <b>5 649 433</b> | <b>4 269 643</b>    | <b>4 272 973</b> | <b>4 574 788</b> | <b>4 272 973</b>   |
| <b>COMMUNITY WEALTH/EQUITY</b>           |          |                  |                     |                  |                  |                    |
| Accumulated Surplus/(Deficit)            |          | 4 378 271        | 3 834 563           | 3 834 563        | 4 575 798        | 3 834 563          |
| Reserves                                 |          | –                | –                   | –                | –                | –                  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>2</b> | <b>4 378 271</b> | <b>3 834 563</b>    | <b>3 834 563</b> | <b>4 575 798</b> | <b>3 834 563</b>   |

**MBRR Table C6 - Monthly Budget Statement Financial Position**

Table A6 is consistent with international standards of good financial management practice, and improves the understanding ability of councillors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth.

## CURRENT ASSETS

### Cash

Cashbook balance as at 31 December 2022 indicate bank overdraft of **R24.3 million**

### Call Investments Deposits

Call investments as at 31 December 2022 is **R100 million**.

### Consumer debtors

#### Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R49.2 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R193 million**. Consumer debtors amounts to **R187.7 million** and the balance of **R5.2 million** is for shared services casted in Other Debtors.

|                             |                      |
|-----------------------------|----------------------|
| Gross Consumer debtors      | R187.7 million       |
| Less Impairment             | (R138.6 million)     |
| <b>Net Consumer Debtors</b> | <b>R49.2 million</b> |

#### Classification of Consumer Debtors per Service type

|                          |                      |
|--------------------------|----------------------|
| Water Debtors            | R40.2 million        |
| Sanitation Debtors       | R8.9 million         |
| Property Rentals Debtors | R54.4 thousand       |
| Other Consumer debtors   | R4.2 thousand        |
| <b>Total</b>             | <b>R49.2 million</b> |

#### ➤ Water Debtors

Net Water debtors after considering provision for bad debts amount to **R40.2 million**. Water debtors are amounts owed by consumers for water services billed.

|                          |                      |
|--------------------------|----------------------|
| Gross Water Debtors      | R146.1 million       |
| Less Impairment          | (105.9 million)      |
| <b>Net Water Debtors</b> | <b>R40.2 million</b> |

#### ➤ Sanitation Debtors

Net Sanitation debtors after considering provision for bad debts amount to **R8.9 million**. Sanitation debtors are amounts owed by consumers for sewer services billed.

|                               |                     |
|-------------------------------|---------------------|
| Gross Sanitation Debtors      | R41.6 million       |
| Less Impairment               | (R32.7 million)     |
| <b>Net Sanitation Debtors</b> | <b>R8.9 million</b> |

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R54.4 thousand**

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R4.2 thousand**, these are sundry debtors.

|                          |                      |
|--------------------------|----------------------|
| Gross Other Debtors      | R4.2 thousand        |
| Less Impairment          | (R0 thousand)        |
| <b>Net Other Debtors</b> | <b>R4.2 thousand</b> |

### **Classification of Consumer Debtors per Customer group**

|                                                     |                       |
|-----------------------------------------------------|-----------------------|
| Households                                          | R159.01 million       |
| Commercial/Businesses                               | R12.3 million         |
| Organs of State (excl shared services of R5.2 mill) | R15.8 million         |
| <b>Total</b>                                        | <b>R187.7 million</b> |

### **Other debtors**

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R59.9 million**.

|                                              |                      |
|----------------------------------------------|----------------------|
| VAT Receivable                               | R33.04 million       |
| Deposits Made                                | R16.7 million        |
| Refunds & under/over banking                 | R7.2 million         |
| Overpayments/Accrued Income/UIFW Expenditure | R2.3 million         |
| Prepaid Expenses                             | R564 thousand        |
| Insurance claims                             | R15.2 thousand       |
| Salary advance                               | R125.7 thousand      |
| <b>Total</b>                                 | <b>R59.9 million</b> |

➤ **VAT Receivable**

VAT Receivable amount to **R33.04 million**, this is the amount raised when input VAT is recognized less output VAT collected as per VAT reconciliation.

➤ **Deposits Made**

Deposits made amount to **R16.7 million**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

|                            |               |
|----------------------------|---------------|
| Eskom Deposits             | R16.2 million |
| Stowell Deposit            | R200 thousand |
| Vryheid office             | R2 thousand   |
| Andrew Miller & Associates | R200 thousand |

Eskom deposits are amounts held by Eskom as security for all accounts the Municipality has with Eskom. Security deposits are paid when the Municipality opens a new electricity account Stowell Deposit is the amount paid as a security deposit when Stowell was first contracted, and the deposit for office space rented in Vryheid.

Andrew Miller & Associates is the amount paid as a security deposit when they were first contracted.

➤ **Refunds & under/over banking**

Refunds & under/over banking amount to **R7.2 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

|                         |              |
|-------------------------|--------------|
| Shared services debtors | R5.2 million |
| Under/over banking      | R2 million   |

Shared services debtors are debtors for the five local municipalities under the district, The District Municipality pays for the shared service on behalf of the Local municipalities, then recover these monies from the respective municipalities. Under/over banking is the unidentified debit orders pending their finalization.

➤ **Overpayments/Accrued Income/UIFW Expenditure**

Overpayments/Accrued Income/UIFW Expenditure amount to **R2.27 million**, these are payments made by the Municipality to be recovered and income expected to be received by the Municipality.

|                                       |                 |
|---------------------------------------|-----------------|
| Overpayments                          | R906.9 thousand |
| Fruitless Expenditure to be recovered | R1.33 million   |
| Accrued Income – Asset Disposal       | R36.9 thousand  |

Overpayments include an amount of R4.7 million which has been provided for impairment because they are likely to be irrecoverable, those amounts are for Department of Water and

sanitation amounting to R2.7 million, Amanzi Ichweba amounting to R1.4 million, BP Drakensburg amounting to R136.8 thousand, Tracker amounting to R134.2 thousand, World Focus amounting to R284.2 thousand. The balance for overpayments of R785.3 thousand is for Enduneni Constructors (R783 thousand), human resources (R116.8 thousand), Water purification – Ulundi (R4.7 thousand) and Lindani Catering (R1.9 thousand).

Fruitless expenditure to be recovered amounting to R1.33 million resulted from a claim of standing time due to consultant negligence.

Accrued Income – Asset Disposal is the amount of R36.9 thousand to be received from the actioner of assets disposed by the Municipality.

➤ **Prepaid Expense**

Prepaid Expense amounts to **R564 thousand**. Prepaid expense is made up of prepaid electricity.

➤ **Insurance Claims**

Insurance Claims amounts to **R15.9 thousand**. This amount consists of an outstanding claim.

➤ **Salary advance**

Salary advances amounts to **R125.7 thousand**. This amount consists of advanced employee costs.

## **Inventory**

The current level of inventory is **R2.8 million**. Inventories include water stock and consumable stores.

## **NON-CURRENT ASSETS**

### **Long term receivables**

The Municipality does not have long term receivables as per MSCOA classification.

### **Property plant and equipment**

Property plant and equipment is the infrastructure and immovable assets owned by the municipality which the municipality uses to provide services to communities. The balance of Property plant and equipment include current year capital acquisition from table C5 and depreciation from table C4, the carrying value of all assets owned by the municipality is **R4.7 billion**.

|                        |                     |
|------------------------|---------------------|
| <b>Opening balance</b> | <b>R4.7 billion</b> |
| Additions              | R145.1 million      |
| Depreciation           | (R47.5 million)     |
| <b>Closing Balance</b> | <b>R4.7 billion</b> |

### **Intangible**

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R12.3 thousand**.

|                 |                       |
|-----------------|-----------------------|
| Opening balance | <b>R12.3 thousand</b> |
| Additions       | R 0                   |
| Depreciation    | (R0)                  |
| Closing Balance | <b>R12.3 thousand</b> |

### **Other non-current assets**

Other non-current assets comprise of heritage assets of **R7.8 million**.

## **CURRENT AND NON-CURRENT LIABILITIES**

### **Borrowings**

This is the current portion of the finance lease agreement the Municipality entered into to procure laptops amounting to **R469.6 thousand**.

|                 |                        |
|-----------------|------------------------|
| Opening balance | <b>R901.7 thousand</b> |
| Payment         | (R432.1 thousand)      |
| Closing Balance | <b>R469.6 thousand</b> |

### **Consumer deposits**

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the current balance is **R 3.6 million**

### **Trade and other payables**

Trade and other payables are amounts owed by the municipality to service providers. This amount includes unspent conditional grants. Trade and other payables are **R263.5 million**.

|                            |                   |
|----------------------------|-------------------|
| Trade Creditors            | (R243.4 thousand) |
| Unspent Conditional Grants | R131.6 million    |
| Rétention                  | R44 million       |
| Sessions                   | R3.03 million     |

|                                  |                       |
|----------------------------------|-----------------------|
| Department of Water & Sanitation | R21.7 million         |
| Output VAT                       | R9.3 million          |
| Leave accrued                    | R19. million          |
| Bonus                            | R5.4 million          |
| Employee related cost            | R1.8 million          |
| Advance Payments                 | R3.5 million          |
| Fleet Suspense account           | (R16.5 thousand)      |
| Salary Suspense Accounts         | R399.1 thousand       |
| Other Suspense account           | (R54.8 thousand)      |
| Water tankers                    | R19.1 million         |
| Unallocated Deposits             | (R 467 hundred)       |
| Other trade creditors            | R63.9 thousand        |
| Zanamanzi                        | R5.3 million          |
| <b>Closing Balance</b>           | <b>R263.5 million</b> |

### **Current Provisions**

Current provisions amount to **R2.3 million**, this provision is for post-retirement benefit (Medical aid) and long service awards that is paid in the current financial year.

|                                       |               |
|---------------------------------------|---------------|
| Post Retirement benefit (Medical aid) | R405 thousand |
| Long service awards                   | R1.9 million  |

### **NON-CURRENT LIABILITIES**

#### **Borrowings**

This is the long-term portion of the finance lease agreement the Municipality entered into to procure laptops amounting to **R1 million**.

The municipality is in lease contract will BCX, the contract is for the laptops that the municipality will use for the agreed period and will be handed over to the Municipality at the end of the contract.

The municipality is paying monthly installments to service the lease agreement.

#### **Non-current Provisions**

Non-current Provisions amounts to **R40.7 million**, this provision is for post-retirement benefit (Medical aid) and Long Service award.

|                                       |               |
|---------------------------------------|---------------|
| Post Retirement benefit (Medical aid) | R27.1 million |
| Long Service award                    | R13.5 million |

## Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R4.5 billion**

DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M06 December

| Description                                      | Ref | 2021/22          | Budget Year 2022/23 |                  |                 |                  |                  |                  |                |                    |
|--------------------------------------------------|-----|------------------|---------------------|------------------|-----------------|------------------|------------------|------------------|----------------|--------------------|
|                                                  |     | Audited Outcome  | Original Budget     | Adjusted Budget  | Monthly actual  | YearTD actual    | YearTD budget    | YTD variance     | YTD variance % | Full Year Forecast |
| R thousands                                      | 1   |                  |                     |                  |                 |                  |                  |                  |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Property rates                                   |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| Service charges                                  |     | 46 532           | 60 574              | 60 574           | 1 220           | 12 479           | 30 287           | (17 808)         | -59%           | 60 574             |
| Other revenue                                    |     | 1 070 817        | 80 905              | 80 905           | 274 132         | 511 868          | 40 453           | 471 415          | 1165%          | 80 905             |
| Transfers and Subsidies - Operational            |     | 536 834          | 601 306             | 601 306          | 199 208         | 431 230          | 300 653          | 130 577          | 43%            | 601 306            |
| Transfers and Subsidies - Capital                |     | 636 186          | 372 306             | 372 306          | 55 000          | 287 017          | 186 153          | 100 864          | 54%            | 372 306            |
| Interest                                         |     | 3 705            | 6 000               | 6 000            | 24              | 600              | 3 000            | (2 400)          | -80%           | 6 000              |
| Dividends                                        |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| <b>Payments</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Suppliers and employees                          |     | (1 827 370)      | (571 446)           | (571 446)        | (145 637)       | (813 916)        | (285 723)        | 528 193          | -185%          | (571 446)          |
| Finance charges                                  |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| Transfers and Grants                             |     | -                | -                   | -                | -               | -                | -                | -                |                | -                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>466 705</b>   | <b>549 645</b>      | <b>549 645</b>   | <b>383 948</b>  | <b>429 278</b>   | <b>274 822</b>   | <b>(154 456)</b> | <b>-56%</b>    | <b>549 645</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Proceeds on disposal of PPE                      |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| Decrease (increase) in non-current receivables   |     | -                | -                   | -                | -               | -                | -                | -                |                | -                  |
| Decrease (increase) in non-current investments   |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| <b>Payments</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Capital assets                                   |     | (505 782)        | (332 162)           | (332 162)        | (46 356)        | (145 107)        | (166 081)        | (20 974)         | 13%            | (332 162)          |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | <b>(505 782)</b> | <b>(332 162)</b>    | <b>(332 162)</b> | <b>(46 356)</b> | <b>(145 107)</b> | <b>(166 081)</b> | <b>(20 974)</b>  | <b>13%</b>     | <b>(332 162)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| <b>Receipts</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Short term loans                                 |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| Borrowing long term/refinancing                  |     |                  |                     |                  |                 |                  |                  | -                |                |                    |
| Increase (decrease) in consumer deposits         |     | -                | -                   | -                | -               | -                | -                | -                |                | -                  |
| <b>Payments</b>                                  |     |                  |                     |                  |                 |                  |                  |                  |                |                    |
| Repayment of borrowing                           |     | -                | -                   | -                | (86)            | (432)            | -                | 432              | #DIV/0!        | -                  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |     | <b>-</b>         | <b>-</b>            | <b>-</b>         | <b>(86)</b>     | <b>(432)</b>     | <b>-</b>         | <b>432</b>       | <b>#DIV/0!</b> | <b>-</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |     | <b>(39 077)</b>  | <b>217 483</b>      | <b>217 483</b>   | <b>337 505</b>  | <b>283 739</b>   | <b>108 741</b>   |                  |                | <b>217 483</b>     |
| Cash/cash equivalents at beginning:              |     | 20 058           | 72 676              | 72 676           | 124 944         | (49 290)         | 72 676           |                  |                | (49 290)           |
| Cash/cash equivalents at month/year end:         |     | (19 019)         | 290 159             | 290 159          |                 | 234 449          | 181 418          |                  |                | 168 193            |

## MBRR Table C7 - Monthly Budget Statement Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded and whether commitments and obligations can be met.



## CASHFLOW FROM OPERATING ACTIVITIES

### Service charges

The Municipality has budgeted to collect **R60.5 million** on service charges, the estimated collection amount is based on the 65% collection rate. The collection rate is also based on previous years actual collection and initiatives the Municipality has taken to improve collection. The Municipality has collected **R12.4 million** to date, which is **20%** of the budgeted collection. From the year-to-date billing of **R27.5 million** on table C4 **45%** has been collected to date.

The municipality has also taken the following initiatives to boost collection rate:

- The municipality is not only collecting the current billing but also the debtors from previous financial years.
- The municipality has a revised revenue enhancement strategy
- The municipality has an external debt collector to assist with the collection
- The Municipality has replaced and installed new meters to ensure billing is accurate and not estimated.
- Municipality has adopted an indigent policy and is in a process to write off indigent households.
- The municipality has adopted a flat rate of R50 to unmetered households

### Other Revenue

Other revenue includes receipts from tender fees, hall hiring, fines and forfeits, and office space rental receipts. The population of other revenue is higher than expected and not credible, the Municipality is a continuous engagement with the system vendor to resolve population of this line item. Other revenue on table C4 is **R612 thousand**.

### Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Operating grants have been received as scheduled. Transfers and subsidies operational are to date are **R431.2 million**. This amount includes FMG, Equitable share and EPWP which were received thus far under Transfers and subsidies – Operational.

|                               |                       |
|-------------------------------|-----------------------|
| Equitable share               | R423.3 million        |
| Finance Management Grant      | R1.2 million          |
| Expanded public works program | R5.9 million          |
| Aviation Strategy             | R500 thousand         |
| Amafa research                | R180 thousand         |
| <b>TOTAL</b>                  | <b>R431.2 million</b> |

### **Transfers and subsidies – Capital**

Transfers and subsidies - Capital are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Capital grants have been received to date, Transfers and subsidies Capital are **R287.01 million**. This amount includes RBIG, MIG, RRAMS and WSIG which were received thus far under Transfers and subsidies - Capital.

|                                     |                        |
|-------------------------------------|------------------------|
| Municipal Infrastructure Grant      | R 220 million          |
| Regional Bulk Infrastructure Grant  | R 15.2 million         |
| Water services Infrastructure grant | R 50 million           |
| Rural Road asset Management grant   | R 1.7 million          |
| <b>TOTAL</b>                        | <b>R287.01 million</b> |

### **Interest**

Interest on investment is budgeted at **R6 million**, this estimate is based on previous year interest income, the interest includes interest on investments made and interest on bank balance. Year to date actual Interest is **R600 thousand**. Interest on investment revenue on table C4 is **R1.4 million**, the difference does not populate because of the system technicality and will be corrected.

The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met.

### **Payments - Suppliers and employees**

The municipality is expecting to spend 100% of what has been budgeted on Table C4 and year-end creditors but excluding non-cash items such as depreciation and debt impairment.

## **CASHFLOW FROM INVESTING ACTIVITIES**

### **Payments - Capital Assets**

Capital expenditure to date is **R145.1 million**, the capital expenditure is excluding VAT portion, MFMA MSCOA circular number 11 issued 04 December 2020 highlighted the VAT issue and corrections are being developed.

### **Cash and cash equivalents at the end**

Cash and cash equivalents are the cash available at the end of the reporting period after all expenses have been paid.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 DEBTORS ANALYSIS

#### Debtors age analysis as at 31 December 2022

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

| Description                                                             | NT Code | Budget Year 2022/23 |            |            |             |             |             |              |          |         |                    | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|-------------------------------------------------------------------------|---------|---------------------|------------|------------|-------------|-------------|-------------|--------------|----------|---------|--------------------|----------------------------------------------|---------------------------------------------|
|                                                                         |         | 0-30 Days           | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total   | Total over 90 days |                                              |                                             |
| R thousands                                                             |         |                     |            |            |             |             |             |              |          |         |                    |                                              |                                             |
| Debtors Age Analysis By Income Source                                   |         |                     |            |            |             |             |             |              |          |         |                    |                                              |                                             |
| Trade and Other Receivables from Exchange Transactions - Water          | 1200    | 3 818               | 4 556      | 3 297      | 2 963       | 2 552       | 2 406       | 14 328       | 111 671  | 145 592 | 133 921            | –                                            | 105 905                                     |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 1300    |                     |            |            |             |             |             |              |          | –       | –                  |                                              |                                             |
| Receivables from Non-exchange Transactions - Property Rates             | 1400    |                     |            |            |             |             |             |              |          | –       | –                  |                                              |                                             |
| Receivables from Exchange Transactions - Waste Water Management         | 1500    | 1 256               | 1 191      | 793        | 762         | 750         | 781         | 3 530        | 32 553   | 41 616  | 38 376             | –                                            | 32 710                                      |
| Receivables from Exchange Transactions - Waste Management               | 1600    |                     |            |            |             |             |             |              |          | –       | –                  |                                              |                                             |
| Receivables from Exchange Transactions - Property Rental Debtors        | 1700    | 9                   | 11         | 9          | 9           | 6           | 0           | 9            | –        | 54      | 25                 | –                                            | –                                           |
| Interest on Arrear Debtor Accounts                                      | 1810    | 21                  | 18         | 16         | 15          | 12          | 11          | 227          | 245      | 566     | 510                | –                                            | –                                           |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820    |                     |            |            |             |             |             |              |          | –       | –                  |                                              |                                             |
| Other                                                                   | 1900    | –                   | –          | 102        | 204         | 69          | –           | 4 756        | 71       | 5 202   | 5 100              | –                                            | –                                           |
| Total By Income Source                                                  | 2000    | 5 105               | 5 777      | 4 217      | 3 954       | 3 389       | 3 199       | 22 850       | 144 540  | 193 030 | 177 931            | –                                            | 138 614                                     |
| 2021/22 - totals only                                                   |         |                     |            |            |             |             |             |              |          |         |                    |                                              |                                             |
|                                                                         |         |                     |            |            |             |             |             |              |          | –       | –                  |                                              |                                             |
| Debtors Age Analysis By Customer Group                                  |         |                     |            |            |             |             |             |              |          |         |                    |                                              |                                             |
| Organs of State                                                         | 2200    | 1 764               | 2 158      | 1 368      | 1 017       | 1 035       | 1 002       | 7 717        | 5 577    | 21 639  | 16 348             | –                                            | –                                           |
| Commercial                                                              | 2300    | 873                 | 585        | 433        | 375         | 275         | 245         | 1 604        | 7 983    | 12 373  | 10 482             | –                                            | –                                           |
| Households                                                              | 2400    | 2 468               | 3 033      | 2 416      | 2 562       | 2 080       | 1 951       | 13 529       | 130 980  | 159 018 | 151 101            | –                                            | –                                           |
| Other                                                                   | 2500    |                     |            |            |             |             |             |              |          |         | –                  |                                              |                                             |
| Total By Customer Group                                                 | 2600    | 5 105               | 5 777      | 4 217      | 3 954       | 3 389       | 3 199       | 22 850       | 144 540  | 193 030 | 177 931            | –                                            | –                                           |

Total debtors' amount to **R193 million**, which is an increase of **R17 million** from the closing balance of **R176 million** as at 30 June 2022. The debtors over 90 days amount to **R177.9 million**. This is concerning and needs intervention since debtors above 60 days should be restricted in terms of the Municipality's credit control policy.

the municipality was not able to collect everything it is billing. This is concerning and needs urgent intervention.

- There is a challenge of high level of debt that calls for a continuous assessment for indigency and impairment/write off.
- The increase is mainly due to non-payment by low-cost housing consumers, businesses, and organs of state.
- A senior manager debt collection position has been established to assist with collection

## 2.2 CREDITORS ANALYSIS

### Creditors age analysis as at 31 December 2022 as per Table SC4

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

| Description<br>R thousands                     | NT<br>Code  | Budget Year 2022/23 |                 |                 |                  |                   |                   |                      |                |               | Prior year totals<br>for chart (same<br>period) |
|------------------------------------------------|-------------|---------------------|-----------------|-----------------|------------------|-------------------|-------------------|----------------------|----------------|---------------|-------------------------------------------------|
|                                                |             | 0 -<br>30 Days      | 31 -<br>60 Days | 61 -<br>90 Days | 91 -<br>120 Days | 121 -<br>150 Days | 151 -<br>180 Days | 181 Days -<br>1 Year | Over 1<br>Year | Total         |                                                 |
| <b>Creditors Age Analysis By Customer Type</b> |             |                     |                 |                 |                  |                   |                   |                      |                |               |                                                 |
| Bulk Electricity                               | 0100        | 8 875               | 3 251           | 763             | -                | -                 | -                 | -                    | -              | 12 889        |                                                 |
| Bulk Water                                     | 0200        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| PAYE deductions                                | 0300        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| VAT (output less input)                        | 0400        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| Pensions / Retirement deductions               | 0500        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| Loan repayments                                | 0600        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| Trade Creditors                                | 0700        | 8 875               | 3 251           | 763             | -                | -                 | -                 | -                    | -              | 12 889        |                                                 |
| Auditor General                                | 0800        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| Other                                          | 0900        |                     |                 |                 |                  |                   |                   |                      |                | -             |                                                 |
| <b>Total By Customer Type</b>                  | <b>1000</b> | <b>17 750</b>       | <b>6 502</b>    | <b>1 526</b>    | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>             | <b>-</b>       | <b>25 779</b> | <b>-</b>                                        |

### Creditors age analysis as at 31 December 2022 as per Table A6

|                                  |                       |
|----------------------------------|-----------------------|
| Trade Creditors                  | (R243.4 thousand)     |
| Unspent Conditional Grants       | R131.6 million        |
| Retention                        | R44 million           |
| Sessions                         | R3.03 million         |
| Department of Water & Sanitation | R21.7 million         |
| Output VAT                       | R9.3 million          |
| Leave accrued                    | R19. million          |
| Bonus                            | R5.4 million          |
| Employee related cost            | R1.8 million          |
| Advance Payments                 | R3.5 million          |
| Fleet Suspense account           | (R16.5 thousand)      |
| Salary Suspense Accounts         | R399.1 thousand       |
| Other Suspense account           | (R54.8 thousand)      |
| Water tankers                    | R19.1 million         |
| Unallocated Deposits             | (R 467 hundred)       |
| Other trade creditors            | R63.9 thousand        |
| Zanamanzi                        | R5.3 million          |
| <b>Closing Balance</b>           | <b>R263.5 million</b> |

## 2.3 INVESTMENT PORTFOLIO

### Investments as at 31 December 2022

| DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December |     |                         |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      |                    |
|-----------------------------------------------------------------------------------------------------|-----|-------------------------|-----------------------|-----------------------------------|---------------------------------------|---------------|----------------------------|-------------------------|------------------------------|--------------------|----------------------------|---------------------------------------------|----------------------|--------------------|
| Investments by maturity<br>Name of institution & investment ID                                      | Ref | Period of<br>Investment | Type of<br>Investment | Capital<br>Guarantee<br>(Yes/ No) | Variable or<br>Fixed interest<br>rate | Interest Rate | Commission<br>Paid (Rands) | Commission<br>Recipient | Expiry date of<br>investment | Opening<br>balance | Interest to be<br>realised | Partial /<br>Premature<br>Withdrawal<br>(4) | Investment<br>Top Up | Closing<br>Balance |
| R thousands                                                                                         |     | Yrs/Months              |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      |                    |
| <b>Municipality</b>                                                                                 |     |                         |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      |                    |
| Zululand District Municipality                                                                      |     | 30                      | Call Account          | Yes                               | Variable                              | 0.0615        | N/A                        | N/A                     | N/A                          | 25 000             | 126                        | –                                           | –                    | 25 000             |
| Zululand District Municipality                                                                      |     | 91                      | Call Account          | Yes                               | Variable                              | 0.061         | N/A                        | N/A                     | N/A                          | 25 000             | 380                        | –                                           | 25 000               | 50 000             |
| Zululand District Municipality                                                                      |     | 30                      | Short term            | Yes                               | Variable                              | 0.06425       | N/A                        | N/A                     | N/A                          | 50 000             | 132                        |                                             | 25 000               | 75 000             |
| Zululand District Municipality                                                                      |     | 62                      | Short term            | Yes                               | Variable                              | 0.06425       | N/A                        | N/A                     | N/A                          | 75 000             | 273                        |                                             | 25 000               | 100 000            |
| Zululand District Municipality                                                                      |     | 0                       | Balance b/d           | Yes                               | Variable                              | Available     | N/A                        | N/A                     | N/A                          | 100 000            | –                          | 50 000                                      | –                    | 50 000             |
| Zululand District Municipality-ABSA                                                                 |     | 30                      | Call Account          | Yes                               | Variable                              | 0.0505        | N/A                        | N/A                     | N/A                          | 50 000             | 42                         |                                             | 10 000               | 60 000             |
| Zululand District Municipality                                                                      |     | 0                       | Balance b/d           | Yes                               | Variable                              | Available     | N/A                        | N/A                     | N/A                          | 60 000             | –                          | –                                           |                      | 60 000             |
| Zululand District Municipality-Std Bank                                                             |     | 0                       | Short term            | Yes                               | Variable                              | Available     | N/A                        | N/A                     | N/A                          | 60 000             | –                          | 25 000                                      |                      | 35 000             |
| Zululand District Municipality                                                                      |     | 0                       | Call account          | Yes                               | Variable                              | Available     | N/A                        | N/A                     | N/A                          | 35 000             | –                          | 10 000                                      |                      | 25 000             |
| Zululand District Municipality                                                                      |     | 0                       | Balance b/d           | Yes                               | Variable                              | Available     | N/A                        | N/A                     | N/A                          | 25 000             | –                          | 25 000                                      | –                    | –                  |
| Zululand District Municipality                                                                      |     | 30                      | Call account          | Yes                               | Variable                              | 0.0505        | N/A                        | N/A                     | N/A                          | –                  | 125                        |                                             | 30 000               | 30 000             |
| Zululand District Municipality                                                                      |     | 3                       | Call account          | Yes                               | Variable                              | 0.0505        | N/A                        | N/A                     | N/A                          | 30 000             | –                          | 10 000                                      | –                    | 20 000             |
| Zululand District Municipality                                                                      |     | 23                      | Call account          | Yes                               | Variable                              | 0.0505        | N/A                        | N/A                     | N/A                          | 20 000             | –                          | 20 000                                      | –                    | –                  |
| Zululand District Municipality-Std Bank                                                             |     | 30                      | Call account          | Yes                               | Variable                              | 0.0765        | N/A                        | N/A                     | N/A                          | –                  | 660                        |                                             | 105 000              | 105 000            |
| Zululand District Municipality-Std Bank                                                             |     | 6                       | Call account          | Yes                               | Variable                              | 0.0765        | N/A                        | N/A                     | N/A                          | 105 000            | –                          | 25 000                                      | –                    | 80 000             |
| Zululand District Municipality-Std Bank                                                             |     | 11                      | Call account          | Yes                               | Variable                              | 0.0765        | N/A                        | N/A                     | N/A                          | 80 000             | –                          | 30 000                                      | –                    | 50 000             |
| Zululand District Municipality-Std Bank                                                             |     | 62                      | Call account          | Yes                               | Variable                              | 0.08075       | N/A                        | N/A                     | N/A                          | 50 000             | 125 163                    |                                             | 25 000               | 75 000             |
| Zululand District Municipality-Std Bank                                                             |     | 90                      | Call account          | Yes                               | Variable                              | 0.08275       | N/A                        | N/A                     | N/A                          | 75 000             | 186 188                    |                                             | 25 000               | 100 000            |
| <b>Municipality sub-total</b>                                                                       |     |                         |                       |                                   |                                       |               |                            |                         |                              | 30 000             | 313 088                    | 195 000                                     | 295 000              | –                  |
| <b>Entities</b>                                                                                     |     |                         |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      |                    |
|                                                                                                     |     |                         |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      | –                  |
|                                                                                                     |     |                         |                       |                                   |                                       |               |                            |                         |                              |                    |                            |                                             |                      | –                  |
| <b>Entities sub-total</b>                                                                           |     |                         |                       |                                   |                                       |               |                            |                         |                              | –                  |                            | –                                           | –                    | –                  |
| <b>TOTAL INVESTMENTS AND INTERES</b>                                                                | 2   |                         |                       |                                   |                                       |               |                            |                         |                              | 30 000             | 313 088                    | 195 000                                     | 295 000              | –                  |

The Municipality had investments of **R100 million** does not have any.

The municipalities investment portfolio depends on grants money not immediately due for payment, because of accelerated implementation of capital projects, the municipality does not hold funds for extended period of time to be available for investment.

## 2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

### Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

| Description                                                 | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|-------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                             |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| <b>R thousands</b>                                          |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>RECEIPTS:</b>                                            | 1,2 |                 |                     |                 |                |               |               |              |                |                    |
| <b>Operating Transfers and Grants</b>                       |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>National Government:</b>                                 |     | 535 457         | 598 895             | 598 895         | 198 549        | 429 571       | 299 447       | 130 124      | 43.5%          | 598 895            |
| Energy Efficiency and Demand Side Management Grant          |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Equitable Share                                             |     | 524 645         | 586 391             | 586 391         | 194 695        | 423 387       | 293 195       | 130 192      | 44.4%          | 586 391            |
| Expanded Public Works Programme Integrated Grant            |     | 9 612           | 8 517               | 8 517           | 3 833          | 5 963         | 4 259         | 1 705        | 40.0%          | 8 517              |
| Local Government Financial Management Grant                 |     | 1 200           | 1 200               | 1 200           | 21             | 221           | 600           | (379)        | -63.2%         | 1 200              |
| Municipal Disaster Relief Grant                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Municipal Infrastructure Grant                              | 3   | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Municipal Systems Improvement Grant                         |     | –               | 2 787               | 2 787           | –              | –             | 1 394         | (1 394)      | -100.0%        | 2 787              |
| Rural Road Asset Management Systems Grant                   |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Water Services Infrastructure Grant                         |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Other transfers and grants [insert description]             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>Provincial Government:</b>                               |     | 2 522           | 2 411               | 2 411           | –              | –             | 1 205         | (1 205)      | -100.0%        | 2 411              |
| Capacity Building and Other Grants                          |     | 2 522           | 2 411               | 2 411           | –              | –             | 1 205         | (1 205)      | -100.0%        | 2 411              |
| Other transfers and grants [insert description]             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>District Municipality:</b>                               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| [insert description]                                        |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>Other grant providers:</b>                               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| KwazuluNatal Provincial Planning and Development Commission |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Unspecified                                                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>Total Operating Transfers and Grants</b>                 | 5   | 537 979         | 601 306             | 601 306         | 198 549        | 429 571       | 300 653       | 128 918      | 42.9%          | 601 306            |
| <b>Capital Transfers and Grants</b>                         |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>National Government:</b>                                 |     | 603 289         | 372 306             | 372 306         | 51 825         | 157 909       | 186 153       | (28 244)     | -15.2%         | 372 306            |
| Municipal Disaster Relief Grant                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Municipal Infrastructure Grant                              |     | 269 111         | 259 530             | 259 530         | 35 275         | 109 709       | 129 765       | (20 056)     | -15.5%         | 259 530            |
| Regional Bulk Infrastructure Grant                          |     | 222 531         | 15 247              | 15 247          | 4 964          | 15 178        | 7 623         | 7 554        | 99.1%          | 15 247             |
| Rural Road Asset Management Systems Grant                   |     | 1 647           | 2 529               | 2 529           | –              | –             | 1 265         | (1 265)      | -100.0%        | 2 529              |
| Water Services Infrastructure Grant                         |     | 110 000         | 95 000              | 95 000          | 11 586         | 33 022        | 47 500        | (14 478)     | -30.5%         | 95 000             |
| <b>Provincial Government:</b>                               |     | 32 266          | –                   | –               | –              | 1 498         | –             | 1 498        |                | –                  |
| Infrastructure Grant                                        |     | 32 266          | –                   | –               | –              | 1 498         | –             | 1 498        |                | –                  |
| <b>District Municipality:</b>                               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| [insert description]                                        |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>Other grant providers:</b>                               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| [insert description]                                        |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Unspecified                                                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| <b>Total Capital Transfers and Grants</b>                   | 5   | 635 555         | 372 306             | 372 306         | 51 825         | 159 407       | 186 153       | (26 746)     | -14.4%         | 372 306            |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>             | 5   | 1 173 534       | 973 612             | 973 612         | 250 374        | 588 978       | 486 806       | 102 172      | 21.0%          | 973 612            |

Grants are received as per transfer schedule and have been received as such.

## Grant Expenditure

DC26 Zululand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

| Description                                                 | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|-------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                             |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                 |     |                 |                     |                 |                |               |               |              |                |                    |
| EXPENDITURE                                                 |     |                 |                     |                 |                |               |               |              |                |                    |
| Operating expenditure of Transfers and Grants               |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government:                                        |     | 765 037         | 551 382             | 554 455         | 79 299         | 313 391       | 276 696       | 36 696       | 13.3%          | 554 455            |
| Energy Efficiency and Demand Side Management Grant          |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Equitable Share                                             |     | 674 775         | 541 665             | 544 713         | 76 756         | 300 028       | 271 829       | 28 199       | 10.4%          | 544 713            |
| Expanded Public Works Programme Integrated Grant            |     | 24 299          | 8 517               | 8 517           | 2 517          | 13 142        | 4 259         | 8 884        | 208.6%         | 8 517              |
| Local Government Financial Management Grant                 |     | 1 200           | 1 200               | 1 200           | 25             | 221           | 600           | (379)        | -63.2%         | 1 200              |
| Municipal Disaster Relief Grant                             |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Municipal Infrastructure Grant                              |     | 41 379          | –                   | –               | –              | –             | –             | –            |                | –                  |
| Municipal Systems Improvement Grant                         |     | 1 022           | –                   | –               | –              | –             | –             | –            |                | –                  |
| Rural Road Asset Management Systems Grant                   |     | 1 433           | –                   | 25              | –              | –             | 8             | (8)          | -100.0%        | 25                 |
| Water Services Infrastructure Grant                         |     | 20 929          | –                   | –               | –              | –             | –             | –            |                | –                  |
| Provincial Government:                                      |     | 1 866           | 2 381               | 2 381           | 25             | 1 063         | 1 308         | (245)        | -18.7%         | 2 381              |
| Capacity Building and Other Grants                          |     | 1 866           | 2 381               | 2 381           | 25             | 1 063         | 1 308         | (245)        | -18.7%         | 2 381              |
| District Municipality:                                      |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
|                                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Other grant providers:                                      |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
|                                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| KwazuluNatal Provincial Planning and Development Commission |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Total operating expenditure of Transfers and Grants:        |     | 766 903         | 553 763             | 556 836         | 79 324         | 314 454       | 278 003       | 36 451       | 13.1%          | 556 836            |
| Capital expenditure of Transfers and Grants                 |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government:                                        |     | 464 144         | 323 744             | 324 386         | 45 578         | 138 665       | 161 959       | (23 294)     | -14.4%         | 324 386            |
| Municipal Infrastructure Grant                              |     | 194 381         | 225 678             | 225 678         | 30 848         | 96 206        | 112 839       | (16 633)     | -14.7%         | 225 678            |
| Regional Bulk Infrastructure Grant                          |     | 194 437         | 13 258              | 13 925          | 4 589          | 13 551        | 6 724         | 6 826        | 101.5%         | 13 925             |
| Rural Road Asset Management Systems Grant                   |     | –               | 2 199               | 2 174           | –              | –             | 1 091         | (1 091)      | -100.0%        | 2 174              |
| Water Services Infrastructure Grant                         |     | 75 326          | 82 609              | 82 609          | 10 141         | 28 909        | 41 304        | (12 396)     | -30.0%         | 82 609             |
| Provincial Government:                                      |     | 7 451           | 26                  | 1 428           | –              | 1 303         | 480           | 823          | 171.3%         | 1 428              |
| Infrastructure Grant                                        |     | 7 451           | 26                  | 1 428           | –              | 1 303         | 480           | 823          | 171.3%         | 1 428              |
| District Municipality:                                      |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
|                                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Other grant providers:                                      |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
|                                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Total capital expenditure of Transfers and Grants           |     | 471 595         | 323 770             | 325 814         | 45 578         | 139 968       | 162 439       | (22 471)     | -13.8%         | 325 814            |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS                   |     | 1 238 498       | 877 534             | 882 651         | 124 902        | 454 422       | 440 443       | 13 980       | 3.2%           | 882 651            |

Most conditional grants actual year-to-date expenditure are below year-to-date budget , with exception of EPWP and RBIG year-to-date actual expenditure is above year to year-to-date budget.

## Roll-overs Expenditure

The Municipality has two rolled over grants:

- Rural Road Asset Management Subsidy
- KwaMajomela manufacturing grant

| ROLLED OVER GRANTS FROM 2021/2022        | APPROVED BUDGET  | YTD ACTUAL       |
|------------------------------------------|------------------|------------------|
| Rural Road Asset Management Subsidy      | 768 977          | -                |
| Kwamajomela Manufacturing Centre Grant   | 1 641 817        | 1 498 424        |
| <b>Total Operating Grant Expenditure</b> | <b>2 410 795</b> | <b>1 498 424</b> |

The municipality has only KwaMajomela Manufacturing Centre Grant approved to be rolled over so far and expenditure amount above is inclusive of VAT as per **MFMA circular no. 58**.

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M06 December

| Description                                         | Ref | Budget Year 2022/23       |                |               |              |                |
|-----------------------------------------------------|-----|---------------------------|----------------|---------------|--------------|----------------|
|                                                     |     | Approved Rollover 2021/22 | Monthly actual | YearTD actual | YTD variance | YTD variance % |
| R thousands                                         |     |                           |                |               |              |                |
| <b>EXPENDITURE</b>                                  |     |                           |                |               |              |                |
| <u>Operating expenditure of Approved Roll-overs</u> |     |                           |                |               |              |                |
| National Government:                                |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Provincial Government:                              |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| District Municipality:                              |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Other grant providers:                              |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Total operating expenditure of Approved Roll-overs  |     | -                         | -              | -             | -            |                |
| <u>Capital expenditure of Approved Roll-overs</u>   |     |                           |                |               |              |                |
| National Government:                                |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Provincial Government:                              |     | 1 642                     | -              | 1 406         | (236)        | -14.4%         |
| Other Departments                                   |     | 1 642                     | -              | 1 406         | (236)        | -14.4%         |
| District Municipality:                              |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Other grant providers:                              |     | -                         | -              | -             | -            |                |
|                                                     |     |                           |                |               | -            |                |
| Total capital expenditure of Approved Roll-overs    |     | 1 642                     | -              | 1 406         | (236)        | -14.4%         |
| <b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>     |     | <b>1 642</b>              | <b>-</b>       | <b>1 406</b>  | <b>(236)</b> | <b>-14.4%</b>  |



## 2.5 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

| Summary of Employee and Councillor remuneration          | Ref | 2021/22         | Budget Year 2022/23 |                 |                |                |                |              |                |                    |
|----------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|--------------|----------------|--------------------|
|                                                          |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget  | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                              |     |                 |                     |                 |                |                |                |              |                |                    |
|                                                          | 1   | A               | B                   | C               |                |                |                |              |                | D                  |
| <b>Councillors (Political Office Bearers plus Other)</b> |     |                 |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 |     | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| Pension and UIF Contributions                            |     | 514             | 661                 | 661             | 40             | 255            | 331            | (75)         | -23%           | 661                |
| Medical Aid Contributions                                |     | 44              | -                   | -               | 5              | 27             | -              | 27           | #DIV/0!        | -                  |
| Motor Vehicle Allowance                                  |     | 1 727           | 1 805               | 1 805           | 149            | 928            | 902            | 25           | 3%             | 1 805              |
| Cellphone Allowance                                      |     | 649             | 653                 | 653             | 54             | 340            | 326            | 14           | 4%             | 653                |
| Housing Allowances                                       |     | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| Other benefits and allowances                            |     | 5 682           | 5 652               | 5 652           | 474            | 2 980          | 2 826          | 154          | 5%             | 5 652              |
| <b>Sub Total - Councillors</b>                           |     | <b>8 616</b>    | <b>8 771</b>        | <b>8 771</b>    | <b>722</b>     | <b>4 530</b>   | <b>4 385</b>   | <b>144</b>   | <b>3%</b>      | <b>8 771</b>       |
| <b>% increase</b>                                        | 4   |                 | <b>1.8%</b>         | <b>1.8%</b>     |                |                |                |              |                | <b>1.8%</b>        |
| <b>Senior Managers of the Municipality</b>               | 3   |                 |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 |     | 5 121           | 6 555               | 6 555           | 414            | 2 359          | 3 277          | (918)        | -28%           | 6 555              |
| Pension and UIF Contributions                            |     | 11              | 55                  | 55              | 1              | 5              | 28             | (23)         | -82%           | 55                 |
| Medical Aid Contributions                                |     | 48              | 57                  | 57              | -              | -              | 29             | (29)         | -100%          | 57                 |
| Overtime                                                 |     | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| Performance Bonus                                        |     | -               | -                   | -               | 249            | 249            | -              | 249          | #DIV/0!        | -                  |
| Motor Vehicle Allowance                                  |     | 1 210           | 1 592               | 1 592           | 110            | 603            | 796            | (193)        | -24%           | 1 592              |
| Cellphone Allowance                                      |     | 191             | 210                 | 210             | 17             | 92             | 105            | (13)         | -12%           | 210                |
| Housing Allowances                                       |     | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| Other benefits and allowances                            |     | 203             | 225                 | 225             | 20             | 150            | 113            | 38           | 34%            | 225                |
| Payments in lieu of leave                                |     | 354             | -                   | -               | -              | 185            | -              | 185          | #DIV/0!        | -                  |
| Long service awards                                      |     | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| Post-retirement benefit obligations                      | 2   | -               | -                   | -               | -              | -              | -              | -            |                | -                  |
| <b>Sub Total - Senior Managers of Municipality</b>       |     | <b>7 138</b>    | <b>8 695</b>        | <b>8 695</b>    | <b>810</b>     | <b>3 644</b>   | <b>4 347</b>   | <b>(703)</b> | <b>-16%</b>    | <b>8 695</b>       |
| <b>% increase</b>                                        | 4   |                 | <b>21.8%</b>        | <b>21.8%</b>    |                |                |                |              |                | <b>21.8%</b>       |
| <b>Other Municipal Staff</b>                             |     |                 |                     |                 |                |                |                |              |                |                    |
| Basic Salaries and Wages                                 |     | 172 378         | 185 935             | 185 935         | 16 038         | 92 953         | 92 968         | (15)         | 0%             | 185 935            |
| Pension and UIF Contributions                            |     | 22 997          | 25 886              | 25 886          | 2 072          | 12 320         | 12 943         | (623)        | -5%            | 25 886             |
| Medical Aid Contributions                                |     | 13 624          | 13 597              | 13 597          | 1 219          | 7 221          | 6 798          | 423          | 6%             | 13 597             |
| Overtime                                                 |     | 7 099           | 4 619               | 4 619           | 522            | 3 093          | 2 309          | 784          | 34%            | 4 619              |
| Performance Bonus                                        |     | 11 678          | 12 786              | 12 786          | 1 025          | 6 515          | 6 393          | 121          | 2%             | 12 786             |
| Motor Vehicle Allowance                                  |     | 8 704           | 9 561               | 9 561           | 871            | 5 057          | 4 780          | 277          | 6%             | 9 561              |
| Cellphone Allowance                                      |     | 663             | 670                 | 670             | 66             | 396            | 335            | 61           | 18%            | 670                |
| Housing Allowances                                       |     | 1 379           | 1 379               | 1 379           | 117            | 880            | 690            | 190          | 28%            | 1 379              |
| Other benefits and allowances                            |     | 8 505           | 524                 | 524             | 349            | 1 856          | 262            | 1 593        | 607%           | 524                |
| Payments in lieu of leave                                |     | 3 223           | -                   | -               | 19             | 1 074          | -              | 1 074        | #DIV/0!        | -                  |
| Long service awards                                      |     | 2 506           | -                   | -               | 55             | 1 109          | -              | 1 109        | #DIV/0!        | -                  |
| Post-retirement benefit obligations                      | 2   | 3 775           | 4 500               | 4 500           | -              | -              | 2 250          | (2 250)      | -100%          | 4 500              |
| <b>Sub Total - Other Municipal Staff</b>                 |     | <b>256 532</b>  | <b>259 457</b>      | <b>259 457</b>  | <b>22 356</b>  | <b>132 473</b> | <b>129 729</b> | <b>2 744</b> | <b>2%</b>      | <b>259 457</b>     |
| <b>% increase</b>                                        | 4   |                 | <b>1.1%</b>         | <b>1.1%</b>     |                |                |                |              |                | <b>1.1%</b>        |
| <b>Total Parent Municipality</b>                         |     | <b>272 286</b>  | <b>276 923</b>      | <b>276 923</b>  | <b>23 888</b>  | <b>140 647</b> | <b>138 462</b> | <b>2 185</b> | <b>2%</b>      | <b>276 923</b>     |

The municipality has no active entity

## 2.6 MATERIAL VARIANCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

DC26 Zululand - Supporting Table SC1 Material variance explanations - M06 December

| Ref | Description                            | Variance | Reasons for material deviations                                                                                                                                                                                                                                                                                                                                                                                                        | Remedial or corrective steps/remarks                                                                                                                                                                                                                                                                                             |
|-----|----------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | <b>R thousands</b>                     |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
| 1   | <b>Revenue By Source</b>               |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Property rates                         |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Service charges - electricity revenue  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Service charges - water revenue        | -41%     | This is the amounts billed on customers for water used, the year-to-date actual is R19.9 million, which is below year-to-date budget of R34 million. A variance of R14.08 million or 41% is observed. No amount has been recognized relating to the proposed flat rate of R50 to date, this is causing under billing of the variance mentioned above.                                                                                  | The municipality may have to adjust downward revenue projection in the adjustment budget. The municipality must fast track the billing of R50 flat rate to ensure that the budget target is met.                                                                                                                                 |
|     | Service charges - sanitation revenue   | 23%      | This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R7.6 million which is above year to date budget of R6.2 million. A variance of R1.4 million or 23% is observed.                                                                                                                                                                                                             | The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.                                                                                                                                                                                                                           |
|     | Service charges - refuse revenue       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Rental of facilities and equipment     | 14%      | Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is R105 thousand which is above year-to-date budget of R92 thousand. A variance of R13 thousand or 14% is observed.                                                                                                                                                                                             | The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.                                                                                                                                                                                                                           |
|     | Interest earned - external investments | -50%     | Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is R1.4 million, which is below year-to-date budget of R3 million. A variance of R1.5 million or 50% is observed. Investment is low due to prioritization of payments of liabilities.                                                                                                                                | The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met or may have to adjust downwards in the adjustment budget.                                                                                                                                 |
|     | Interest earned - outstanding debtors  | 122%     | Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is R94 thousand, which is above to year-to-date budget of R42 thousand. variance of R52 thousand or 122% is observed. This is due to low collection rate on businesses which are charged interest as per the municipal policy.                                                                                         | Interest earned on outstanding debtors is above target, the municipality must improve collection to ensure less consumers are charged interest. The municipality may have to adjust upwards in the adjustment budget.                                                                                                            |
|     | Dividends received                     |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Fines, penalties and forfeits          | -59%     | Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is R31 thousand, which is below the year-to-date budget of R75 thousand. A variance of R44 thousand or 59% is observed. This is a positive indication that less consumers are illegally connected.                                                                                                                            | Municipality must keep up disconnection of illegal connections. The municipality may have to adjust downwards in the adjustment budget.                                                                                                                                                                                          |
|     | Licences and permits                   |          | This amount is for health certificates issued, the year-to-date actual is R25 thousand, the year-to-date budget is R0 thousand. A variance of R25 thousand or is observed.                                                                                                                                                                                                                                                             | There was no allocated budget in this revenue stream, the budget will be allocated in the adjustment budget.                                                                                                                                                                                                                     |
|     | Agency services                        |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |
|     | Transfers and subsidies                | 43%      | Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share, which is not a conditional grant. | Transfers and subsidies year to date actual is R429.5 million, which is above year-to-date budget of R300.6 million. A variance of R128.9 million or 43% is observed.<br>This variance is mainly a result of equitable share which is not received monthly but in trenches three times a year as per approved transfer schedule. |
|     | Other revenue                          | 72%      | Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is R612 thousand, which is above year-to-date budget of R355 thousand. A variance of R257 thousand or 72% is observed.                                                                                                                                                                       | Transfers and subsidies depend on the transfer schedule and cannot be benchmarked against the year-to-date budget.<br>The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year-to-date budget.                                 |
|     | Gains                                  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                  |

**DC26 Zululand - Supporting Table SC1 Material variance explanations - M06 December**

| Ref | Description                     | Variance | Reasons for material deviations                                                                                                                                                                                                                                                                                                                                                                               | Remedial or corrective steps/remarks                                                                                                       |
|-----|---------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
|     | <b>R thousands</b>              |          |                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                            |
| 2   | <b>Expenditure By Type</b>      |          |                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                            |
|     | Employee related costs          | 2%       | Employee related costs year to date actual is R136.1 million, which is above the year-to-date budget of R134.07 million, a variance of R2 million or 2% is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.                                                                        | The above variance is not major therefore does not warrant remedy.                                                                         |
|     | Remuneration of councillors     | 3%       | Remuneration of Councillors year to date actual is R4.5 million, which is above the year-to-date budget of R4.3 million, a variance of R144 thousand or 3% is observed. The upper limits have been effected therefore the municipality back paid councillors.                                                                                                                                                 | The revised budget allocation is recommended in the next adjustment budget                                                                 |
|     | Debt impairment                 | -100%    | Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasury recommend that the assessment and calculations be done monthly.                                                                                                                                                          | Municipality calculate debt impairment once at year end.                                                                                   |
|     | Depreciation & asset impairment | 19%      | This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R47 million, which is above year-to-date budget of R40 million. A variance of R7.5 million or 19% is observed.                                                                                                                                                                              | The revised budget allocation is recommended in the next adjustment budget                                                                 |
|     | Finance charges                 | 300%     |                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                            |
|     | Bulk purchases - electricity    |          | The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section other expenditure below.                                                                                                                                                                                                                            |                                                                                                                                            |
|     | Inventory consumed              | -37%     | Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual is R9.9 million, which is below the year-to-date budget of R15.8 million, a variance of R5.8 million or 37% is observed. The variance may be caused by non-payments of bulk water and late capturing of requisition. | It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.                       |
|     | Contracted services             | 26%      | Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R73.3 million which is above the year-to-date budget of R58.1 million, a variance of R15.2 million or 10% is observed.                                                                                                                                                        | The municipality need to review SLA and reconcile it with the budget for contracted services and adjust in the next adjustment if need be. |
|     | Transfers and subsidies         | 114%     | Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is R2.5 million, which is below the year-to-date budget of R1.1 million, a variance of R1.3 million or 114% is observed.                                                                                                                        | This expenditure item is seasonal therefore expenditure cannot be benchmarked on a straight-line method.                                   |
|     | Other expenditure               | 57%      | Other expenditure year to date actual is R84.3 million, which is above the year-to-date budget of R53.5 million, a variance of R30.7 million or 57% is observed. Other expenditure includes monthly cost of electricity for water supply plants and other seasonal/once off expenditure items.                                                                                                                | It is recommended that the municipality monitor closely this expenditure item and implement strategies to reduce costs.                    |
|     | Losses                          |          |                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                            |

## 2.7 PARENT MUNICIPALITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

## 2.8 MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

## 2.9 CAPITAL PROGRAMME PERFORMANCE

### Capital Expenditure by month

DC26 Zululand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

| Month                                        | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                            |
|----------------------------------------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|----------------------------|
|                                              | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | % spend of Original Budget |
| R thousands                                  |                 |                     |                 |                |               |               |              |                |                            |
| <u>Monthly expenditure performance trend</u> |                 |                     |                 |                |               |               |              |                |                            |
| July                                         | 40 404          | 27 680              | 27 680          | 5 503          | 5 503         | 27 680        | 22 178       | 80.1%          | 2%                         |
| August                                       | 40 404          | 27 680              | 27 680          | 14 273         | 19 776        | 55 360        | 35 585       | 64.3%          | 6%                         |
| September                                    | 40 404          | 27 680              | 27 683          | 32 995         | 52 771        | 83 044        | 30 273       | 36.5%          | 16%                        |
| October                                      | 40 404          | 27 680              | 27 910          | 27 335         | 80 106        | 110 954       | 30 847       | 27.8%          | 24%                        |
| November                                     | 40 404          | 27 680              | 27 984          | 18 645         | 98 752        | 138 938       | 40 186       | 28.9%          | 30%                        |
| December                                     | 40 404          | 27 680              | 28 079          | 46 356         | 145 107       | 167 017       | 21 909       | 13.1%          | 44%                        |
| January                                      | 40 404          | 27 680              | 28 079          | –              |               | 195 096       | –            |                |                            |
| February                                     | 40 404          | 27 680              | 28 079          | –              |               | 223 175       | –            |                |                            |
| March                                        | 40 404          | 27 680              | 28 079          | –              |               | 251 254       | –            |                |                            |
| April                                        | 40 404          | 27 680              | 28 079          | –              |               | 279 333       | –            |                |                            |
| May                                          | 40 404          | 27 680              | 28 079          | –              |               | 307 413       | –            |                |                            |
| June                                         | 40 404          | 27 680              | 28 079          | –              |               | 335 492       | –            |                |                            |
| <b>Total Capital expenditure</b>             | <b>484 853</b>  | <b>332 162</b>      | <b>335 492</b>  | <b>145 107</b> |               |               |              |                |                            |

The actual capital expenditure is greater than year-to-date spending

### Summary of Capital Expenditure by asset class and sub-class

## DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

| Description                                                | Ref | 2021/22         | Budget Year 2022/23 |                 |                |               |               |              |                |                    |
|------------------------------------------------------------|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|                                                            |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands                                                | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Capital expenditure on new assets by Asset Class/Sub-class |     |                 |                     |                 |                |               |               |              |                |                    |
| Infrastructure                                             |     | 464 144         | 327 657             | 328 299         | 45 578         | 142 302       | 163 916       | 21 613       | 13.2%          | 328 299            |
| Roads Infrastructure                                       |     | –               | 6 112               | 6 087           | –              | 3 637         | 3 048         | (590)        | -19.3%         | 6 087              |
| Roads                                                      |     | –               | 6 112               | 6 087           | –              | 3 637         | 3 048         | (590)        | -19.3%         | 6 087              |
| Road Structures                                            |     |                 |                     |                 |                |               |               | –            |                |                    |
| Road Furniture                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Storm water Infrastructure                                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Drainage Collection                                        |     |                 |                     |                 |                |               |               | –            |                |                    |
| Storm water Conveyance                                     |     |                 |                     |                 |                |               |               | –            |                |                    |
| Attenuation                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Electrical Infrastructure                                  |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Power Plants                                               |     |                 |                     |                 |                |               |               | –            |                |                    |
| HV Substations                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| HV Switching Station                                       |     |                 |                     |                 |                |               |               | –            |                |                    |
| HV Transmission Conductors                                 |     |                 |                     |                 |                |               |               | –            |                |                    |
| MV Substations                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| MV Switching Stations                                      |     |                 |                     |                 |                |               |               | –            |                |                    |
| MV Networks                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| LV Networks                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Water Supply Infrastructure                                |     | 464 144         | 321 545             | 295 699         | 38 870         | 118 391       | 147 826       | 29 434       | 19.9%          | 295 699            |
| Dams and Weirs                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Boreholes                                                  |     | 8 702           | –                   | 51 400          | 5 419          | 15 056        | 24 996        | 9 940        | 39.8%          | 51 400             |
| Reservoirs                                                 |     | –               | –                   | 21 304          | 2 681          | 5 408         | 11 245        | 5 837        | 51.9%          | 21 304             |
| Pump Stations                                              |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Water Treatment Works                                      |     | 74 910          | –                   | 34 783          | 9 829          | 22 121        | 17 391        | (4 730)      | -27.2%         | 34 783             |
| Bulk Mains                                                 |     | 220 648         | 321 545             | 125 470         | 16 776         | 55 216        | 62 497        | 7 281        | 11.6%          | 125 470            |
| Distribution                                               |     | 159 884         | –                   | 62 742          | 4 165          | 20 590        | 31 371        | 10 781       | 34.4%          | 62 742             |
| Distribution Points                                        |     | –               | –                   | –               | –              | –             | 325           | 325          | 100.0%         | –                  |
| PRV Stations                                               |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Sanitation Infrastructure                                  |     | –               | –                   | 26 513          | 6 707          | 20 274        | 13 042        | (7 232)      | -55.4%         | 26 513             |
| Pump Station                                               |     |                 |                     |                 |                |               |               | –            |                |                    |
| Reticulation                                               |     | –               | –                   | 26 513          | 6 707          | 20 274        | 13 042        | (7 232)      | -55.4%         | 26 513             |
| Waste Water Treatment Works                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Outfall Sewers                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Toilet Facilities                                          |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Solid Waste Infrastructure                                 |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Landfill Sites                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Waste Transfer Stations                                    |     |                 |                     |                 |                |               |               | –            |                |                    |
| Waste Processing Facilities                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Waste Drop-off Points                                      |     |                 |                     |                 |                |               |               | –            |                |                    |
| Waste Separation Facilities                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Electricity Generation Facilities                          |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Rail Infrastructure                                        |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Rail Lines                                                 |     |                 |                     |                 |                |               |               | –            |                |                    |
| Rail Structures                                            |     |                 |                     |                 |                |               |               | –            |                |                    |
| Rail Furniture                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Drainage Collection                                        |     |                 |                     |                 |                |               |               | –            |                |                    |
| Storm water Conveyance                                     |     |                 |                     |                 |                |               |               | –            |                |                    |
| Attenuation                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| MV Substations                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| LV Networks                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Coastal Infrastructure                                     |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Sand Pumps                                                 |     |                 |                     |                 |                |               |               | –            |                |                    |
| Piers                                                      |     |                 |                     |                 |                |               |               | –            |                |                    |
| Revetments                                                 |     |                 |                     |                 |                |               |               | –            |                |                    |
| Promenades                                                 |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |
| Information and Communication Infrastructure               |     | –               | –                   | –               | –              | –             | –             | –            |                | –                  |
| Data Centres                                               |     |                 |                     |                 |                |               |               | –            |                |                    |
| Core Layers                                                |     |                 |                     |                 |                |               |               | –            |                |                    |
| Distribution Layers                                        |     |                 |                     |                 |                |               |               | –            |                |                    |
| Capital Spares                                             |     |                 |                     |                 |                |               |               | –            |                |                    |

|                                                 |          |                |                |                |               |                |                |               |                |                |
|-------------------------------------------------|----------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|
| <b>Community Assets</b>                         |          | <b>6 965</b>   | <b>–</b>       | <b>1 428</b>   | <b>–</b>      | <b>1 303</b>   | <b>476</b>     | <b>(827)</b>  | <b>-173.8%</b> | <b>1 428</b>   |
| Community Facilities                            |          | 6 965          | –              | 1 428          | –             | 1 303          | 476            | (827)         | -173.8%        | 1 428          |
| Halls                                           |          |                |                |                |               |                |                |               |                |                |
| Centres                                         |          | 6 965          | –              | 1 428          | –             | 1 303          | 476            | (827)         | -173.8%        | 1 428          |
| Crèches                                         |          |                |                |                |               |                |                |               |                |                |
| Clinics/Care Centres                            |          |                |                |                |               |                |                |               |                |                |
| Fire/Ambulance Stations                         |          |                |                |                |               |                |                |               |                |                |
| Testing Stations                                |          |                |                |                |               |                |                |               |                |                |
| Museums                                         |          |                |                |                |               |                |                |               |                |                |
| Galleries                                       |          |                |                |                |               |                |                |               |                |                |
| Theatres                                        |          |                |                |                |               |                |                |               |                |                |
| Libraries                                       |          |                |                |                |               |                |                |               |                |                |
| Cemeteries/Crematoria                           |          |                |                |                |               |                |                |               |                |                |
| Police                                          |          |                |                |                |               |                |                |               |                |                |
| Purls                                           |          |                |                |                |               |                |                |               |                |                |
| Public Open Space                               |          |                |                |                |               |                |                |               |                |                |
| Nature Reserves                                 |          |                |                |                |               |                |                |               |                |                |
| Public Ablution Facilities                      |          |                |                |                |               |                |                |               |                |                |
| Markets                                         |          |                |                |                |               |                |                |               |                |                |
| Stalls                                          |          |                |                |                |               |                |                |               |                |                |
| Abattoirs                                       |          |                |                |                |               |                |                |               |                |                |
| Airports                                        |          |                |                |                |               |                |                |               |                |                |
| Taxi Ranks/Bus Terminals                        |          |                |                |                |               |                |                |               |                |                |
| Capital Spares                                  |          |                |                |                |               |                |                |               |                |                |
| Sport and Recreation Facilities                 |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Indoor Facilities                               |          |                |                |                |               |                |                |               |                |                |
| Outdoor Facilities                              |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Capital Spares                                  |          |                |                |                |               |                |                |               |                |                |
| <b>Heritage assets</b>                          |          | <b>6 594</b>   | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Monuments                                       |          |                |                |                |               |                |                |               |                |                |
| Historic Buildings                              |          |                |                |                |               |                |                |               |                |                |
| Works of Art                                    |          | 6 594          | –              | –              | –             | –              | –              | –             |                | –              |
| Conservation Areas                              |          |                |                |                |               |                |                |               |                |                |
| Other Heritage                                  |          |                |                |                |               |                |                |               |                |                |
| <b>Investment properties</b>                    |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Revenue Generating                              |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Improved Property                               |          |                |                |                |               |                |                |               |                |                |
| Unimproved Property                             |          |                |                |                |               |                |                |               |                |                |
| Non-revenue Generating                          |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Improved Property                               |          |                |                |                |               |                |                |               |                |                |
| Unimproved Property                             |          |                |                |                |               |                |                |               |                |                |
| <b>Other assets</b>                             |          | <b>–</b>       | <b>391</b>     | <b>191</b>     | <b>–</b>      | <b>–</b>       | <b>146</b>     | <b>146</b>    | <b>100.0%</b>  | <b>191</b>     |
| Operational Buildings                           |          | –              | 391            | 191            | –             | –              | 146            | 146           | 100.0%         | 191            |
| Municipal Offices                               |          | –              | 391            | 191            | –             | –              | 146            | 146           | 100.0%         | 191            |
| Pay/Enquiry Points                              |          |                |                |                |               |                |                |               |                |                |
| Building Plan Offices                           |          |                |                |                |               |                |                |               |                |                |
| Workshops                                       |          |                |                |                |               |                |                |               |                |                |
| Yards                                           |          |                |                |                |               |                |                |               |                |                |
| Stores                                          |          |                |                |                |               |                |                |               |                |                |
| Laboratories                                    |          |                |                |                |               |                |                |               |                |                |
| Training Centres                                |          |                |                |                |               |                |                |               |                |                |
| Manufacturing Plant                             |          |                |                |                |               |                |                |               |                |                |
| Depots                                          |          |                |                |                |               |                |                |               |                |                |
| Capital Spares                                  |          |                |                |                |               |                |                |               |                |                |
| Housing                                         |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Staff Housing                                   |          |                |                |                |               |                |                |               |                |                |
| Social Housing                                  |          |                |                |                |               |                |                |               |                |                |
| Capital Spares                                  |          |                |                |                |               |                |                |               |                |                |
| <b>Biological or Cultivated Assets</b>          |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Biological or Cultivated Assets                 |          |                |                |                |               |                |                |               |                |                |
| <b>Intangible Assets</b>                        |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Servitudes                                      |          |                |                |                |               |                |                |               |                |                |
| Licences and Rights                             |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Water Rights                                    |          |                |                |                |               |                |                |               |                |                |
| Effluent Licenses                               |          |                |                |                |               |                |                |               |                |                |
| Solid Waste Licenses                            |          |                |                |                |               |                |                |               |                |                |
| Computer Software and Applications              |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| Load Settlement Software Applications           |          |                |                |                |               |                |                |               |                |                |
| Unspecified                                     |          |                |                |                |               |                |                |               |                |                |
| <b>Computer Equipment</b>                       |          | <b>6 572</b>   | <b>2 609</b>   | <b>2 609</b>   | <b>–</b>      | <b>–</b>       | <b>1 304</b>   | <b>1 304</b>  | <b>100.0%</b>  | <b>2 609</b>   |
| Computer Equipment                              |          | 6 572          | 2 609          | 2 609          | –             | –              | 1 304          | 1 304         | 100.0%         | 2 609          |
| <b>Furniture and Office Equipment</b>           |          | <b>92</b>      | <b>1 043</b>   | <b>1 301</b>   | <b>196</b>    | <b>260</b>     | <b>593</b>     | <b>333</b>    | <b>56.1%</b>   | <b>1 301</b>   |
| Furniture and Office Equipment                  |          | 92             | 1 043          | 1 301          | 196           | 260            | 593            | 333           | 56.1%          | 1 301          |
| <b>Machinery and Equipment</b>                  |          | <b>485</b>     | <b>461</b>     | <b>1 664</b>   | <b>582</b>    | <b>1 242</b>   | <b>582</b>     | <b>(659)</b>  | <b>-113.2%</b> | <b>1 664</b>   |
| Machinery and Equipment                         |          | 485            | 461            | 1 664          | 582           | 1 242          | 582            | (659)         | -113.2%        | 1 664          |
| <b>Transport Assets</b>                         |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Transport Assets                                |          | –              | –              | –              | –             | –              | –              | –             |                | –              |
| <b>Land</b>                                     |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Land                                            |          |                |                |                |               |                |                |               |                |                |
| <b>Zoo's, Marine and Non-biological Animals</b> |          | <b>–</b>       | <b>–</b>       | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       | <b>–</b>      |                | <b>–</b>       |
| Zoo's, Marine and Non-biological Animals        |          |                |                |                |               |                |                |               |                |                |
| <b>Total Capital Expenditure on new assets</b>  | <b>1</b> | <b>484 853</b> | <b>332 162</b> | <b>335 492</b> | <b>46 356</b> | <b>145 107</b> | <b>167 017</b> | <b>21 909</b> | <b>13.1%</b>   | <b>335 492</b> |

## **2.10 OTHER SUPPORTING DOCUMENTS**

No other financial information outside of information contained in Schedule C is available

## **2.11 IN-YEAR REPORT OF MUNICIPAL ENTITIES**

The Municipality does not have any entities.

## **APPROVAL BY THE HONORABLE MAYOR**

I, the Mayor of the Zululand District Municipality, have reviewed the Mid-Year assessment.

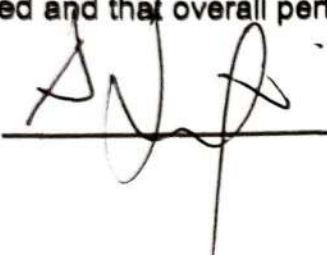
I have ascertained that:

- (a) The budget of the municipality is being implemented in terms of the municipality's SDBIP.
- (b) Monthly Budget Statement (S71) has been reviewed.

I further request the Accounting Officer, in terms of S 54(d) of the MFMA, to ensure that the following is done:

- (a) The Adjustments Budget for the 2022/23 financial year be tabled for approval before the end of February 2023.
- (b) Ensure that the necessary reports are submitted to the Provincial and National Treasuries.
- (c) Ensure that the 2022/23 SDBIP is revised in order to take the Budget Adjustments into account.
- (d) Take all necessary steps to ensure that the variances revealed by the Mid-Year assessment are addressed and that overall performance is improved during the second half of the financial year.

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

25-01-2023

**HON. MAYOR: CLLR TD BUTHELEZI**



# ANNEXURES

## **MONTHLY BUDGET STATEMENT**

S72(a) of the Municipal Finance Management Act require the Accounting Officer to also include the Budget Statements for the first half of the financial year.

## **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

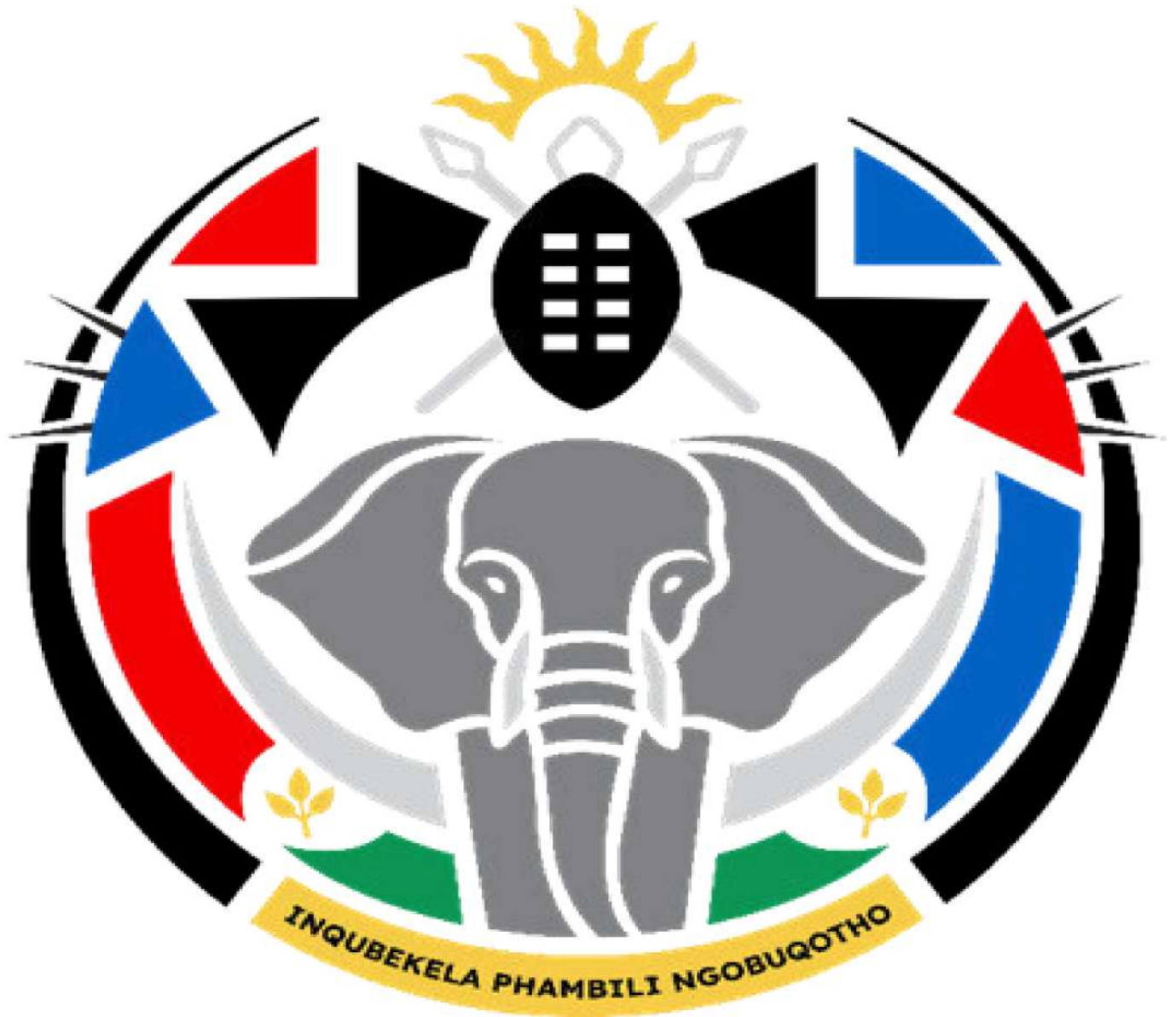
The Service Delivery and Budget Implementation Plan for the first six months has been reviewed as said in S54 (1) (c) and S72 (1) (a).

The performance as per service delivery budget and implementation plans are categorized per main votes of the municipality including the following:

- (i) Budget and Treasury Office;
- (ii) Corporate services;
- (iii) Planning department;
- (iv) Technical services;
- (v) Community services; and
- (vi) The office of the Municipal Manager

Each of these departments will reflect on the mid-year performance on their service delivery and budget implementation plans. However, it is noted that SDBIP are not conclusive to what the departments are doing. Critical determining activities must inform the direction to the municipality must take to attend to plethora of issues pertinent to the survival of the municipality.

Common to all departmental functionality is the IDP and Budget. This section is set to show progress in the implementation of these two processes.



**ZULULAND DISTRICT MUNICIPALITY**

**SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN**

**FOR THE QUARTER ENDED 31 DECEMBER 2022**

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## **CONTENTS**

1. Introduction
  - 1.1 Background to the SDBIP
  - 1.2. Purpose of the SDBIP
  - 1.3. Importance of SDBIP
  - 1.4. The Role of Council with regards to the SDBIP
  - 1.5. Role of the Accounting Officer with regards to the SDBIP
  - 1.6. Key components of the 2022/2023 SDBIP
2. Monthly Projections of Revenue to be collected by Source
3. Monthly Projections of Expenditure by Source
4. Projections of Expenditure and Revenue for each vote
5. Quarterly Projections of Service Delivery Targets and Performance Indicators for each vote
6. Detailed Capital Works Plan (MIG)
7. Approval by the Honourable Mayor

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## **1. Introduction**

### **1.1. Background to the SDBIP**

In terms of Section 69 (3) (a) of the Municipal Finance Management Act, the Municipal Manager must submit the SDBIP to the Mayor within 14 days after the approval of the Budget. The mayor must subsequently approve the SDBIP within 28 days after the approval of the Budget in terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act. The Annual Budget for the 2022/23 financial year was approved by Council on 30 June 2022. The SDBIP for the Zululand District Municipality was approved by the mayor within 28 days after approval of budget as stated in S53 (1) (c) (ii) and it will be monitored and revised quarterly.

### **1.2. Purpose of the SDBIP**

The purpose of the SDBIP can be summarized as follows:

1. It is a vital link between the mayor and the administration of the municipality;
2. It facilitates the process for holding management accountable for its performance;
3. It is a tool for implementation, management and monitoring; and
4. It further serves as the basis for the performance measurement in service delivery against the year-end targets and the implementation of the budget.

### **1.3. Importance of the SDBIP**

A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, and it:

- *Enables the Mayor to monitor the performance of the Municipal Manager,*
- *Municipal Manager to monitor the performance of the senior managers; and*
- *The community to monitor the performance of the municipality.*

It is the excellent mechanism that produces quarterly targets that are reported to ensure implementation of the IDP. The SDBIP will also empower all councillors specifically facilitating engagement at ward level and allow them to undertake the appropriate oversight and monitoring of programs. The SDBIP will also measure in-year progress in the implementation of the budget; under spending of budget will be dealt with at early stages because it is reviewed quarterly.

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#### **1.4. The Role of Council with regards to the SDBIP**

It is vitally important for Council to note that the components of the SDBIP are primary indicators of the municipality's performance on the annual Budget. In this regard, Councillors are encouraged to scrutinize the various components of the SDBIP and to pose questions where it is deemed necessary. This form of in-year reporting should uncover major problems and is aimed at ensuring that the Mayor and the Municipal Manager take the corrective steps when any unanticipated problems arise.

#### **1.5. Role of the Accounting Officer in respect of the SDBIP**

The Accounting Officer must:

1. Implement the Budget;
2. Ensure that spending is in accordance with the Budget and ensure that the expenditure is reduced when revenue is anticipated to be less than projected in the Budget or the SDBIP
3. Ensure that revenue and expenditure is properly monitored;
4. Prepare an adjustments Budget when necessary; and
5. Submit the draft SDBIP and draft annual performance agreements for the Municipal Manager and all senior managers.

#### **1.6. The key components of the 2022/2023 SDBIP**

In terms of Circular No. 13 of the MFMA No. 56 of 2003, the SDBIP must contain:

- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure by source (not required in terms of this Act);
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators of each vote;
- Detailed capital works plan broken down by ward over three years  
(Capital Plan – MIG)

These components of the SDBIP are discussed below.

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## **2. MONTHLY PROJECTIONS OF REVENUE PER SOURCE**

In terms of Section 15 of the MFMA, a municipality may, except where otherwise provided in this Act,

- incur expenditure only in terms of the approved Budget; and
- Within the limits of the amounts appropriated for the different votes in the approved Budget.

One of the most important and basic priorities of a municipality is to collect all its revenue as budgeted for, failure to collect the revenue will undermine the municipality's ability to deliver services. The SDBIP contains the monthly projections of revenue to be collected per source for the 2022/2023 financial year. The reason for the inclusion of this component of the SDBIP is to ensure that the municipality monitors revenue collected during the quarter as all expenditure to be incurred in terms of the approved Budget must be financed from realistically anticipated revenues to be collected.

The Accounting Officer must monitor the actual revenues received against those projected in the SDBIP and submit explanations of any remedial action to be taken to ensure that projected revenue and expenditure remain within the municipality's approved Budget. This type of information requires the municipality to take urgent remedial steps to ensure it improves on its revenue-collection capacity if it wants to maintain its levels of service delivery and expenditure.

The revenue for the quarter ended 31 December 2022 is indicated below as follows:

### Monthly projections of total Revenue per Source

The municipality must ensure that it has instituted measures to achieve monthly revenue targets for each revenue source. In order to ensure realistic revenue projections and ultimately balanced budgets, the Zululand District Municipality has to have comprehensive, coherent revenue policies that take into account appropriate service delivery levels, standards, ability to pay and collection efforts.

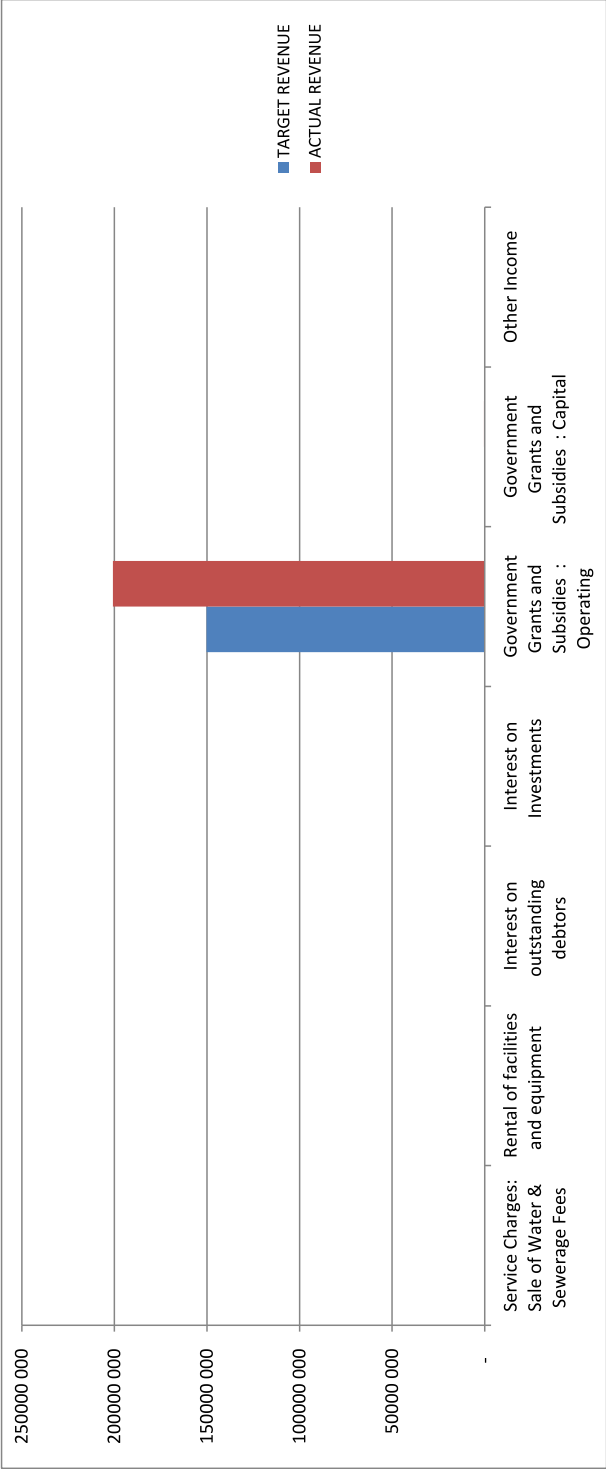


**Monthly projections of Revenue by Source of  
Zululand District Municipality for the Quarter  
ended 31 December 2022**

**Monthly Projections of Revenue by Source**

| Revenue by Source                      | OCTOBER           |                  | NOVEMBER          |                  | DECEMBER           |                    | Totals for Q_2     |                    |
|----------------------------------------|-------------------|------------------|-------------------|------------------|--------------------|--------------------|--------------------|--------------------|
|                                        | Target            | Actual           | Target            | Actual           | Target             | Actual             | Target             | Variance           |
| Property rates                         | -                 | -                | -                 | -                | -                  | -                  | -                  | -                  |
| Service charges - electricity revenue  | -                 | -                | -                 | -                | -                  | -                  | -                  | -                  |
| Service charges - water revenue        | 5 666 667         | 3 600 993        | 5 666 667         | 3 310 123        | 2 992 643          | 17 000 000         | 9 903 759          | 7 096 241          |
| Service charges - sanitation revenue   | 1 041 667         | 1 290 063        | 1 041 667         | 1 228 059        | 1 168 657          | 3 125 000          | 3 686 779          | -561 779           |
| Service charges - refuse revenue       | -                 | -                | -                 | -                | -                  | -                  | -                  | -                  |
| Rental of facilities and equipment     | 15 291            | 17 342           | 15 291            | 18 934           | 17 342             | 45 872             | 53 617             | -7 746             |
| Interest earned - external investments | 500 000           | 504 393          | 500 000           | 119 462          | 24 273             | 1 500 000          | 648 128            | 851 872            |
| Interest earned - outstanding debtors  | 7 083             | 15 869           | 7 083             | 18 091           | 21 307             | 21 250             | 55 267             | -34 017            |
| Fines, penalties and forfeits          | 12 500            | 3 702            | 12 500            | 13 414           | 2 729              | 37 500             | 19 845             | 17 655             |
| Licences and permits                   | -                 | 6 255            | -                 | 6 561            | 750                | -                  | 13 566             | -13 566            |
| Transfers and subsidies                | 50 108 833        | 2 303 284        | 50 108 833        | 26 332           | 198 549 444        | 150 326 500        | 200 879 060        | -50 552 560        |
| Other revenue                          | 59 208            | 108 484          | 59 208            | 93 771           | 212 000            | 177 625            | 414 255            | -236 630           |
| Gains                                  | -                 | -                | -                 | -                | -                  | -                  | -                  | -                  |
| <b>TOTALS</b>                          | <b>57 411 249</b> | <b>7 850 384</b> | <b>57 411 249</b> | <b>4 834 747</b> | <b>202 989 145</b> | <b>172 233 747</b> | <b>215 674 275</b> | <b>-43 440 528</b> |

Q2 Chart - Monthly Projections of Revenue by Source



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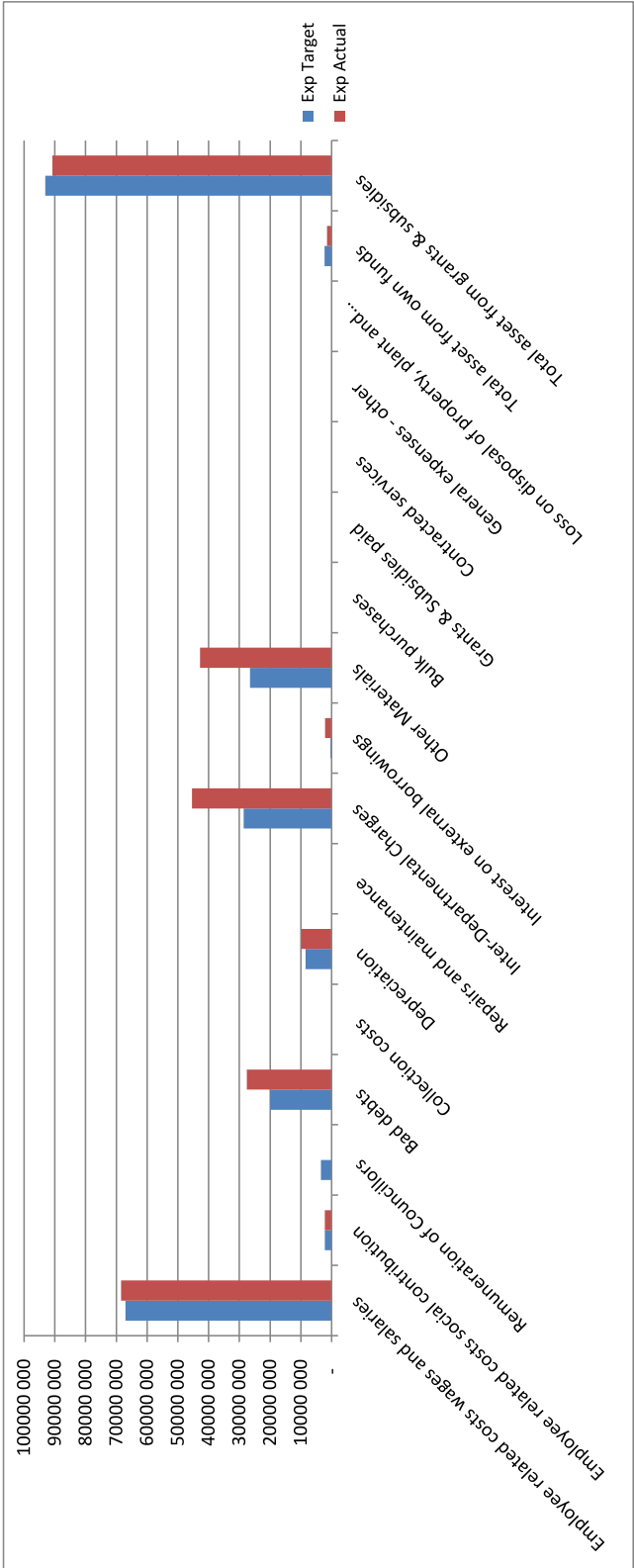
### **3. MONTHLY PROJECTIONS OF EXPENDITURE PER SOURCE**

The monthly projections of expenditure per source is not included in terms of circular No 13 of the MFMA, but we as Zululand District Municipality have decided to add this component in order to see the movement of expenditure per source on monthly basis to be able to respond promptly and to initiate any remedial steps when necessary.

**Monthly Projections of Expenditure by Source of  
Zululand District Municipality for the Quarter ended 31 December 2022**

| Monthly Projections of Expenditure by Source | OCTOBER           |                   | NOVEMBER |                   | EDCEMBER          |                    | Totals for Q 2     |                    | Variance           |
|----------------------------------------------|-------------------|-------------------|----------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|                                              | Target            | Actual            | Target   | Actual            | Target            | Actual             | Target             | Actual             |                    |
| <b>Operating Expenditure</b>                 |                   |                   |          |                   |                   |                    |                    |                    |                    |
| Employee related costs                       | 22 346 004        | 21 874 949        |          | 23 387 144        | 22 346 004        | 23 165 791         | 67 038 012         | 68 427 884         | -1 389 873         |
| Remuneration of councillors                  | 730 894           | 703 368           |          | 754 876           | 730 894           | 722 407            | 2 192 681          | 2 180 650          | 12 031             |
| Debt impairment                              | 1 166 667         | -                 |          | -                 | 1 166 667         | -                  | 3 500 000          | -                  | 3 500 000          |
| Depreciation & asset impairment              | 6 666 667         | 6 666 667         |          | 6 666 667         | 6 666 667         | 14 251 771         | 20 000 001         | 27 585 105         | -7 585 104         |
| Finance charges                              | -                 | -                 |          | 87 773            | -                 | -                  | -                  | 87 773             | -87 773            |
| Inventory consumed                           | 2 820 267         | 7 923 793         |          | 1 310 755         | 2 820 267         | 631 311            | 8 460 802          | 9 885 864          | -1 405 062         |
| Contracted services                          | 9 523 375         | 6 984             |          | 7 513 646         | 9 523 375         | 30 930 037         | 28 570 126         | 43 427 770         | -16 857 644        |
| Transfers and subsidies                      | 117 494           | -                 |          | 126 225           | 117 494           | 2 000 000          | 352 481            | 2 126 225          | -1 773 744         |
| Other expenditure                            | 8 858 307         | 9 624 131         |          | 11 725 253        | 8 858 307         | 21 470 732         | 26 574 921         | 42 820 115         | -16 245 194        |
| Losses                                       | -                 | -                 |          | -                 | -                 | -                  | -                  | -                  | -                  |
| <b>Total Operating Expenditure</b>           | <b>52 229 675</b> | <b>53 777 000</b> |          | <b>51 572 339</b> | <b>52 229 675</b> | <b>93 172 049</b>  | <b>156 689 025</b> | <b>198 521 388</b> | <b>-41 832 363</b> |
|                                              |                   |                   |          |                   |                   |                    |                    |                    |                    |
| <b>Capital Expenditure</b>                   |                   |                   |          |                   |                   |                    |                    |                    |                    |
| Total asset from own funds                   | 755 130           | 639 262           |          | 84 702            | 755 130           | 777 962            | 2 265 391          | 1 501 926          | 763 466            |
| Total asset from grants & subsidies          | 31 025 500        | 26 696 228        |          | 18 560 476        | 31 025 500        | 45 577 744         | 93 076 500         | 90 834 448         | 2 242 052          |
| <b>Total Operating Expenditure</b>           | <b>31 780 630</b> | <b>27 335 490</b> |          | <b>18 645 178</b> | <b>31 780 630</b> | <b>46 355 706</b>  | <b>95 341 891</b>  | <b>92 336 373</b>  | <b>3 005 518</b>   |
|                                              |                   |                   |          |                   |                   |                    |                    |                    |                    |
| <b>TOTAL EXPENDITURE</b>                     | <b>84 010 305</b> | <b>81 112 490</b> |          | <b>70 217 517</b> | <b>84 010 305</b> | <b>139 527 754</b> | <b>252 030 916</b> | <b>290 857 761</b> | <b>-38 826 845</b> |

Q2 Chart - Monthly Projections of Expenditure by Source



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#### **4. PROJECTIONS OF REVENUE & EXPENDITURE PER VOTE**

It is important to view expenditure in relation to the revenue used to finance it. In this context, it is easy to see when expenditure exceeds Revenue and the necessary remedial steps can then be taken to correct this situation. Failure to monitor expenditure in relation to Revenue will seriously hamper the municipality's ability to achieve its strategic goals for the year.

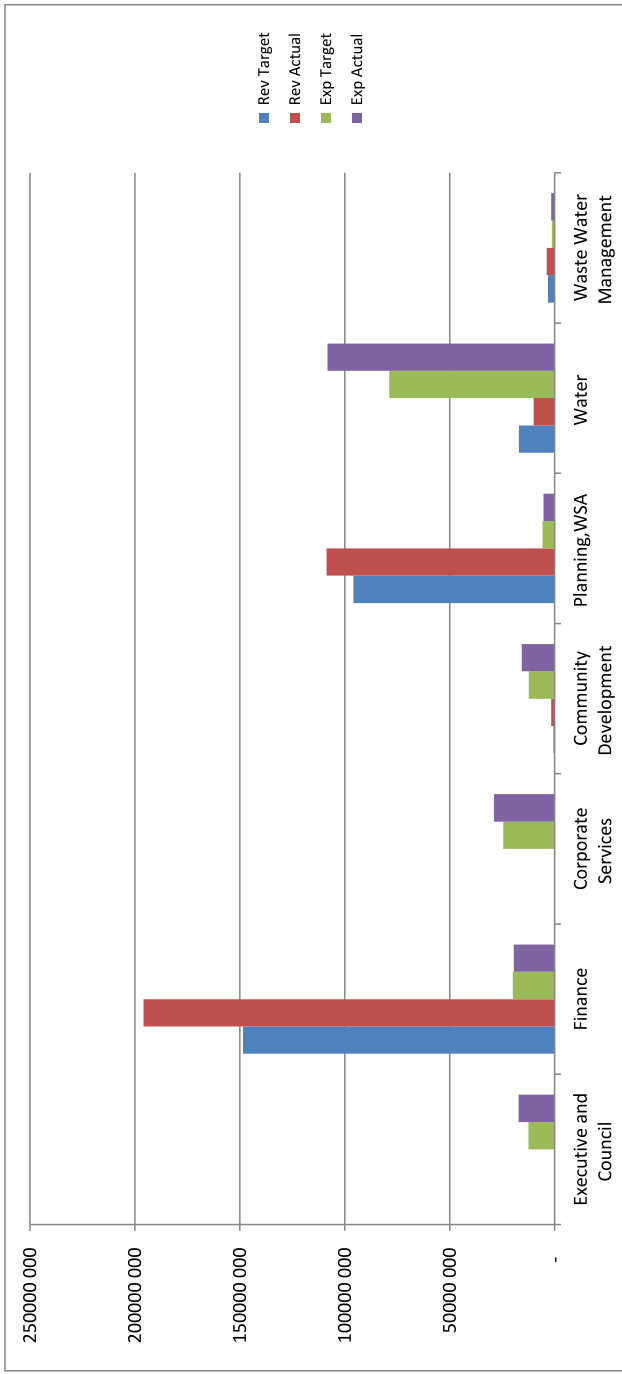
##### Projections of Expenditure and Revenue per Vote

Compares the planned revenue and expenditure for the quarter ended 31 December 2022. It is clear that Zululand District Municipality will spend a lot in the provision of water to the community that it serves.

Monthly Projections of Expenditure & Revenue by Vote  
for Zululand District Municipality for the Quarter  
ended 31 December 2022

| Monthly Projections for expenditure and revenue by vote |         |            |            |            |               |            |              |               |            |            |            |            |              |              |              |             |             |             |              |  |  |  |
|---------------------------------------------------------|---------|------------|------------|------------|---------------|------------|--------------|---------------|------------|------------|------------|------------|--------------|--------------|--------------|-------------|-------------|-------------|--------------|--|--|--|
| Department                                              | OCTOBER |            |            |            | NOVEMBER      |            |              |               | DECEMBER   |            |            |            | TOTALS       |              |              |             | Q 2         |             |              |  |  |  |
|                                                         | OPEX    | Actual     | CAPEX      | Actual     | Revenue       | Actual     | OPEX         | Actual        | CAPEX      | Actual     | Revenue    | Actual     | OPEX         | Actual       | VARIANCE     | ACTUAL      | VARIANCE    | ACTUAL      | VARIANCE     |  |  |  |
| Executive and Council                                   |         | 4 141 013  | 3 482 445  |            |               |            | 4 141 013,17 | 4 141 013,17  |            |            |            |            | 4 141 013,17 | 4 141 013,17 |              | 12 424 040  | 17 148 550  | 12 424 040  |              |  |  |  |
| Finance                                                 |         | 6 649 340  | 39 855     | 752 722    | 7 756 919     | 20 000     | 49 515 416   | 223 013       | 6 649 340  | 8 771 762  | 39 855     | -          | 49 515 416   | 154 919 928  | -            | 119 865 821 | 185 846 562 | -47 348 415 | -            |  |  |  |
| Corporate Services                                      |         | 8 138 011  | 278 496    | 70 833     | 3 304 969     | 274 302    | 8 190 811    | 10 702 736    | 274 302    | 28 800     | 70 833     | -          | 8 190 811    | 28 804 923   | -4 417 490   | 805 141     | 738 640     | 139 500     | -            |  |  |  |
| Community Development                                   |         | 4 113 300  | 1 724 244  | 1 255 295  | 1 67 583      | 55 446     | 687 055      | 7 024 195     | 55 446     | 582 482    | 167 583    | -          | 12 039 891   | 15 618 862   | -3 278 362   | 283 136     | 1 575 887   | -1 072 637  | -            |  |  |  |
| Planning & M&SA                                         |         | 1 946 525  | 27 266 682 | 26 300 285 | 31 967 500    | 31 967 500 | 2 079 454    | 31 967 500    | 2 079 454  | 31 967 500 | 56 627 676 | -          | 31 967 500   | 56 627 676   | -            | 5 627 524   | 5 310 944   | 317 290     | 35 992 500   |  |  |  |
| Technical Services                                      |         | 501 004    |            |            |               |            | 714 874      | 301 004       |            |            | 45 577 744 | -          | 301 004      | 45 577 744   | -            | 1 583 013   |             | -17 257 579 | -            |  |  |  |
| Water purification and Distribution                     |         | 26 273 003 | 61 594     | 3 616 882  | 28 273 002 83 | 61 594     | 3 338 214    | 27 170 503    | 61 594     | 171 700    | 5 627 520  | 3 010 951  | 78 620 800   | 103 253 059  | -494 181     | 184 783     | 171 700     | 13 083      | 17 021 260   |  |  |  |
| Waste Water Management                                  |         | 419 362    | 509 689    | 1 041 667  | 1 293 765     | 526 706    | 1 291 473    | 419 362       | 570 264    | 1 041 667  | 1 171 396  | -          | 1 298 665    | 1 695 720    | -347 035     | 3 125 900   | 3 706 624   | -581 624    | -            |  |  |  |
| Other                                                   |         | 52 231 758 | 27 335 490 | 88 438 749 | 39 051 721    | 91 573 339 | 51 573 339   | 82 231 758,17 | 18 645 178 | 93 172 049 | 27 735 892 | 46 355 706 | 88 348 749   | 254 813 821  | -165 695 275 | 105 821 386 | -91 628 113 | 305 310 247 | -54 599 531  |  |  |  |
|                                                         |         |            |            |            |               |            |              |               |            |            |            |            |              |              |              | 92 336 373  | -9 011 507  | 319 800 775 | -319 800 775 |  |  |  |

Q2 Chart - Monthly Projections of Revenue and Expenditure by Vote





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## **5. QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS OF EACH VOTE**

In terms of the SDBIP, Zululand District Municipality is required to provide non-financial measurable performance objectives in the form of service delivery targets and other performance indicators. Service delivery targets relate to the level and standards of service being provided to the community, and include targets for the reductions in backlogs of basic services.

The goals and objectives set by Council as quantifiable outcomes that should be implemented by the administration over the next financial year are indicated on the sheet below.

MID - YEAR PERFORMANCE ASSESSMENT FOR  
FINANCIAL YEAR: 2022/2023

| NPA 02 - LOCAL ECONOMIC & SOCIAL DEVELOPMENT                                                                                                                                                                                                                                           |         |                                                                                                                                                                |                 |         |                                 |                                                                                                                                                       |                         |                                                                                                                                                       |                       |                                                                                                                                                           |                 |                                   |                        |              |                                                                                                                   |                                                                                  |                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|------------------------|--------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Strategic Objective(SO)                                                                                                                                                                                                                                                                | KPI No. | Key Performance Indicator                                                                                                                                      | Unit of Measure | Formula | IDP Strategic Objective Ref No. | Target Q1 - 30 Sep 2022                                                                                                                               | Actual Q1 - 30 Sep 2021 | Target Q2 31 Dec 2022                                                                                                                                 | Actual Q2 31 Dec 2021 | Mid year Target                                                                                                                                           | Mid year Actual | Target date / reporting frequency | Responsible Department | STATUS       | REASON FOR VARIANCE                                                                                               | MEASURES TAKEN TO IMPROVE PERFORMANCE                                            | Portfolio of Evidence                                               |
| Continuously managing all existing infrastructure capital assets to minimize the total cost of owning and operating these assets. (Effective Asset Management, internal & community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management) | 1       | Number of lightning conductors installed in identified rural households within ZDM per quarter                                                                 | Number          | N/A     | SO 1.1.1                        | 25 lightning conductors installed in identified rural households per quarter within ZDM                                                               | 36                      | 25 lightning conductors installed in identified rural households per quarter within ZDM                                                               | 25                    | 50 lightning conductors installed in identified rural households within ZDM by 31 Dec 2022                                                                | 61              | Quarterly                         | Corporate Services     | Achieved     |                                                                                                                   | Certificate of compliance and Beneficiary list with GPS coordinates              |                                                                     |
|                                                                                                                                                                                                                                                                                        | 2       | Date verification on ZDM infrastructure assets performed                                                                                                       | Date            | N/A     |                                 | N/A                                                                                                                                                   | Due in Q4               | N/A                                                                                                                                                   | Due in Q4             | Due in Q4                                                                                                                                                 | Due in Q4       | 30-Jun-23                         | Budget & Treasury      | Due in Q4    |                                                                                                                   | Engineers certificate                                                            |                                                                     |
|                                                                                                                                                                                                                                                                                        | 3       | Number of ZDM water contracts under construction per quarter                                                                                                   | Number          | N/A     |                                 | 20 ZDM water contracts under construction per quarter                                                                                                 | 23                      | 15 ZDM water contracts under construction per quarter                                                                                                 | 18                    | 35 ZDM water contracts under construction by 31 Dec 2022                                                                                                  | 41              | Quarterly                         | Planning services      | Achieved     |                                                                                                                   | Contracts List and Appointment letters of service providers                      |                                                                     |
|                                                                                                                                                                                                                                                                                        | 4       | Number of ZDM sanitation contracts under construction per quarter                                                                                              | Number          | N/A     |                                 | 2 ZDM sanitation contracts under construction per quarter                                                                                             | 2                       | 2 ZDM sanitation contracts under construction per quarter                                                                                             | 2                     | 2 ZDM sanitation contracts under construction by 31 Dec 2022                                                                                              | 2               | Quarterly                         | Planning services      | Achieved     |                                                                                                                   | Contracts list or Progress reports and Appointment letters for service providers |                                                                     |
|                                                                                                                                                                                                                                                                                        | 5       | Number of ZDM water contracts completed per quarter                                                                                                            | Number          | N/A     |                                 | 5 ZDM water contracts completed per quarter                                                                                                           | 2                       | 5 ZDM water contract completed per quarter                                                                                                            | 0                     | 10 ZDM water contracts completed by 31 Dec 2022                                                                                                           | 2               | Quarterly                         | Planning services      | Not Achieved | Projects got delayed due to technical issues and heavy rains in Quarter 2                                         | Contractors to increase manpower and the working pace                            | Certificate of completion                                           |
|                                                                                                                                                                                                                                                                                        | 6       | Percentage of ZDM Water determinants that pass laboratory tests per quarter                                                                                    | Percentage      | N/A     |                                 | 85% ZDM Water determinants that pass laboratory tests per quarter                                                                                     | 96%                     | 85% ZDM Water determinants that pass laboratory tests per quarter                                                                                     | 93%                   | 85% ZDM Water determinants that pass laboratory tests by 31 Dec 2022                                                                                      | 85%             | Quarterly                         | Technical Services     | Achieved     |                                                                                                                   | Lab results                                                                      |                                                                     |
|                                                                                                                                                                                                                                                                                        | 7       | The average time taken to fix spillages per quarter                                                                                                            | Hours           | N/A     |                                 | 48Hrs average time taken to fix spillages per quarter                                                                                                 | 28.11 hrs               | 48Hrs average time taken to fix spillages per quarter                                                                                                 | 34.6hrs               | 48Hrs average time taken to fix spillages by 31 Dec 2022                                                                                                  | 31.35%          | Quarterly                         | Technical Services     | Achieved     |                                                                                                                   | Job card summary report                                                          |                                                                     |
| Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to.                                                                     | 8       | Number of domestic water meters installed per quarter                                                                                                          | Number          | N/A     |                                 | 150 domestic water meters installed per quarter                                                                                                       | 0                       | 500 domestic water meters installed per quarter                                                                                                       | 0                     | 650 domestic water meters installed by 31 Dec 2022                                                                                                        | 0               | Quarterly                         | Budget & Treasury      | Not Achieved | Tender had to be re-specified due to change of specification.                                                     | Process will be finalized by end of January 2023                                 | Certificate of completion and Beneficiary list with GPS coordinates |
|                                                                                                                                                                                                                                                                                        | 9       | Number of households within ZDM to be provided with access to water within RDP standard per quarter                                                            | Number          | N/A     | SO 1.2.1                        | 327 households within ZDM to be provided with access to water within RDP standard per quarter                                                         | 331                     | 395 households within ZDM to be provided with access to water within RDP standard per quarter                                                         | 0                     | 722 households within ZDM to be provided with access to water within RDP standard by 31 Dec 2022                                                          | 331             | 30 Jun 23                         | Planning Services      | Not Achieved | Projects got delayed due to technical issues and heavy rains in Quarter 2                                         | Contractors to increase manpower and the working pace                            | List of beneficiaries and GPS coordinates                           |
|                                                                                                                                                                                                                                                                                        | 10      | Number of households within ZDM to be provided with access to sanitation facilities within RDP standard per quarter                                            | Number          | N/A     |                                 | 578 households within ZDM to be provided with access to sanitation facilities within RDP standard per quarter                                         | 209                     | 564 households within ZDM to be provided with access to sanitation facilities within RDP standard per quarter                                         | 598                   | 1242 households within ZDM to be provided with access to sanitation facilities within RDP standard by 31 Dec 2022                                         | 807             | Quarterly                         | Planning Services      | Not Achieved | slow start of contractor due to weather conditions in 2021/22 leading to the Sanitation projects                  | Contractor to increase manpower                                                  | List of beneficiaries and GPS coordinates                           |
|                                                                                                                                                                                                                                                                                        | 11      | Number of evaluation reports of ZDM water service provider (contracts) performed per quarter                                                                   | Number          | N/A     |                                 | 1 evaluation report of ZDM water service provider (contracts) performed per quarter                                                                   | 1                       | 1 evaluation report of ZDM water service provider (contracts) performed per quarter                                                                   | 1                     | 2 evaluation reports of ZDM water service provider (contracts) performed by 31 Dec 2022                                                                   | 2               | Quarterly                         | Planning Services      | Achieved     |                                                                                                                   | Evaluation reports and Proof of submission                                       |                                                                     |
| NPA 02 - LOCAL ECONOMIC & SOCIAL DEVELOPMENT                                                                                                                                                                                                                                           |         |                                                                                                                                                                |                 |         |                                 |                                                                                                                                                       |                         |                                                                                                                                                       |                       |                                                                                                                                                           |                 |                                   |                        |              |                                                                                                                   |                                                                                  |                                                                     |
| Strategic Objective(SO)                                                                                                                                                                                                                                                                | KPI No. | Key Performance Indicator                                                                                                                                      | Unit of Measure | Formula | IDP Strategic Objective Ref No. | Target Q1 - 30 Sep 2022                                                                                                                               | Actual Q1 - 30 Sep 2021 | Target Q2 31 Dec 2022                                                                                                                                 | Actual Q2 31 Dec 2021 | Mid year Target                                                                                                                                           | Mid year Actual | Target date / reporting frequency | Responsible Department | STATUS       | REASON FOR VARIANCE                                                                                               | MEASURES TAKEN TO IMPROVE PERFORMANCE                                            | Portfolio of Evidence                                               |
| Building the capacity of the people to engage in the economy                                                                                                                                                                                                                           | 12      | Number of reports on the Emerging farmers and SMME's as per the approved ZDM support programme submitted to Community Services Portfolio Committee per quarter | Date            | N/A     | SO 2.1.2                        | 1 report on the Emerging Farmers and SMME's as per the approved ZDM support programme submitted to Community Services Portfolio Committee per quarter | 0                       | 1 report on the Emerging Farmers and SMME's as per the approved ZDM support programme submitted to Community Services Portfolio Committee per quarter | 0                     | 2 reports on the Emerging Farmers and SMME's as per the approved ZDM support programme submitted to Community Services Portfolio Committee by 31 Dec 2022 | 0               | Quarterly                         | Community services     | Not Achieved | Due to LED budget being frozen in 1st & 2nd quarter the emerging farmers and SMME's plan could not be implemented | Implementation of plan will commence after the adjustment of the budget          | Report and proof of submission                                      |
|                                                                                                                                                                                                                                                                                        | 13      | Number of students trained in music or drama within ZDM annually                                                                                               | Number          | N/A     |                                 | N/A                                                                                                                                                   | Due in Q4               | N/A                                                                                                                                                   |                       | Due in Q4                                                                                                                                                 | Due in Q4       | 30-Jun-23                         | Community Services     | Due in Q4    |                                                                                                                   | Graduation ceremony list                                                         |                                                                     |
|                                                                                                                                                                                                                                                                                        | 14      | Number of students within ZDM trained in visual art annually                                                                                                   | Number          | N/A     |                                 | N/A                                                                                                                                                   | Due in Q4               | N/A                                                                                                                                                   |                       | Due in Q4                                                                                                                                                 | Due in Q4       | 30 Jun 23                         | Community Services     | Due in Q4    |                                                                                                                   | Graduation ceremony list                                                         |                                                                     |
|                                                                                                                                                                                                                                                                                        | 15      | Number of students within ZDM trained in fashion design annually                                                                                               | Number          | N/A     |                                 | N/A                                                                                                                                                   | Due in Q4               | N/A                                                                                                                                                   |                       | Due in Q4                                                                                                                                                 | Due in Q4       | 30-Jun-23                         | Community Services     | Due in Q4    |                                                                                                                   | Graduation ceremony list                                                         |                                                                     |
|                                                                                                                                                                                                                                                                                        | 16      | Number of ZDM LED forum meetings held per quarter                                                                                                              | Number          | N/A     | SO 2.1.3                        | 2 ZDM LED Forum meeting held per quarter                                                                                                              | 1                       | 1 ZDM LED Forum meeting held per quarter                                                                                                              | 1                     | 2 ZDM LED Forum meetings held by 31 Dec 2022                                                                                                              | 2               | 30-Jun-23                         | Community Services     | Achieved     |                                                                                                                   | Notice, Agenda, Attendance register and minutes                                  |                                                                     |

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| Strategic Objective(SO)             | KPI No. | Key Performance Indicator                                                                                                        | Unit of Measure | Formula | IDP Strategic Objective Ref No. | QUARTERLY TARGETS                                                                                                       |                         |                                                                                                                         |                         | Mid Year                                                                                                                 | Target date / reporting frequency | Responsible Department | STATUS    | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                                                                  |
|-------------------------------------|---------|----------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|-----------|---------------------|---------------------------------------|----------------------------------------------------------------------------------------|
|                                     |         |                                                                                                                                  |                 |         |                                 | Target Q1 - 30 Sep 2022                                                                                                 | Actual Q1 - 30 Sep 2022 | Target Q2 - 31 Dec 2022                                                                                                 | Actual Q2 - 31 Dec 2022 | Mid year Target                                                                                                          | Mid year Actual                   |                        |           |                     |                                       |                                                                                        |
| Consolidating and expanding tourism | 17      | Number of implementation reports on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter | Number          | N/A     | SO 2.2.1                        | 1 implementation report on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter | 1                       | 1 implementation report on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter | 1                       | 2 implementation reports on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter | 2                                 | Community Services     | Achieved  |                     |                                       | Copy of implementation reports on Tourism & Marketing Strategy and proof of submission |
|                                     | 18      | Number of jobs created through the ZDM municipal EPWP projects including capital projects                                        | Number          | N/A     | SO 2.2.5                        | N/A                                                                                                                     | Due in Q4               | N/A                                                                                                                     |                         | Due in Q4                                                                                                                | Due in Q4                         | Community Services     | Due in Q4 |                     |                                       | Report retrieved from the EPWP system                                                  |
|                                     | 19      | Number of implementation reports on Indigent Policy submitted to Finance Portfolio Committee per quarter                         | Number          | N/A     |                                 | 1 implementation reports on Indigent Policy submitted to Finance Portfolio Committee per quarter                        | 1                       | 1 implementation reports on Indigent Policy submitted to Finance Portfolio Committee per quarter                        | 1                       | 2 implementation reports on Indigent Policy submitted to Finance Portfolio Committee by 31 Dec 2022                      | 2                                 | Budget & Treasury      | Achieved  |                     |                                       | Copy of Indigent Policy Implementation report and proof of submission                  |
|                                     | 20      | Number of jobs maintained through ZDM EPWP integrated grant projects                                                             | Number          | N/A     |                                 | N/A                                                                                                                     | Due in Q4               | N/A                                                                                                                     |                         | Due in Q4                                                                                                                | Due in Q4                         | Community Services     | Due in Q4 |                     |                                       | List of participants retrieved from HR system                                          |

MPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

| Strategic Objective(SO)                                                                                                                  | KPI No. | Key Performance Indicator                                                                       | Unit of Measure | Formula | Strategic Objective | Target Q1 - 30 Sep 2022                                                                    | Actual Q1 - 30 Sep 2022 | Target Q2 - 31 Dec 2022                                                                    | Actual Q2 - 31 Dec 2022 | Mid year Target                                                                               | Target date / reporting frequency | Responsible Department                  | STATUS       | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------|-----------------|---------|---------------------|--------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------|--------------|---------------------|---------------------------------------|--------------------------------------------------------------------------------|
|                                                                                                                                          |         |                                                                                                 |                 |         |                     | Target Q1 - 30 Sep 2022                                                                    | Actual Q1 - 30 Sep 2022 | Target Q2 - 31 Dec 2022                                                                    | Actual Q2 - 31 Dec 2022 | Mid year Target                                                                               | Mid year Actual                   |                                         |              |                     |                                       |                                                                                |
| Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities | 21      | Date Submission of Sec 54 (f) Mid-Year Budget & Performance Assessment to the Council           | Mid Date        | N/A     | SO 3.1.1            | N/A                                                                                        | Due in Q3               | N/A                                                                                        |                         | Due in Q3                                                                                     | Due in Q3                         | Budget & Treasury                       | Due in Q3    |                     |                                       | Council resolution and Copy of sec 54 Mid Year Budget & Performance Assessment |
|                                                                                                                                          | 22      | Percentage of disconnections implemented to identified non-paying ZDM customers per quarter     | Percentage      | N/A     |                     | 100% disconnections implemented to identified non-paying ZDM customers per quarter         | 100%                    | 100% disconnections implemented to identified non-paying ZDM customers per quarter         | 100                     | 100% disconnections implemented to identified non-paying ZDM customers by 31 Dec 2022         | 100%                              | Budget & Treasury                       | Achieved     |                     |                                       | Disconnection report and debtors age analysis report                           |
|                                                                                                                                          | 23      | Number of reports on irregular expenditure submitted to Finance Portfolio Committee per quarter | Number          | N/A     |                     | 1 report on irregular expenditure submitted to Finance Portfolio Committee per quarter     | 1                       | 2 reports on irregular expenditure submitted to Finance Portfolio Committee by 31 Dec 2022 | 1                       | 2 reports on irregular expenditure submitted to Finance Portfolio Committee by 31 Dec 2022    | 2                                 | Budget & Treasury                       | Achieved     |                     |                                       | Proof of submission and Copy of irregular expenditure report                   |
|                                                                                                                                          | 24      | Date consolidated procurement plan submitted to MANCO                                           | Date            | N/A     |                     | Consolidated procurement plan submitted to MANCO by 31 Aug 2022                            | 30 Jun 2022             | N/A                                                                                        | Reported in Q1          | Consolidated procurement plan submitted to MANCO by 31 Aug 2022                               | 30 Jun 2022                       | Budget & Treasury                       | Achieved     |                     |                                       | Copy of consolidated procurement plan and proof of submission                  |
| Apply sound financial management practices to keep a positive cash balance, coverage and liquidity ratios                                | 25      | Date reports on Sec 13 of the MFMA submitted to AG                                              | Date            | N/A     | SO 3.1.2            | Reports on Sec 13 of the MFMA submitted to AG by 31 July 2022                              | 29 Jul 2022             | N/A                                                                                        | Reported in Q1          | Reports on Sec 13 of the MFMA submitted to AG by 31 July 2022                                 | 29 July 2022                      | Budget & Treasury                       | Achieved     |                     |                                       | Proof of submission and copy of Sec 13 reports                                 |
|                                                                                                                                          | 26      | Date verification report on ZDM movable assets submitted to Finance Portfolio committee         | Date            |         | SO 3.1.3            | N/A                                                                                        | Due in Q4               | N/A                                                                                        |                         | Due in Q4                                                                                     | Due in Q4                         | Budget & Treasury                       | Due in Q4    |                     |                                       | Copy of verification report on ZDM movable assets and proof of submission      |
|                                                                                                                                          | 27      | Date adjustment Budget submitted to council                                                     | Date            | N/A     |                     | N/A                                                                                        | Due in Q3               | N/A                                                                                        |                         | Due in Q3                                                                                     | Due in Q3                         | Budget & Treasury                       | Due in Q3    |                     |                                       | Council Resolution and copy of adjustment Budget                               |
|                                                                                                                                          | 28      | Number of updates performed on the ZDM municipal fixed assets register per quarter              | Number          | N/A     |                     | N/A                                                                                        | Due in Q4               | N/A                                                                                        | Due in Q4               | Due in Q4                                                                                     | Due in Q4                         | Budget & Treasury                       | Due in Q4    |                     |                                       | Updated FAR                                                                    |
| Monitor, register and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance     | 29      | Number of updated grant registers submitted to Finance Portfolio per quarter                    | Number          | N/A     |                     | 1 updated grant register submitted to Finance Portfolio per quarter                        | 1                       | 1 updated grant register submitted to Finance Portfolio per quarter                        | 1                       | 2 updated grant registers submitted to Finance Portfolio by 31 Dec 2022                       | 2                                 | Budget & Treasury                       | Achieved     |                     |                                       | Copy of grant register and Finance Portfolio Agenda                            |
|                                                                                                                                          | 30      | Percentage of Collection Rate achieved per quarter                                              | Percentage      | N/A     |                     | 60% Collection Rate achieved per quarter                                                   | 53%                     | 60% Collection Rate achieved per quarter                                                   | 42%                     | 60% Collection Rate achieved by 31 Dec 2022                                                   | 48%                               | Budget & Treasury                       | Not Achieved |                     |                                       | The debt collector was appointed and the debtors have been handed over         |
|                                                                                                                                          | 31      | Date 2022/2023 IDP Process Plan including Budget time table submitted to Council                | Date            | N/A     |                     | 2022/2023 IDP Process Plan including Budget time table submitted to Council by 31 Aug 2022 | 30 August 2022          | N/A                                                                                        | Reported in Q1          | 2022/2023 IDP Process Plan including Budget time table submitted to Council by 31 August 2022 | 30 Aug 22                         | Budget & Treasury and Planning Services | Achieved     |                     |                                       | Council Resolution and copy of IDP Process Plan including Budget time table    |
|                                                                                                                                          | 32      | Date draft Budget submitted to Council                                                          | Date            | N/A     |                     | N/A                                                                                        | Due in Q3               | N/A                                                                                        |                         | Due in Q3                                                                                     | Due in Q3                         | Budget & Treasury                       | Due in Q3    |                     |                                       | Council Resolution and copy of the draft Budget                                |

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| Strategic Objective(SO)                                                        | KPI No. | Key Performance Indicator                                                                                   | Unit of Measure | Formula | UP Strategic Objective Ref No. | QUARTERLY TARGETS                                                                                   |                         |                                                                                                     |                       | Mid Year                                                                                               |                 | Target date / reporting frequency | Responsible Department | STATUS    | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                                                            |
|--------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------|-----------------|---------|--------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|------------------------|-----------|---------------------|---------------------------------------|----------------------------------------------------------------------------------|
|                                                                                |         |                                                                                                             |                 |         |                                | Target Q1 - 30 Sep 2022                                                                             | Actual Q1 - 30 Sep 2022 | Target Q2 31 Dec 2022                                                                               | Actual Q2 31 Dec 2022 | Mid year Target                                                                                        | Mid year Actual |                                   |                        |           |                     |                                       |                                                                                  |
|                                                                                | 33      | Date final budget approved by Council                                                                       | Date            | N/A     |                                | N/A                                                                                                 | Due in Q4               | N/A                                                                                                 |                       | Due in Q4                                                                                              | Due in Q4       | 31 May-23                         | Budget & Treasury      | Due in Q4 |                     |                                       | Council Resolution and copy of approved budget                                   |
|                                                                                | 34      | Date draft budget related policies submitted to Council                                                     | Date            | N/A     |                                | N/A                                                                                                 | Due in Q3               | N/A                                                                                                 |                       | Due in Q3                                                                                              | Due in Q3       | 31 Mar-23                         | Budget & Treasury      | Due in Q3 |                     |                                       | Council Resolution and copy of draft budget related policies                     |
|                                                                                | 35      | Date final budget related policies submitted to Council                                                     | Date            | N/A     |                                | N/A                                                                                                 | Due in Q4               | N/A                                                                                                 |                       | Due in Q4                                                                                              | Due in Q4       | 30 Jun-23                         | Budget & Treasury      | Due in Q4 |                     |                                       | Council Resolution and copy final budget related policies                        |
|                                                                                | 36      | Number of MSCOA data strings uploaded to local Government portal per quarter                                | Number          | N/A     |                                | 3 MSCOA data strings uploaded to local Government portal per quarter                                | 3                       | 3 MSCOA data strings uploaded to local Government portal per quarter                                | 3                     | 6 MSCOA data strings uploaded to local Government portal by 31 Dec 2022                                | 6               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Print screen of system upload and copy of data strings                           |
|                                                                                | 37      | Date of Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial Treasury  | Date            | N/A     |                                | N/A                                                                                                 | Due in Q3               | N/A                                                                                                 |                       | Due in Q3                                                                                              | Due in Q3       | 25 Jan-23                         | Budget & Treasury      | Due in Q3 |                     |                                       | Proof of submission and copy of Sec72 Mid - Year Budget & Performance Assessment |
|                                                                                | 38      | Number of Sec 32 reports submitted to Council per quarter                                                   | Number          | N/A     |                                | 1 Sec 32 report submitted to Council per quarter (previous quarter)                                 | 1                       | 1 Sec 32 report submitted to Council per quarter (previous quarter)                                 | 1                     | 2 Sec 32 reports submitted to Council by 31 Dec 2022                                                   | 2               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Proof of submission and copy of Sec 32 report                                    |
|                                                                                | 39      | Number of Sec 66 reports submitted to Council per quarter                                                   | Number          | N/A     |                                | 3 Sec 66 reports submitted to Council per quarter (previous quarter)                                | 3                       | 3 Sec 66 reports submitted to Council per quarter (previous quarter)                                | 3                     | 6 Sec 66 reports submitted to Council by 31 Dec 2022                                                   | 6               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Proof of submission and copy of Sec 66 report                                    |
|                                                                                | 40      | Number of Sec 11 reports submitted to Council, Provincial Treasury and Auditor General per quarter          | Number          | N/A     |                                | 1 Sec 11 report submitted to Council, Provincial Treasury and Auditor General per quarter           | 1                       | 1 Sec 11 report submitted to Council, Provincial Treasury and Auditor General per quarter           | 1                     | 2 Sec 11 report submitted to Council, Provincial Treasury and Auditor General per quarter              | 2               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Council Resolution: Proof of submission and copy of Sec 11 reports               |
|                                                                                | 41      | Number of reports based on updated Grants Register submitted to Finance Portfolio Committee per quarter     | Number          | N/A     |                                | 1 reports based on updated Grants Register submitted to Finance Portfolio Committee per quarter     | 1                       | 1 report based on updated Grants Register submitted to Finance Portfolio Committee per quarter      | 1                     | 2 reports based on updated Grants Register submitted to Finance Portfolio Committee by 31 Dec 2022     | 2               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Updated grant register and Finance Portfolio Agenda                              |
|                                                                                | 42      | Number of monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury per quarter | Number          | N/A     |                                | 3 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury per quarter | 3                       | 3 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury per quarter | 3                     | 6 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury by 31 Dec 2022 | 6               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Proof of submission and soft copy of Sec 71 report                               |
| Refine procurement systems and processes to respond to the demand for services | 43      | Percentage of tenders finalised within 3 months after date of advertisement per quarter                     | Percentage      | N/A     | SO 3.1.4                       | 100% of tenders finalised within 3 months after date of advertisement per quarter                   | 100%                    | 100% of tenders finalised within 3 months after date of advertisement per quarter                   | 100%                  | 100% of tenders finalised within 3 months after date of advertisement by 31 Dec 2022                   | 100%            | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Adverts and appointment letters                                                  |
|                                                                                | 44      | Number of stock taking reports submitted to Finance Portfolio Committee                                     | Number          | N/A     |                                | 1 stock taking reports submitted to Finance Portfolio Committee by 30 June 2023                     | 1                       | 1 stock taking reports submitted to Finance Portfolio Committee                                     | 1                     | 2 stock taking report submitted to Finance Portfolio Committee by 31 Dec 2022                          | 2               | 30 June 2023                      | Budget & Treasury      | Achieved  |                     |                                       | Copy of Stock taking report and proof of submission                              |
|                                                                                | 45      | Number of QDM quarterly reports submitted to EXCO per quarter                                               | Number          | N/A     |                                | 1 QDM quarterly report submitted to EXCO per quarter                                                | 1                       | 1 QDM quarterly report submitted to EXCO per quarter                                                | 1                     | 2 QDM quarterly reports submitted to EXCO by 31 Dec 2022                                               | 2               | Quarterly                         | Budget & Treasury      | Achieved  |                     |                                       | Proof of submission and Copy of SCM Quarterly reports                            |

NPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| Strategic Objective(SO)                                                                                              | KPI No. | Key Performance Indicator                                               | Unit of Measure | Formula | Responsible Department | Target Q1 - 30 Sep 2022                                               | Actual Q1 - 30 Sep 2022 | Target Q2 31 Dec 2022                                                 | Actual Q2 31 Dec 2022 | Mid year Target                                                     | Mid year Actual | Target date / reporting frequency | Responsible Department | STATUS   | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                          |
|----------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------|-----------------|---------|------------------------|-----------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------|-----------------------|---------------------------------------------------------------------|-----------------|-----------------------------------|------------------------|----------|---------------------|---------------------------------------|------------------------------------------------|
|                                                                                                                      |         |                                                                         |                 |         |                        | 1 LED awareness event held per quarter                                | 1                       | 1 LED awareness event held per quarter                                | 1                     | 2 LED awareness events held by 31 Dec 2022                          | 2               |                                   |                        |          |                     |                                       |                                                |
| Promoting transparent and accountable governance through regular community engagements and effective administration. | 46      | Number of LED awareness events held per quarter                         | Number          | N/A     | SO 4.1.2               | 1 LED awareness event held per quarter                                | 1                       | 1 LED awareness event held per quarter                                | 1                     | 2 LED awareness events held by 31 Dec 2022                          | 2               | Quarterly                         | Community Services     | Achieved |                     |                                       | OOP and Attendance Register                    |
|                                                                                                                      | 47      | Number of ZDM Municipal ward-level awareness campaigns held per quarter | Number          | N/A     |                        | 2 ZDM Municipal Health ward-level awareness campaign held per quarter | 2                       | 2 ZDM Municipal Health ward-level awareness campaign held per quarter | 2                     | 4 ZDM Municipal Health ward-level awareness campaign by 31 dec 2022 | 4               | Quarterly                         | Community Services     | Achieved |                     |                                       | OOP and Attendance Register                    |
|                                                                                                                      | 48      | Number of ZDM disaster awareness campaigns held per quarter             | Number          | N/A     |                        | 1 ZDM disaster awareness campaign held per quarter                    | 1                       | 1 ZDM disaster awareness campaign held per quarter                    | 2                     | 2 ZDM disaster awareness campaigns held by 31 Dec 2022              | 3               | Quarterly                         | Corporate Services     | Achieved |                     |                                       | OOP and Attendance Register                    |
|                                                                                                                      | 49      | Number of ZDM District Civil Society forum meetings held per quarter    | Number          | N/A     |                        | 1 ZDM District Civil Society forum meeting held per quarter           | 1                       | 1 ZDM District Civil Society forum meeting held per quarter           | 1                     | 2 ZDM District Civil Society forum meetings held by 31 Dec 2022     | 2               | Quarterly                         | Community Services     | Achieved |                     |                                       | Notice Agenda, Minutes and attendance register |

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| Strategic Objective(SO)                                                                                                                                                        | KPI No. | Key Performance Indicator                                                                                                                         | Unit of Measure | Formula | UP Strategic Objective Ref No. | QUARTERLY TARGETS                                                                                                                        |                         |                                                                                                                                             |                       | Mid Year                                                                                                                                     | Target date / reporting frequency | Responsible Department | STATUS    | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------|-----------|---------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                |         |                                                                                                                                                   |                 |         |                                | Target Q1 - 30 Sep 2022                                                                                                                  | Actual Q1 - 30 Sep 2021 | Target Q2 31 Dec 2022                                                                                                                       | Actual Q2 31 Dec 2021 | Mid year Target                                                                                                                              | Mid year Actual                   |                        |           |                     |                                       |                                                                                                          |
| Systematic development and/or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation | 50      | Number of implementation reports on the ZDM LED strategy submitted to Community Services Portfolio Committee per quarter                          | Date            | N/A     | SO 4.1.4                       | 1 implementation report on the ZDM LED strategy submitted to Community Services Portfolio Committee per quarter                          | 1                       | 1 implementation report on the ZDM LED strategy submitted to Community Services Portfolio Committee per quarter                             | 1                     | 2 implementation reports on the ZDM LED strategy submitted to Community Services Portfolio Committee by 31 Dec 2022                          | 2                                 | Community Services     | Achieved  |                     |                                       | Proof of submission and copy of LED strategy implementation reports                                      |
|                                                                                                                                                                                | 51      | Number of implementation reports on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee per quarter | Date            | N/A     |                                | 1 implementation report on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee per quarter | 1                       | 1 implementation report on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee by 31 Dec 2022 | 1                     | 2 implementation reports on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee by 31 Dec 2022 | 2                                 | Community Services     | Achieved  |                     |                                       | Copy of implementation reports on Indonsa Arts & Crafts Centre business strategy and proof of submission |
|                                                                                                                                                                                | 52      | Date revised ZDM 2023/2024 internal audit charter adopted by Audit Committee                                                                      | Date            | N/A     |                                | N/A                                                                                                                                      | Due in Q4               | N/A                                                                                                                                         |                       | Due in Q4                                                                                                                                    | Due in Q4                         | OMM                    | Due in Q4 |                     |                                       | Copy of Internal Audit Charter and Audit Committee minutes                                               |
|                                                                                                                                                                                | 53      | Date ZDM Service Delivery Charter adopted by council                                                                                              | Date            | N/A     |                                | N/A                                                                                                                                      | Due in Q3               | N/A                                                                                                                                         |                       | Due in Q3                                                                                                                                    | Due in Q3                         | Corporate Service      | Due in Q3 |                     |                                       | Council resolution and Copy of service delivery Charter                                                  |
|                                                                                                                                                                                | 54      | Date WSG and RBIG Annual Implementation Plan submitted to Department of Water and Sanitation                                                      | Date            |         |                                | N/A                                                                                                                                      | Due in Q4               | N/A                                                                                                                                         |                       | Due in Q4                                                                                                                                    | Due in Q4                         | Planning Services      | Due in Q4 |                     |                                       | Proof of submission and copy of WSG and RBIG Annual Implementation Plan report                           |
| Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement                                                 | 55      | Date PMU Business Plan submitted to KZN-COGTA                                                                                                     | Date            |         |                                | N/A                                                                                                                                      | Due in Q4               | N/A                                                                                                                                         |                       | Due in Q4                                                                                                                                    | Due in Q4                         | Planning Services      | Due in Q4 |                     |                                       | Proof of submission and copy of PMU Business Plan report                                                 |
|                                                                                                                                                                                | 56      | Date Three Year Proforma Implementation Plan submitted to KZN-COGTA                                                                               | Date            |         |                                | N/A                                                                                                                                      | Due in Q3               | N/A                                                                                                                                         |                       | Due in Q3                                                                                                                                    | Due in Q3                         | Planning Services      | Due in Q3 |                     |                                       | Proof of submission and copy of three year proforma Implementation plan                                  |
|                                                                                                                                                                                | 57      | Date MSA Sec 118(a) MFWA 16(1), 24(2), 53(1) (c)-(f), 62(1)(f), 79(1)(c) Policies and bylaws submitted to the Council                             | Date            | N/A     |                                | N/A                                                                                                                                      | Due in Q4               | N/A                                                                                                                                         |                       | Due in Q4                                                                                                                                    | Due in Q4                         | Corporate Services     | Due in Q4 |                     |                                       | Council resolutions and copy of policies and bylaws                                                      |
|                                                                                                                                                                                |         |                                                                                                                                                   |                 |         |                                |                                                                                                                                          |                         |                                                                                                                                             |                       |                                                                                                                                              |                                   |                        |           |                     |                                       |                                                                                                          |

KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT

| Strategic Objective(SO)                                                                                                        | KPI No. | Key Performance Indicator                                                                               | Unit of Measure | Formula | Responsible Department | Target Q1                                                                                       | Actual Q1 - 30 Sep 2021 | Target Q2 31 Dec 2022                                                                | Actual Q2 31 Dec 2021 | Mid year Target                                                                                    | Mid year Actual | Target date / reporting frequency | Responsible Department | STATUS    | Portfolio of Evidence                                                   |                                                               |
|--------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------------------------------------------------------------------------------------|-----------------|---------|------------------------|-------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|------------------------|-----------|-------------------------------------------------------------------------|---------------------------------------------------------------|
|                                                                                                                                |         |                                                                                                         |                 |         |                        | Target Q1                                                                                       | Actual Q1 - 30 Sep 2021 | Target Q2 31 Dec 2022                                                                | Actual Q2 31 Dec 2021 | Mid year Target                                                                                    | Mid year Actual | Target date / reporting frequency | Responsible Department | STATUS    |                                                                         |                                                               |
| Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement | 58      | Number of policy workshops conducted for ZDM employees per quarter                                      | Number          | N/A     | SO 5.1.1               | 1 policy workshop conducted for ZDM employees per quarter                                       | 1                       | 1 policy workshop conducted for ZDM employees per quarter                            | 1                     | 2 policy workshops conducted for ZDM employees by 31 Dec 2022                                      | 2               | Quarterly                         | Corporate Services     | Achieved  | Notice, Attendance Register and copy of presentations made              |                                                               |
|                                                                                                                                | 59      | Number of ZDM employees trained on Batho Pele principles per quarter                                    | Number          | N/A     |                        | 30 ZDM employees trained on Batho Pele principles per quarter                                   | 45                      | 30 ZDM employees trained on Batho Pele principles per quarter                        | 35                    | 60 ZDM employees trained on Batho Pele principles by 31 Dec 2022                                   | 80              | Quarterly                         | Corporate services     | Achieved  | Notice, Attendance Register and copy of presentations made              |                                                               |
|                                                                                                                                | 60      | Number workshop conducted on labour relations matters to ZDM employees per quarter                      | Number          | N/A     |                        | 1 workshop conducted on labour relations matters to ZDM employees per quarter                   | 1                       | 1 workshop conducted on labour relations matters to ZDM employees per quarter        | 1                     | 2 workshop conducted on labour relations matters to ZDM employees by 31 Dec 2022                   | 2               | Quarterly                         | Corporate Services     | Achieved  | Notice, Attendance Register and copy of presentations made              |                                                               |
|                                                                                                                                | 61      | Date WSP report submitted to LSSETA                                                                     | Date            | N/A     |                        | N/A                                                                                             | Due in Q4               | N/A                                                                                  |                       | Due in Q4                                                                                          | Due in Q4       | 30-Jun-23                         | Corporate services     | Due in Q4 |                                                                         | Copy of WSP Report and Proof of submission                    |
|                                                                                                                                | 62      | Date employment equity plan reports submitted to Department of Labour                                   | Date            | N/A     | SO 5.1.2               | N/A                                                                                             | Due in Q3               | N/A                                                                                  |                       | Due in Q3                                                                                          | Due in Q3       | 31-Mar-23                         | Corporate Services     | Due in Q3 |                                                                         | Proof of submission and copy of employment equity plan report |
| Promoting sound labour relations through armonizing effective human resource practices                                         | 63      | Date employment equity plan reports submitted to Council                                                | Date            | N/A     |                        | N/A                                                                                             | Due in Q4               | Due in Q4                                                                            |                       | Due in Q4                                                                                          | Due in Q4       | 31-Dec-22                         | Corporate Services     | Due in Q4 |                                                                         | Council resolution and Employment equity Plan                 |
|                                                                                                                                | 64      | Date 2023/2024 ZDM organogram approved by council                                                       | Date            | N/A     |                        | N/A                                                                                             | Due in Q4               | N/A                                                                                  |                       | Due in Q4                                                                                          | Due in Q4       | 30-Jun-23                         | Corporate Services     | Due in Q4 |                                                                         | Council Resolution and organogram                             |
|                                                                                                                                | 65      | Number of District monthly statistics report submissions to Provincial Department of Health per quarter | Number          | N/A     | SO 5.1.3               | 3 District monthly statistics report submissions to Provincial Department of Health per quarter | 7                       | 3 District monthly statistics reports to Provincial Department of Health per quarter | 7                     | 6 District monthly statistics report submissions to Provincial Department of Health by 31 Dec 2022 | 14              | Quarterly                         | Community Services     | Achieved  | Proof of Submission and soft copy of district monthly statistics report |                                                               |

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| Strategic Objective(SO)                                                                                                              | KPI No. | Key Performance Indicator                                                                                                                 | Unit of Measure | Formula | UP Strategic Objective Ref No. | QUARTERLY TARGETS      |                        |                        |                                                                                                                                   | Mid Year        |                 | Target date / reporting frequency | Responsible Department | STATUS    | REASON FOR VARIANCE | MEASURES TAKEN TO IMPROVE PERFORMANCE | Portfolio of Evidence                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|--------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------------------------|------------------------|-----------|---------------------|---------------------------------------|--------------------------------------------------------------------------|
|                                                                                                                                      |         |                                                                                                                                           |                 |         |                                | Target Q1: 30 Sep 2022 | Actual Q1: 30 Sep 2022 | Target Q2: 31 Dec 2022 | Actual Q2: 31 Dec 2022                                                                                                            | Mid year Target | Mid year Actual |                                   |                        |           |                     |                                       |                                                                          |
| Monitor, review and progressively improve service delivery performance, systems, performance auditing, risk management and oversight | 66      | Number of Quarterly evaluation reports on integrated grant EPWP submitted to Department of Public Works per quarter                       | Number          | N/A     |                                | 1                      | 1                      | 1                      | Quarterly evaluation report on integrated grant EPWP submitted to Department of Public Works per quarter                          | 2               | 2               | Quarterly                         | Community Services     | Achieved  |                     |                                       | Proof of submission and Quarterly evaluation reports                     |
|                                                                                                                                      | 67      | Number of integrated grant expenditure reports submitted to the Department of Public Works per quarter                                    | Number          | N/A     |                                | 3                      | 3                      | 3                      | 3 integrated grant expenditure reports submitted to the Department of Public Works per quarter                                    | 6               | 6               | Quarterly                         | Community service      | Achieved  |                     |                                       | Acknowledgment of receipts and copies of expenditure reports             |
|                                                                                                                                      | 68      | Date of submission of narrative 2021/2022 Annual Report on EPWP to Department of Public Works                                             | Date            | N/A     |                                |                        |                        | N/A                    | N/A                                                                                                                               |                 |                 | 15-Jul-22                         | Community Services     | Achieved  |                     |                                       | Proof of submission and copy of report                                   |
|                                                                                                                                      | 69      | Number of MIG Claims uploaded onto MIG MIS and submission of the MIG Expenditure and Commitments Schedule (MECS) to KZN-COSTA per quarter | Number          |         |                                | 3                      | 3                      | 3                      | 3 MIG Claims uploaded onto MIG MIS and submission of the MIG Expenditure and Commitments Schedule (MECS) to KZN-COSTA per quarter | 6               | 6               | Quarterly                         | Planning Services      | Achieved  |                     |                                       | Print screen of systems upload                                           |
|                                                                                                                                      | 70      | Number of WSG and RBIG QPE Reports submitted to Department of Water & Sanitation per quarter                                              | Number          |         |                                | 2                      | 2                      | 0                      | 1 WSG and RBIG QPE Report submitted to Department of Water & Sanitation per quarter                                               | 2               | 2               | Quarterly                         | Planning Services      | Achieved  |                     |                                       | Proof of Submission and copy of report                                   |
|                                                                                                                                      | 71      | Date MIG Annual Performance Evaluation Report submitted to KZN-COSTA                                                                      | Date            |         |                                | 31 August 2022         |                        | N/A                    | N/A                                                                                                                               |                 |                 | 30-Sep-22                         | Planning Services      | Achieved  |                     |                                       | Proof of Submission and copy of MIG Annual Performance Evaluation Report |
|                                                                                                                                      | 72      | Number of MIG Expenditure Proof of Payments uploaded to KZN-COSTA on MIG MIS per quarter                                                  | Number          |         |                                | 3                      | 3                      | 3                      | 3 MIG Expenditure Proof of Payments uploaded to KZN-COSTA on MIG MIS per quarter                                                  | 6               | 6               | Quarterly                         | Planning Services      | Achieved  |                     |                                       | Proof of Submission and proof of payments                                |
|                                                                                                                                      | 73      | Number of WSG and RBIG Monthly Reports (SR) submitted to Department of Water & Sanitation per quarter                                     | Number          |         |                                | 3                      | 3                      | 3                      | 3 WSG and RBIG Monthly Reports (SR) submitted to Department of Water & Sanitation per quarter                                     | 6               | 6               | Quarterly                         | Planning Services      | Achieved  |                     |                                       | Proof of Submission and copy WSG and RBIG monthly report                 |
|                                                                                                                                      | 74      | Date Final 2023/2024 DP submitted to Council for adoption                                                                                 | Date            | N/A     |                                |                        |                        | N/A                    | N/A                                                                                                                               |                 |                 | 31-May-23                         | Planning Services      | Due in Q4 |                     |                                       | Council Resolution and copy of final DP                                  |
|                                                                                                                                      | 75      | Date final SDBP 2023/2024 submitted to the Mayor                                                                                          | Date            | N/A     |                                |                        |                        | N/A                    | N/A                                                                                                                               |                 |                 | 28-Jun-2023                       | OMM                    | Due in Q4 |                     |                                       | Proof of Submission and signed SDBP                                      |
|                                                                                                                                      | 76      | Date Annual Report adopted by Council                                                                                                     | Date            | N/A     |                                |                        |                        | N/A                    | N/A                                                                                                                               |                 |                 | 31-Jan-23                         | Planning Services      | Due in Q3 |                     |                                       | Council Resolution and copy of annual report                             |
|                                                                                                                                      | 77      | Date 2021/2022 AFS submitted to AG                                                                                                        | Date            | N/A     |                                | 31 Aug 2022            |                        | N/A                    | Reported in Q1                                                                                                                    |                 |                 | 31-Aug-22                         | Budget & Treasury      | Achieved  |                     |                                       | Proof of submission and copy of AFS                                      |
|                                                                                                                                      | 78      | Date AFS unqualified audit report achieved                                                                                                | Date            | N/A     |                                |                        |                        | N/A                    | 30-Nov-22                                                                                                                         |                 |                 | 31-Dec-2022                       | Budget & Treasury      | Achieved  |                     |                                       | Audit Report                                                             |
|                                                                                                                                      | 79      | Date APR unqualified audit opinion 2021/2022 achieved                                                                                     | Date            | N/A     |                                |                        |                        | N/A                    | 30-Nov-22                                                                                                                         |                 |                 | 31-Dec-2022                       | OMM                    | Achieved  |                     |                                       | Audit Report                                                             |
|                                                                                                                                      | 80      | Date AG corrective action plan developed                                                                                                  | Date            | N/A     |                                |                        |                        | N/A                    | 15-Dec-22                                                                                                                         |                 |                 | 31-Dec-2022                       | OMM                    | Achieved  |                     |                                       | Copy Action Plan                                                         |
|                                                                                                                                      | 81      | Percentage of resolved issues as per corrective action plan targets                                                                       | Percentage      | N/A     |                                |                        |                        | N/A                    | Due in Q4                                                                                                                         |                 |                 | 30-Jun-23                         | Budget & Treasury      | Due in Q4 |                     |                                       | Updated action plan                                                      |
|                                                                                                                                      | 82      | Number of MIG reports submitted to Internal Audit per quarter                                                                             | Number          | N/A     | SO 5.1.4                       | 1                      | 1                      | 1                      | 1 MIG report submitted to Internal Audit per quarter                                                                              | 2               | 2               | Quarterly                         | OMM                    | Achieved  |                     |                                       | Proof of submission                                                      |

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| Strategic Objective(SO)                                                                                                       | KPI No. | Key Performance Indicator                                                                                         | Unit of Measure | Formula | UP Strategic Objective Ref No. | QUARTERLY TARGETS                                                                                            |                         |                                                                                                            | Mid Year              |                                                                                                                |                      | Target date / reporting frequency | Responsible Department | STATUS       | REASON FOR VARIANCE                                                    | MEASURES TAKEN TO IMPROVE PERFORMANCE                            | Portfolio of Evidence                           |
|-------------------------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------|-----------------|---------|--------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------------|------------------------|--------------|------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------|
|                                                                                                                               |         |                                                                                                                   |                 |         |                                | Target Q1 - 30 Sep 2022                                                                                      | Actual Q1 - 30 Sep 2022 | Target Q2 31 Dec 2022                                                                                      | Actual Q2 31 Dec 2022 | Mid year Target                                                                                                | Mid year Actual      |                                   |                        |              |                                                                        |                                                                  |                                                 |
| Establishing consistency and alignment between the district and local by regular co-ordination of intergovernmental relations | 83      | Date Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA                                        | Date            | N/A     |                                | Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA by 14 Aug 2022                         | 12 Aug 22               | N/A                                                                                                        | Reported in Q1 2021   | Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA by 14 Aug 2022                           | 12 Aug 22            | 14 Aug 22                         | OMM                    | Achieved     |                                                                        | Proof of submissions and signed performance agreements           |                                                 |
|                                                                                                                               | 84      | Date Performance Agreements for ZDM Senior Managers submitted in print and electronic platforms by 30 August 2022 | Date            | N/A     |                                | Performance Agreements for ZDM Senior Managers submitted in print and electronic platforms by 30 August 2022 | 12 Aug 22 & 15 Aug 2022 | N/A                                                                                                        | Reported in Q1        | Performance Agreements for ZDM Senior Managers submitted in print and electronic platforms by 30 August 2022   | 12 Aug & 15 Aug 2022 | 30 Aug 22                         | OMM                    | Achieved     |                                                                        | Copy of advert and print screen of ZDM website                   |                                                 |
|                                                                                                                               | 85      | Date Internal Audit Plan 2022/2023 submitted to Audit Committee for adoption                                      | Date            | N/A     |                                | Internal Audit Plan 2022/2023 submitted to Audit Committee for adoption by 30 Sept 2022                      | 26 Sep 2022             | N/A                                                                                                        | Reported in Q1        | Internal Audit Plan 2022/2023 submitted to Audit Committee for adoption by 30 Sept 2022                        | 26 Sep 2022          | 30 Sep 2022                       | OMM                    | Achieved     |                                                                        | Internal Audit Plan and Audit Committee minutes                  |                                                 |
|                                                                                                                               | 86      | Number of Consolidated Internal Audit reports submitted to the Audit committee per quarter                        | Number          | N/A     |                                | 1 Consolidated Internal Audit report submitted to the Audit committee per quarter                            | 2                       | 1 Consolidated Internal Audit report submitted to the Audit committee per quarter                          | 1                     | 2 Consolidated Internal Audit reports submitted to the Audit committee by 31 Aug 2022                          | 3                    | Quarterly                         | OMM                    | Achieved     |                                                                        | IA reports and Audit Committee minutes                           |                                                 |
|                                                                                                                               | 87      | Number of Audit Committee meetings coordinated per quarter                                                        | Number          | N/A     |                                | 1 Audit committee meeting coordinated per quarter                                                            | 2                       | 1 Audit committee meeting coordinated per quarter                                                          | 1                     | 2 Audit committee meetings coordinated by 31 Dec 2022                                                          | 3                    | Quarterly                         | OMM                    | Achieved     |                                                                        | Notice, Agenda, Minutes and attendance register                  |                                                 |
|                                                                                                                               | 88      | Date ZDM Annual Performance Report submitted to AG                                                                | Date            | N/A     |                                | ZDM Annual Performance Report submitted to AG by 31 August 2022                                              | 31 August 2022          | N/A                                                                                                        | Reported in Q1        | ZDM Annual Performance Report submitted to AG by 31 August 2022                                                | 31 Aug 2022          | 31 Aug 22                         | OMM                    | Achieved     |                                                                        | Proof of submission and copy of the APN                          |                                                 |
|                                                                                                                               | 89      | Number of MPMR Sec 14 (2)(b) meetings in relation to Audit Committee secretariat services provided per quarter    | Number          | N/A     |                                | 1 MPMR Sec 14 (2)(b) meeting in relation to Audit Committee secretariat services provided held per quarter   | 2                       | 1 MPMR Sec 14 (2)(b) meeting in relation to Audit Committee secretariat services provided held per quarter | 1                     | 2 MPMR Sec 14 (2)(b) meetings in relation to Audit Committee secretariat services provided held by 31 Dec 2022 | 3                    | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 90      | Number of EXCO Meetings coordinated per quarter                                                                   | Number          | N/A     |                                | 1 EXCO Meeting coordinated per quarter                                                                       | 3                       | 1 EXCO Meeting coordinated per quarter                                                                     | 4                     | 2 EXCO Meetings coordinated by 31 Dec 2022                                                                     | 7                    | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 91      | Number of MSA Sec 79 (1) committee meetings coordinated per quarter                                               | Number          | N/A     |                                | 4 MSA Sec 79 (1) portfolio committee meetings coordinated per quarter                                        | 5                       | 4 MSA Sec 79 (1) portfolio committee meetings coordinated per quarter                                      | 7                     | 8 MSA Sec 79 (1) portfolio committee meetings coordinated by 31 Dec 2022                                       | 12                   | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 92      | Number of MPAC meetings coordinated per quarter                                                                   | Number          | N/A     |                                | 1 MPAC meeting coordinated per quarter                                                                       | 2                       | 1 MPAC meeting coordinated per quarter                                                                     | 1                     | 2 MPAC meetings coordinated by 31 Dec 2022                                                                     | 3                    | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 93      | Number of Council Meetings coordinated per quarter                                                                | Number          | N/A     |                                | 1 Council Meeting coordinated per quarter                                                                    | 1                       | 1 Council Meeting coordinated per quarter                                                                  | 4                     | 2 Council Meetings coordinated by 31 Dec 2022                                                                  | 5                    | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 94      | Number of Revenue Steering Committee meetings conducted per quarter                                               | Number          | N/A     |                                | 1 Revenue Steering Committee meeting conducted per quarter                                                   | 1                       | 1 Revenue Steering Committee meeting conducted per quarter                                                 | 1                     | 2 Revenue Steering Committee meetings conducted by 31 Dec 2022                                                 | 2                    | Quarterly                         | Budget & Treasury      | Achieved     |                                                                        | Notice, Agenda, Minutes and Attendance Register                  |                                                 |
|                                                                                                                               | 95      | Number of CT steering committee meetings held per quarter                                                         | Number          | N/A     |                                | 1 CT steering committee meeting held per quarter                                                             | 1                       | 1 CT steering committee meeting held per quarter                                                           | 1                     | 2 CT steering committee meetings held by 31 Dec 2022                                                           | 2                    | Quarterly                         | Corporate Services     | Achieved     |                                                                        | Notice, Agenda and attendance register                           |                                                 |
|                                                                                                                               | 96      | Number of Municipal Manager Technical ISB/ZDM meetings coordinated per quarter                                    | Number          | N/A     | SO 5.1.6                       | 1 Municipal Manager Technical ISB/ZDM meeting coordinated per quarter                                        | 0                       | 1 Municipal Manager Technical ISB/ZDM meeting coordinated per quarter                                      | 1                     | 2 Municipal Manager Technical ISB/ZDM meetings coordinated by 31 Dec 2022                                      | 1                    | Quarterly                         | OMM                    | Not Achieved | Municipality recently appoint the ISB Officer in the upcoming quarters | Meas evaluation of meeting will be done in the upcoming quarters | Notice, Agenda, Minutes and Attendance Register |
|                                                                                                                               | 97      | Number of Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM per quarter   | Number          | N/A     |                                | 1 Provincial Council for AIDS (PCA) presentation submitted to Office of the Premier by ZDM per quarter       | 1                       | 1 Provincial Council for AIDS (PCA) presentation submitted to Office of the Premier by ZDM per quarter     | 1                     | 2 Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM by 31 Dec 2022     | 2                    | Quarterly                         | Community Services     | Achieved     |                                                                        | Copy of PCA presentations and proof submission                   |                                                 |
|                                                                                                                               | 98      | Number of reports submitted to Community Services Portfolio Committee on Civil Society Forum per quarter          | Number          | N/A     |                                | 1 report submitted to Community Services Portfolio Committee on Civil Society Forum per quarter              | 0                       | 1 report submitted to Community Services Portfolio Committee on Civil Society Forum per quarter            | 0                     | 2 reports submitted to Community Services Portfolio Committee on Civil Society Forum by 31 Dec 2022            | 0                    | Quarterly                         | Community Services     | Not Achieved | Civil society forum sat after the portfolio committee meeting.         | Reports to be tabled in the next portfolio meeting.              | Proof of submission and copy of the report      |
|                                                                                                                               | 99      | Number of ZDM EPWP forum meetings conducted per quarter                                                           | Number          | N/A     |                                | 1 ZDM EPWP forum meeting conducted per quarter                                                               | 1                       | 1 ZDM EPWP forum meeting conducted per quarter                                                             | 1                     | 2 ZDM EPWP forum meetings conducted by 31 Dec 2022                                                             | 2                    | Quarterly                         | Community Services     | Achieved     |                                                                        | Notice, Agenda, Attendance register and minutes                  |                                                 |
|                                                                                                                               | 100     | Number of ZDM Tourism Forum meetings held per quarter                                                             | Number          | N/A     |                                | 1 ZDM Tourism Forum meeting held per quarter                                                                 | 1                       | 1 ZDM Tourism Forum meeting held per quarter                                                               | 1                     | 2 ZDM Tourism Forum meetings held by 31 Dec 2022                                                               | 2                    | Quarterly                         | Community Services     | Achieved     |                                                                        | Notice, Agenda, Attendance register and minutes                  |                                                 |

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## 6. DETAILED CAPITAL WORKS PLAN

|                                             |
|---------------------------------------------|
| 2021/22 APPROVED ROLLOVER                   |
| 2022/23 Allocation (Current + Carried over) |
| Certified Expenditure Year to Date          |
| AMOUNT LEFT TO SPEND - 2022/23              |
| <b>Total Commitment for 2022/23</b>         |

| Table 1: MG Registered Projects |                             |                                                                 |                    |                                 |                                         |                   |                               |                |                 |                |                |                |                |                |                |                |                |                |                |
|---------------------------------|-----------------------------|-----------------------------------------------------------------|--------------------|---------------------------------|-----------------------------------------|-------------------|-------------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agent                           | Provincial Reference Number | Project Title (as per MG 1 form)                                | Project Status     | Approved MG Funding (NOR / AFA) | Actual Project Cost (Tender sum + fees) | Potential Savings | Total Previous MG Expenditure | Jul            | Aug             | Sep            | Oct            | Nov            | Dec            | Jan            | Feb            | Mar            | Apr            | May            | Jun            |
|                                 |                             |                                                                 |                    |                                 |                                         |                   |                               | (Certified)    | (Certified)     | (Certified)    | (Certified)    | (Certified)    | (Certified)    | (Projected)    | (Projected)    | (Projected)    | (Projected)    | (Projected)    | (Projected)    |
| DC26                            | DC26                        | PMU 2022/23                                                     | Construct: 80%     | 88 062 056.73                   | 12 676 500.00                           | 0.00              | 12 765 552.70                 | 0.00           | 0.00            | 2 704 492.26   | 1 457 448.29   | 1 284 563.33   | 1 218 337.87   | 1 081 375.00   | 1 081 375.00   | 1 081 375.00   | 1 081 375.00   | 1 081 375.00   | 1 081 375.00   |
| DC26                            | 2006MGDC265325              | Uuthu RWSS Phase 3                                              | Construct: 80%     | 89 093 640.00                   | 89 093 640.00                           | 0.00              | 81 857 882.81                 | 0.00           | 79 850.25       | 2 188 092.67   | 975 408.07     | 365 024.18     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Practical Comp. |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2006MGDC265333              | Khama RWSS Water Supply AFA                                     | Construct: 60%     | 74 785 687.00                   | 74 785 687.00                           | 0.00              | 46 812 229.98                 | 1 649 000.55   | 1 759 143.39    | 2 458 376.59   | 454 828.47     | 0.00           | 326 227.08     | 0.00           | 2 333 685.00   | 1 072 450.00   | 953 875.00     | 1 017 450.00   | 1 533 660.00   |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 60% | Construct: 60%  | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2006MGDC265334              | Hlabidinda Mondlo Regional Water Supply                         | Construct: 80%     | 167 579 680.00                  | 167 579 680.00                          | 0.00              | 146 328 820.45                | 0.00           | 0.00            | 3 075 448.53   | 0.00           | 0.00           | 0.00           | 0.00           | 1 022 540.00   | 987 540.00     | 954 575.00     | 1 554 575.00   | 1 025 476.00   |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Tender adv.    | Contr. Award   | Contr. Award   | Contr. Award   | Contr. On Site |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2006MGDC265336              | Sindigaisha East RWSS Phase 1                                   | Construct: 80%     | 25 083 733.70                   | 25 083 733.70                           | 0.00              | 22 228 552.67                 | 105 840.47     | 71 760.18       | 327 799.15     | 0.00           | 0.00           | 396 663.49     | 67 684.40      | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2008MGDC26155601            | Gumbi Emergency Water Supply                                    | Construct: 80%     | 26 464 362.00                   | 26 464 362.00                           | 0.00              | 23 862 885.30                 | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 355 456.00     | 355 456.00     | 476 540.00     | 923 251.70     | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2009MGDC26171056            | Uuthu Regional Water Supply Scheme Phase 05                     | Construct: 80%     | 695 847 909.96                  | 463 237 000.00                          | 202 610 909.96    | 423 499 320.50                | 10 133 507.10  | 3 189 278.85    | 2 950 515.99   | 219 655.75     | 2 536 053.66   | 5 617 057.87   | 1 808 985.00   | 653 917.45     | 509 164.00     | 2 270 861.35   | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2009MGDC26171057            | Nuonjeni Regional Water Supply Scheme Phase 04                  | Construct: 80%     | 310 103 565.51                  | 310 103 565.51                          | 0.00              | 259 058 400.40                | 0.00           | 0.00            | 0.00           | 458 193.50     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2012MGDC26207602            | Sindigaisha East Water Supply - Phase 2 (AFA) MIS #19883        | Construct: 80%     | 122 054 260.08                  | 122 054 260.08                          | 0.00              | 93 419 756.63                 | 5 801 682.88   | 0.00            | 0.00           | 6 104 615.20   | 0.00           | 0.00           | 0.00           | 2 111 005.00   | 0.00           | 140 338.05     | 1 098 743.00   | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2013MGDC26213508            | Sindigaisha Central Water Supply Project- Phase 3               | Construct: 80%     | 148 008 808.34                  | 148 008 808.34                          | 0.00              | 115 238 888.53                | 0.00           | 1 971 468.09    | 4 998 416.15   | 0.00           | 1 405 094.47   | 1 738 099.41   | 1 628 794.60   | 1 340 280.10   | 1 112 635.00   | 1 038 100.35   | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2013MGDC26220802            | Zululand Rudimentary Water Supply Programme - Phase 4 (AFA) MIS | Construct: 80%     | 218 988 225.52                  | 218 988 225.52                          | 0.00              | 179 953 131.75                | 414 724.07     | 0.00            | 4 786 549.85   | 3 025 182.89   | 1 414 581.48   | 5 329 574.92   | 0.00           | 896 745.00     | 1 023 547.00   | 1 208 455.92   | 987 500.00     | 845 812.00     |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2014MGDC26216437            | Mandlaakar Regional Water Supply - Phase 5                      | Construct: 20%     | 447 769 410.25                  | 447 768 410.25                          | 0.00              | 73 951 707.22                 | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 3 068 575.00   | 1 055 775.00   | 1 327 082.30   | 1 061 465.41   | 1 007 489.00   |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 40% | Construct: 40%  | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2015MGDC26233042            | Zululand Rural Sanitation - Phase 2D (AFA) MIS 306608 (AFA) MIS | Construct: 80%     | 289 064 643.72                  | 289 064 643.72                          | 0.00              | 381 400 669.74                | 732 610.38     | 0.00            | 6 637 315.92   | 4 960 207.19   | 1 151 015.74   | 10 783 169.27  | 1 413 039.43   | 1 225 384.28   | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2017MGDC26241079            | Zululand Small Water Supply Scheme                              | Contractor on Site | 12 818 000.00                   | 12 818 000.00                           | 0.00              | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 1 755 640.75   | 1 125 997.75   | 1 020 547.98   | 999 941.00     | 1 300 365.00   |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 60% | Construct: 60%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2019MGDC26316822            | Sindigaisha West RWSS Phase 3                                   | Construct: 20%     | 500 857 120.01                  | 500 857 120.01                          | 0.00              | 90 954 381.49                 | 1 065 818.36   | 0.00            | 3 067 544.70   | 0.00           | 0.00           | 6 657 184.03   | 4 008 065.00   | 1 330 473.14   | 1 502 546.00   | 1 442 550.00   | 1 888 028.52   | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 40% | Construct: 40%  | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2020MGDC26371424            | Zululand Rudimentary Water Supply Programme - Phase 5           | Design & Tender    | 159 694 096.80                  | 159 694 096.80                          | 0.00              | 115 238 888.53                | 6 810 215.64   | 3 619 052.68    | 0.00           | 2 077 086.26   | 0.00           | 1 880 002.40   | 1 545 604.33   | 2 001 159.60   | 2 043 680.00   | 2 010 785.00   | 1 274 124.78   | 729 111.00     |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 20% | Construct: 20%  | Construct: 20% | Construct: 20% | Construct: 20% | Construct: 20% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2021MGDC26419907            | Upgrading of Ulundi Water Treatment Works - Phase 1             | Construct: 40%     | 56 031 353.00                   | 56 031 353.00                           | 0.00              | 24 146 272.10                 | 0.00           | 17 629 656.92   | 2 473 713.41   | 5 032 527.67   | 890 827.31     | 0.00           | 893 436.98     | 983 804.48     | 1 707 550.00   | 0.00           | 704 804.56     | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 40% | Construct: 40%  | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 40% | Construct: 60% | Construct: 60% | Construct: 60% | Construct: 60% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            | 2021MGDC26418908            | Upgrading of Ulundi Water Treatment Works - Phase 2             | Design & Tender    | 159 279 945.00                  | 159 279 945.00                          | 0.00              | 0.00                          | 0.00           | 0.00            | 3 435 296.15   | 4 811 310.22   | 1 043 113.77   | 5 674 820.72   | 1 000 220.00   | 2 081 974.00   | 1 589 143.00   | 1 022 562.00   | 1 090 955.78   | 1 090 955.78   |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
| DC26                            |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Baseline Schedule             | Construct: 80% | Construct: 80%  | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% | Construct: 80% |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | Actual / Revised Schedule     |                |                 |                |                |                |                |                |                |                |                |                |                |
|                                 |                             |                                                                 |                    |                                 |                                         |                   | 0.00                          | 0.00           | 0.00            | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           | 0              |                |                |                |                |

| Table 2: MIG Projects to be Registered |                                                 |                                                    |                 |                       |  | 2022/23           |     |     |     |     |     |     |     |     |     |     |     |
|----------------------------------------|-------------------------------------------------|----------------------------------------------------|-----------------|-----------------------|--|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Agent                                  | Municipal Reference Number (MRC Resolution No.) | Project Title (to be used on MIG 1 form)           | Total Committed | Projected MIG Funding |  | Jul               | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| DC28                                   | Approval                                        | Zwuland Rural Sanitation - Phase 3                 |                 | 180 749 935.00        |  |                   |     |     |     |     |     |     |     |     |     |     |     |
|                                        | Approval                                        |                                                    |                 | 180 749 935.00        |  |                   |     |     |     |     |     |     |     |     |     |     |     |
|                                        |                                                 |                                                    |                 |                       |  | Baseline Schedule |     |     |     |     |     |     |     |     |     |     |     |
| DC28                                   |                                                 | Smelungentsha Central Water Supply Project-Phase 3 |                 |                       |  |                   |     |     |     |     |     |     |     |     |     |     |     |
|                                        |                                                 |                                                    |                 |                       |  | Baseline Schedule |     |     |     |     |     |     |     |     |     |     |     |

DC26 Zululand District Municipality  
12. IMPLEMENTATION OF MIG PROJECTS 3-year Cash flow  
Financial year: 2022/23  
Reporting Month: December 2022  
Compiled by: Simethembe Mkhize

| ALLOCATION & COMMITMENT SUMMARY |                |                |                |
|---------------------------------|----------------|----------------|----------------|
| 2024/25                         |                |                |                |
| Financial year                  | 2024/25        | 2024/25        | 2024/25        |
| Total MIG Allocation            | 259 530 000.00 | 271 716 000.00 | 264 684 000.00 |
| Total Committed                 | 259 530 000.00 | 271 716 000.00 | 264 684 000.00 |
| Total Variance                  | 0.00           | 0.00           | 0.00           |
| Table 2 Committed               | 0.00           | 0.00           | 0.00           |

|                |
|----------------|
| 100            |
| 259 530 000.00 |
| 271 716 000.00 |
| 154 285 387.81 |
| 105 244 812.19 |
| 259 530 000.00 |

Table 1: MIG Registered Projects

| Agent                     | Provincial Reference Number | Project Title (as per MIG 1 form)                               | Project Status     | Approved MIG [R'000 / AFA]                         | Actual Project Commitment [R'000 / AFA] | Potential Savings         | Total Previous MIG Expenditure | Total (Certified + Projected) |
|---------------------------|-----------------------------|-----------------------------------------------------------------|--------------------|----------------------------------------------------|-----------------------------------------|---------------------------|--------------------------------|-------------------------------|
| DC26                      | DC26 PMU                    | PMU 2022/23                                                     | PMU                | 89 093 096.73                                      | 12 976 500.00                           | 0.00                      | 75 085 556.73                  | 12 089 717.25                 |
| DC26                      | 2008MIGDC265325             | Usuthu RWSS Phase 3                                             | Construct: 80%     | 89 093 040.00                                      | 89 093 040.00                           | 0.00                      | 81 157 862.81                  | 3 608 373.17                  |
| DC26                      | 2008MIGDC265333             | Khambi RWSS Water Supply AFA                                    | Construct: 60%     | 74 785 687.00                                      | 74 785 687.00                           | Actual / Revised Schedule | Actual / Revised Schedule      | 13 912 388.72                 |
| DC26                      | 2008MIGDC265334             | Hahindolai Mondlo Regional Water Supply                         | Construct: 80%     | 167 579 680.00                                     | 167 579 680.00                          | Actual / Revised Schedule | Actual / Revised Schedule      | 8 620 156.53                  |
| DC26                      | 2008MIGDC265336             | Simdlangatsha East RWSS Phase 1                                 | Construct: 80%     | 25 683 733.70                                      | 25 683 733.70                           | Actual / Revised Schedule | Actual / Revised Schedule      | 971 767.69                    |
| DC26                      | 2008MIGDC26165601           | Gumbi Emergency Water Supply                                    | Construct: 80%     | 26 464 362.00                                      | 26 464 362.00                           | Actual / Revised Schedule | Actual / Revised Schedule      | 2 110 712.70                  |
| DC26                      | 2009MIGDC26171056           | Usuthu Regional Water Supply Scheme Phase 05                    | Construct: 80%     | 665 847 909.96                                     | 463 237 000.00                          | 202 610 909.96            | 423 499 320.50                 | 29 988 000.12                 |
| DC26                      | 2009MIGDC26171057           | Nkonjeni Regional Water Supply Scheme Phase 04                  | Construct: 80%     | 310 103 565.51                                     | 310 103 565.51                          | Actual / Revised Schedule | Actual / Revised Schedule      | 456 193.50                    |
| DC26                      | 2012MIGDC26207602           | Simdlangatsha East Water Supply - Phase 2 (AFA) MIS 4119583     | Construct: 80%     | 122 054 260.08                                     | 122 054 260.08                          | Actual / Revised Schedule | Actual / Revised Schedule      | 15 256 384.13                 |
| DC26                      | 2013MIGDC26213506           | Simdlangatsha Central Water Supply Project: Phase 3             | Construct: 80%     | 148 006 806.34                                     | 148 006 806.34                          | Actual / Revised Schedule | Actual / Revised Schedule      | 15 228 898.17                 |
| DC26                      | 2013MIGDC26220802           | Zululand Rudimentary Water Supply Programme - Phase 4 (AFA) M   | Construct: 80%     | 218 998 225.52                                     | 218 998 225.52                          | Actual / Revised Schedule | Actual / Revised Schedule      | 10 930 473.73                 |
| DC26                      | 2014MIGDC26215437           | Mandlakazi Regional Water Supply - Phase 5                      | Construct: 20%     | 447 768 410.25                                     | 447 768 410.25                          | Actual / Revised Schedule | Actual / Revised Schedule      | 7 520 386.71                  |
| DC26                      | 2015MIGDC26233042           | Zululand Rural Sanitation - Phase 2D (AFA) MIS 309609 (AFA) MIS | Construct: 80%     | 289 064 643.72                                     | 289 064 643.72                          | Actual / Revised Schedule | Actual / Revised Schedule      | 27 302 784.21                 |
| DC26                      | 2017MIGDC26241079           | Zululand Small Water Supply Scheme                              | Contractor on Site | 12 818 000.00                                      | 12 818 000.00                           | Actual / Revised Schedule | Actual / Revised Schedule      | 6 202 486.48                  |
| DC26                      | 2019MIGDC26331622           | Simdlangatsha West RWSS Phase 3                                 | Construct: 20%     | 500 657 120.01                                     | 500 657 120.01                          | Actual / Revised Schedule | Actual / Revised Schedule      | 20 879 721.75                 |
| DC26                      | 2020MIGDC26371424           | Zululand Rudimentary Water Supply Programme - Phase 5           | Design & Tender    | 159 694 096.60                                     | 159 694 096.60                          | Actual / Revised Schedule | Actual / Revised Schedule      | 23 794 624.69                 |
| DC26                      | 2021MIGDC26419607           | Upgrading of Umdluli Water Treatment Works : Phase 1            | Construct: 40%     | 56 031 353.00                                      | 56 031 353.00                           | Actual / Revised Schedule | Actual / Revised Schedule      | 30 106 321.31                 |
| DC26                      | 2021MIGDC26419608           | Upgrading of Umdluli Water Treatment Works : Phase 2            | Design & Tender    | 159 279 945.00                                     | 159 279 945.00                          | Actual / Revised Schedule | Actual / Revised Schedule      | 21 949 628.64                 |
| DC26                      |                             |                                                                 |                    |                                                    |                                         | Actual / Revised Schedule | Actual / Revised Schedule      | 0.00                          |
| Insert new rows here ONLY |                             |                                                                 |                    |                                                    |                                         | Actual / Revised Schedule | Actual / Revised Schedule      | 0.00                          |
| Sub Total - Projects      |                             |                                                                 |                    | 3 562 183 497.62                                   | 3 284 497 030.93                        | 202 610 909.96            | 1 946 359 488.33               | 259 530 000.00                |
|                           |                             |                                                                 |                    | MONTHLY DORA TRANSFER PAYMENT (DRAWDOWN) SCHEDULE: |                                         |                           |                                |                               |
|                           |                             |                                                                 |                    | PROVINCIAL ACCUMULATIVE EXPENDITURE TARGET (%):    |                                         |                           |                                |                               |
|                           |                             |                                                                 |                    | MUNICIPAL ACCUMULATIVE CERTIFIED EXPENDITURE (%):  |                                         |                           |                                |                               |
|                           |                             |                                                                 |                    | 259 530 000.00                                     |                                         |                           |                                |                               |
|                           |                             |                                                                 |                    | 259 530 000.00                                     |                                         |                           |                                |                               |

Table 2: MIG Projects to be Registered

| Agent | Municipal Reference Number (IP or Council Contract No.) | Project Title (to be used on MIG 1 form)            | Project Status | Projected MIG Funding | Total Projected |
|-------|---------------------------------------------------------|-----------------------------------------------------|----------------|-----------------------|-----------------|
| DC26  | Approval                                                | Zululand Rural Sanitation - Phase 3                 | Approval       | 180 748 935.00        | 180 748 935.00  |
| DC26  | 2013MIGDC26213506                                       | Simdlangatsha Central Water Supply Project: Phase 3 |                |                       | 0.00            |

| ALLOCATION & COMMITMENT SUMMARY |               |               |               |  |
|---------------------------------|---------------|---------------|---------------|--|
| Financial year                  | 2022/23       | 2023/24       | 2024/25       |  |
| Total MIG Allocation            | 259 530 000,0 | 271 718 000,0 | 284 684 000,0 |  |
| Total Committed                 | 259 530 000,0 | 271 718 000,0 | 284 684 000,0 |  |
| Total Variance                  | 0,00          | 0,00          | 0,00          |  |
| Table 2 Committed               | 0,00          | 0,00          | 0,00          |  |

|                             |                |
|-----------------------------|----------------|
| 2022/23 ADJUSTMENTS         | 0,00           |
| 2022/23 DORA MIG Allocation | 259 530 000,00 |
| 2023/24 DORA MIG Allocation | 271 718 000,00 |
| 2024/25 DORA MIG Allocation | 284 684 000,00 |

| Table 1: MIG Registered Projects |                             |                                                                 |                    |                                   |                                         |                   |                                |                                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|----------------------------------|-----------------------------|-----------------------------------------------------------------|--------------------|-----------------------------------|-----------------------------------------|-------------------|--------------------------------|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agent                            | Provincial Reference Number | Project Title (as per MIG 1 form)                               | Project Status     | Approved MIG Funding (RUR + AFAs) | Actual Project Cost (Tender sum + fees) | Potential Savings | Total Previous MIG Expenditure | Balance against Approved Funding cost | Jul (Projected) | Aug (Projected) | Sep (Projected) | Oct (Projected) | Nov (Projected) | Dec (Projected) | Jan (Projected) | Feb (Projected) | Mar (Projected) | Apr (Projected) | May (Projected) |
| DC26                             | DC26 PMU                    | PMU 232/223                                                     | PMU                |                                   |                                         | 0.00              | 75 085 559.73                  | 886 72.25                             | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    | 1 132 158.33    |
| DC26                             | 2008MIGFC2635325            | Umluthu RWSS Phase 3                                            | Construct: 80%     | 89 093 940.00                     | 89 893 940.00                           | 0.00              | Baseline Schedule              | 4 327 384.02                          | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2008MIGFC2635333            | Khambi RWSS Water Supply AFA                                    | Construct: 60%     | 74 785 687.00                     | 74 785 687.00                           | 0.00              | Actual / Revised Schedule      | 14 461 088.32                         | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    | 1 003 859.38    |
| DC26                             | 2008MIGFC2635334            | Hlabisi/Indaba Mordio Regional Water Supply                     | Construct: 80%     | 167 578 680.00                    | 167 578 680.00                          | 0.00              | Actual / Revised Schedule      | 12 630 703.02                         | 1 000 155.00    | 2 302 154.00    | 3 021 840.00    | 1 339 865.00    | 1 102 015.00    | 1 021 570.00    | 780 864.02      | 2 057 311.00    | Practical Comp. | 0.00            | 0.00            |
| DC26                             | 2008MIGFC2635336            | Sindlingeni East RWSS Phase 1                                   | Construct: 80%     | 25 683 733.70                     | 25 683 733.70                           | 0.00              | Actual / Revised Schedule      | 2 483 383.34                          | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2008MIGFC263156001          | Gumbi Emergency Water Supply                                    | Construct: 80%     | 26 464 362.00                     | 26 464 362.00                           | 0.00              | Actual / Revised Schedule      | 400 744.00                            | 499 764.00      | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2008MIGFC26171056           | Umluthu Regional Water Supply Scheme Phase 05                   | Construct: 80%     | 665 847 909.96                    | 463 237 000.00                          | 202 610 909.96    | Actual / Revised Schedule      | 212 359 789.34                        | 2 554 875.00    | 2 021 452.00    | 1 067 933.43    | 2 081 152.34    | 1 727 922.41    | 1 727 922.41    | 3 702 585.00    | 1 660 439.60    | Practical Comp. | 0.00            | 477 844.63      |
| DC26                             | 2008MIGFC26171057           | Norujen Regional Water Supply Scheme Phase 04                   | Construct: 80%     | 310 103 565.51                    | 310 103 565.51                          | 0.00              | Actual / Revised Schedule      | 587 971.58                            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2012MIGFC26207602           | Sindlingeni East Water Supply - Phase 2 (AFA) MIS 419883        | Construct: 80%     | 122 054 260.08                    | 122 054 260.08                          | 0.00              | Baseline Schedule              | 13 378 117.30                         | 989 254.26      | 0.00            | 1 025 566.00    | 1 014 346.00    | 1 222 420.00    | 1 224 728.00    | 0.00            | 1 332 155.00    | 1 385 200.00    | 2 045 335.00    | 1 000 885.00    |
| DC26                             | 2013MIGFC26213508           | Sindlingeni/Intha Central Water Supply Project - Phase 3        | Construct: 80%     | 148 008 808.34                    | 148 008 808.34                          | 0.00              | Actual / Revised Schedule      | 17 539 021.64                         | 2 097 455.41    | 1 225 420.00    | 1 985 474.00    | 1 988 575.00    | 1 066 588.00    | 1 922 845.00    | 0.00            | 0.00            | 1 151 524.95    | 0.00            | 0.00            |
| DC26                             | 2013MIGFC26220802           | Zululand Rudimentary Water Supply Programme - Phase 4 (AFA) MIS | Construct: 80%     | 218 988 225.52                    | 218 988 225.52                          | 0.00              | Actual / Revised Schedule      | 19 504 020.04                         | 2 155 965.00    | 1 021 970.00    | 1 111 124.00    | 2 099 875.00    | 2 454 806.05    | 3 477 983.92    | 0.00            | 0.00            | 1 390 173.99    | 0.00            | 0.00            |
| DC26                             | 2014MIGFC26215407           | Mandlakazi Regional Water Supply - Phase 5                      | Construct: 20%     | 447 768 410.25                    | 447 768 410.25                          | 0.00              | Actual / Revised Schedule      | 306 296 316.32                        | 2 559 860.00    | 2 034 452.00    | 7 885 538.00    | 3 087 840.00    | 4 780 031.00    | 3 306 925.01    | 4 410 280.00    | 4 220 448.67    | 3 440 882.05    | 4 017 687.61    | 3 651 932.66    |
| DC26                             | 2015MIGFC26230342           | Zululand Rural Sanitation - Phase 2D (AFA) MIS 308608 (AFA) MIS | Construct: 80%     | 289 064 643.72                    | 289 064 643.72                          | 0.00              | Actual / Revised Schedule      | 321 189.77                            | 0.00            | 0.00            | 321 189.77      | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2017MIGFC26241079           | Zululand Small Water Supply Scheme                              | Contractor on Site | 12 818 000.00                     | 12 818 000.00                           | 0.00              | Actual / Revised Schedule      | 6 615 513.52                          | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| DC26                             | 2019MIGFC26331822           | Simalangisha West RWSS Phase 3                                  | Construct: 20%     | 500 857 120.01                    | 500 857 120.01                          | 0.00              | Actual / Revised Schedule      | 389 413 016.77                        | 274 050.77      | 2 001 245.00    | 3 025 845.00    | 2 012 158.00    | 3 960 752.00    | 2 999 658.00    | 564 112.92      | 5 021 688.00    | 8 991 285.00    | 9 020 071.00    | 2 555 655.00    |
| DC26                             | 2020MIGFC26371424           | Zululand Rudimentary Water Supply Programme - Phase 5           | Design & Tender    | 159 894 098.80                    | 159 894 098.80                          | 0.00              | Actual / Revised Schedule      | 115 899 772.11                        | 3 067 840.00    | 3 307 850.00    | 3 302 644.00    | 3 408 770.00    | 5 005 642.00    | 4 024 870.00    | 2 210 258.00    | 2 016 540.00    | 3 988 651.00    | 3 067 735.00    | 3 427 037.39    |
| DC26                             | 2021MIGFC26419907           | Upgrading of Umludi Water Treatment Works - Phase 1             | Construct: 40%     | 56 031 353.00                     | 56 031 353.00                           | 0.00              | Actual / Revised Schedule      | 1 778 759.59                          | 745 909.59      | 0.00            | 47 502.17       | 0.00            | 0.00            | 256 176.53      | 0.00            | 0.00            | 0.00            | 497 762.35      | 0.00            |
| DC26                             | 2021MIGFC26419908           | Upgrading of Umludi Water Treatment Works - Phase 2             | Design & Tender    | 159 279 945.00                    | 159 279 945.00                          | 0.00              | Actual / Revised Schedule      | 137 330 316.36                        | 3 908 988.00    | 4 585 578.00    | 4 068 550.00    | 5 107 440.00    | 4 665 874.00    | 3 021 542.00    | 2 201 574.00    | 3 399 854.00    | 2 853 575.74    | 3 078 458.00    | 3 944 975.00    |
| DC26                             |                             |                                                                 |                    |                                   |                                         | 0.00              | Actual / Revised Schedule      | 0.00                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Insert new rows here ONLY        |                             |                                                                 |                    |                                   |                                         |                   |                                |                                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Sub Total - Projects             |                             |                                                                 |                    |                                   |                                         |                   |                                |                                       | 21 869 734.75   | 21 05 983.72    | 29 00 124.09    | 24 264 509.06   | 29 979 154.71   | 24 863 892.06   | 17 005 691.66   | 21 844 823.99   | 25 337 420.05   | 23 863 136.68   | 16 191 488.01   |

[illegible]

DC26 Zululand District Municipality  
12 IMPLEMENTATION OF MIG PROJECTS 3-year Cash flow  
Financial year: 2022/23  
Reporting Month: December 2022  
Compiled by: Simethembe Mkhize

| ALLOCATION & COMMITMENT SUMMARY 2024/25 |                |                |                |      |
|-----------------------------------------|----------------|----------------|----------------|------|
| Financial year                          | 2024/25        |                |                |      |
| Total MIG Allocation                    | 259 530 000.00 | 271 716 000.00 | 284 684 000.00 |      |
| Total Committed                         | 259 530 000.00 | 271 716 000.00 | 284 684 000.00 |      |
| Total Variance                          | 0.00           | 0.00           | 0.00           |      |
| Table 2 Committed                       | 0.00           | 0.00           | 0.00           | 0.00 |

Table 1: MIG Registered Projects

| Agent                                                                                                                                                   | Provincial Reference Number | Project Title (as per MIG 1 form)                               | Project Status     | Approved MIG (R'000 + AFA) | Actual Project Commitment sum + fees | Potential Savings | Total Previous MIG Expenditure | Jun 2023/24 (Projected) | 2023/24 Total Projected | Balance          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------|--------------------|----------------------------|--------------------------------------|-------------------|--------------------------------|-------------------------|-------------------------|------------------|
| DC26                                                                                                                                                    | DC26 PMU                    | PMU 2022/23                                                     | PMU                | 89 092 096.73              | 12 976 500.00                        | 0.00              | 75 085 596.73                  | 0.00                    | 12 453 743.63           | -11 568 939.38   |
| DC26                                                                                                                                                    | 2006MIGDC265325             | Usuthu RWSS Phase 3                                             | Construct: 80%     | 89 093 640.00              | 89 093 640.00                        | 0.00              | 81 157 862.81                  | 0.00                    | 0.00                    | 4 327 384.02     |
| DC26                                                                                                                                                    | 2006MIGDC265333             | Khambi RWSS Water Supply AFA                                    | Construct: 60%     | 74 785 687.00              | 74 785 687.00                        | 0.00              | 46 812 229.96                  | 0.00                    | 12 038 593.90           | 2 422 494.42     |
| DC26                                                                                                                                                    | 2006MIGDC265334             | Hahindolale Mordis Regional Water Supply                        | Construct: 80%     | 167 579 680.00             | 167 579 680.00                       | 0.00              | 146 328 820.45                 | 0.00                    | 12 625 584.02           | 5 109.00         |
| DC26                                                                                                                                                    | 2006MIGDC265336             | Simdlangatsha East RWSS Phase 1                                 | Construct: 80%     | 25 683 733.70              | 25 683 733.70                        | 0.00              | 22 228 592.67                  | 0.00                    | 0.00                    | 2 483 383.34     |
| DC26                                                                                                                                                    | 2008MIGDC26165601           | Gumbi Emergency Water Supply                                    | Construct: 80%     | 26 464 362.00              | 26 464 362.00                        | 0.00              | 23 867 885.30                  | 0.00                    | 489 764.99              | 0.00             |
| DC26                                                                                                                                                    | 2009MIGDC26171056           | Usuthu Regional Water Supply Scheme Phase 05                    | Construct: 80%     | 665 847 909.96             | 463 237 000.00                       | 202 610 909.96    | 423 499 320.50                 | 119 340.43              | 17 141 932.25           | 195 217 887.09   |
| DC26                                                                                                                                                    | 2009MIGDC26171057           | Nkonjeni Regional Water Supply Scheme Phase 04                  | Construct: 80%     | 310 103 565.51             | 310 103 565.51                       | 0.00              | 305 059 400.43                 | 0.00                    | 0.00                    | 587 971.58       |
| DC26                                                                                                                                                    | 2012MIGDC26207602           | Simdlangatsha East Water Supply - Phase 2 (AFA) MIS 4119583     | Construct: 80%     | 122 054 260.08             | 122 054 260.08                       | 0.00              | 93 419 758.65                  | 2 126 673.10            | 13 377 682.36           | 434.94           |
| DC26                                                                                                                                                    | 2013MIGDC26213508           | Simdlangatsha Central Water Supply Project: Phase 3             | Construct: 80%     | 148 036 808.34             | 148 006 808.34                       | 0.00              | 115 238 886.53                 | 0.00                    | 11 448 032.36           | 6 090 989.28     |
| DC26                                                                                                                                                    | 2013MIGDC26220802           | Zululand Rudimentary Water Supply Programme - Phase 4 (AFA) M   | Construct: 80%     | 218 988 225.52             | 218 988 225.52                       | 0.00              | 179 563 131.75                 | 0.00                    | 13 716 797.56           | 5 703 822.48     |
| DC26                                                                                                                                                    | 2014MIGDC26215437           | Mandlakazi Regional Water Supply - Phase 5                      | Construct: 20%     | 447 768 410.25             | 447 768 410.25                       | 0.00              | 73 951 707.22                  | 3 410 574.54            | 46 777 391.54           | 319 518 924.78   |
| DC26                                                                                                                                                    | 2015MIGDC26233042           | Zululand Rural Sanitation - Phase 2D (AFA) MIS 309609 (AFA) MIS | Construct: 80%     | 289 064 643.72             | 289 064 643.72                       | 0.00              | 261 440 669.74                 | 0.00                    | 321 188.77              | 0.00             |
| DC26                                                                                                                                                    | 2017MIGDC26241079           | Zululand Small Water Supply Scheme                              | Contractor on Site | 12 818 000.00              | 12 818 000.00                        | 0.00              | 0.00                           | 0.00                    | 0.00                    | 6 615 613.52     |
| DC26                                                                                                                                                    | 2019MIGDC26331822           | Simdlangatsha West RWSS Phase 3                                 | Construct: 20%     | 500 657 120.01             | 500 657 120.01                       | 0.00              | 90 564 361.49                  | 4 604 262.59            | 45 121 763.28           | 344 391 233.49   |
| DC26                                                                                                                                                    | 2020MIGDC26371424           | Zululand Rudimentary Water Supply Programme - Phase 5           | Design & Tender    | 159 694 096.80             | 159 694 096.80                       | 0.00              | 0.00                           | 3 744 591.33            | 41 652 316.72           | 94 246 953.38    |
| DC26                                                                                                                                                    | 2021MIGDC26419807           | Upgrading of Umdlali Water Treatment Works : Phase 1            | Construct: 40%     | 56 031 353.00              | 56 031 353.00                        | 0.00              | 24 245 272.10                  | 0.00                    | 1 547 759.64            | 231 008.95       |
| DC26                                                                                                                                                    | 2021MIGDC26419808           | Upgrading of Umdlali Water Treatment Works : Phase 2            | Design & Tender    | 159 279 945.00             | 159 279 945.00                       | 0.00              | 0.00                           | 2 143 719.23            | 43 019 427.97           | 94 319 888.39    |
| DC26                                                                                                                                                    |                             |                                                                 |                    |                            |                                      | 0.00              | 0.00                           | 0.00                    | 0.00                    | 0.00             |
| Sub Total - Projects                                                                                                                                    |                             |                                                                 |                    | 3 562 183 497.62           | 3 284 497 030.93                     | 202 610 909.96    | 1 966 359 488.33               | 10 242 151.22           | 271 716 000.00          | 1 064 586 009.29 |
| MONTHLY DORA TRANSFER PAYMENT (DRAWDOWN) SCHEDULE<br>PROVINCIAL ACCUMULATIVE EXPENDITURE TARGET (%)<br>MUNICIPAL ACCUMULATIVE CERTIFIED EXPENDITURE (%) |                             |                                                                 |                    |                            |                                      |                   |                                |                         |                         |                  |

Table 2: MIG Projects to be Registered

| Agent | Municipal Reference Number (IP or Council Contract No.) | Project Title (to be used on MIG 1 form)            | Project Status | Projected MIG Funding | Jun | Total Projected | Balance        |
|-------|---------------------------------------------------------|-----------------------------------------------------|----------------|-----------------------|-----|-----------------|----------------|
| DC26  | Approval                                                | Zululand Rural Sanitation - Phase 3                 | Approval       | 180 748 935.00        |     | 0.00            | 180 748 935.00 |
| DC26  | 2013MIGDC26213508                                       | Simdlangatsha Central Water Supply Project: Phase 3 |                |                       |     | 0.00            | 0.00           |

Table 1: MIG Registered Projects

**DAILY DORA TRANSFER PAYMENT (DRAWDOWN) SCHEDULE:**

**Table 2: MIG Projects to be Registered**

DC26 Zululand District Municipality  
12. IMPLEMENTATION OF MIG PROJECTS 3-year Cash flow  
Financial year: 2022/23  
Reporting Month: December 2022  
Compiled by: Simethemba Mkhize

| ALLOCATION & COMMITMENT SUMMARY |                |                |                |  |
|---------------------------------|----------------|----------------|----------------|--|
| Financial year                  | 2022/23        | 2023/24        | 2024/25        |  |
| Total MIG Allocation            | 259 530 000.00 | 271 716 000.00 | 284 684 000.00 |  |
| Total Committed                 | 259 530 000.00 | 271 716 000.00 | 284 684 000.00 |  |
| Total Variance                  | 0.00           | 0.00           | 0.00           |  |
| Table 2 Committed               | 0.00           | 0.00           | 0.00           |  |

Table 1: MIG Registered Projects

| Agent                     | Provincial Reference Number | Project Title (as per MIG 1 form)                               | Project Status     | Approved MIG (R'000 / AFA)                         | Actual Project Commitment (R'000 + fees) | Potential Savings (R'000 / AFA) | Total Previous MIG Expenditure | 2024/25 Total Projected | Balance        |
|---------------------------|-----------------------------|-----------------------------------------------------------------|--------------------|----------------------------------------------------|------------------------------------------|---------------------------------|--------------------------------|-------------------------|----------------|
| DC26                      | DC26 PMU                    | PMU 2022/23                                                     | PMU                | 89 093 640.00                                      | 12 976 500.00                            | 0.00                            | 75 085 569.73                  | 12 453 741.63           | -24 820 101.11 |
| DC26                      | 2006MIGDC265325             | Usuthu RWSS Phase 3                                             | Construct: 80%     | 89 093 640.00                                      | 89 093 640.00                            | 0.00                            | 81 157 862.81                  | 0.00                    | 4 327 384.02   |
| DC26                      | 2006MIGDC265333             | Khambi RWSS Water Supply AFA                                    | Construct: 60%     | 74 785 687.00                                      | 74 785 687.00                            | 0.00                            | 46 812 229.96                  | 1 167 006.35            | 1 255 488.07   |
| DC26                      | 2006MIGDC265334             | Hahindolai Mondlo Regional Water Supply                         | Construct: 80%     | 167 579 680.00                                     | 167 579 680.00                           | 0.00                            | 146 328 820.45                 | 0.00                    | 5 109.00       |
| DC26                      | 2006MIGDC265336             | Simdlangatsha East RWSS Phase 1                                 | Construct: 80%     | 25 683 733.70                                      | 25 683 733.70                            | 0.00                            | 22 229 592.67                  | 0.00                    | 2 453 383.34   |
| DC26                      | 2008MIGDC26165601           | Gumbi Emergency Water Supply                                    | Construct: 80%     | 26 464 362.00                                      | 26 464 362.00                            | 0.00                            | 23 867 885.30                  | 0.00                    | 0.00           |
| DC26                      | 2009MIGDC26171056           | Usuthu Regional Water Supply Scheme Phase 05                    | Construct: 80%     | 665 847 909.96                                     | 463 237 000.00                           | 202 610 909.96                  | 423 499 320.50                 | 19 086 411.82           | 175 522 445.27 |
| DC26                      | 2009MIGDC26171057           | Nkonjeni Regional Water Supply Scheme Phase 04                  | Construct: 80%     | 310 103 565.51                                     | 310 103 565.51                           | 0.00                            | 308 059 400.43                 | 0.00                    | 587 971.26     |
| DC26                      | 2012MIGDC26207602           | Simdlangatsha East Water Supply - Phase 2 (AFA) MIS 4119583     | Construct: 80%     | 122 054 260.08                                     | 122 054 260.08                           | 0.00                            | 93 419 758.65                  | 0.00                    | 434.94         |
| DC26                      | 2013MIGDC26213506           | Simdlangatsha Central Water Supply Project: Phase 3             | Construct: 80%     | 148 006 806.34                                     | 148 006 806.34                           | 0.00                            | 115 238 886.53                 | 5 531 279.42            | 559 709.86     |
| DC26                      | 2013MIGDC26220802           | Zululand Rudimentary Water Supply Programme - Phase 4 (AFA) M   | Construct: 80%     | 218 998 225.52                                     | 218 998 225.52                           | 0.00                            | 170 563 131.75                 | 180 999.19              | 5 603 863.29   |
| DC26                      | 2014MIGDC26215437           | Mandlakazi Regional Water Supply - Phase 5                      | Construct: 20%     | 447 768 410.25                                     | 447 768 410.25                           | 0.00                            | 73 951 707.22                  | 39 777 381.54           | 279 741 533.24 |
| DC26                      | 2015MIGDC26233042           | Zululand Rural Sanitation - Phase 2D (AFA) MIS 309609 (AFA) MIS | Construct: 80%     | 289 064 643.72                                     | 289 064 643.72                           | 0.00                            | 261 440 669.74                 | 0.00                    | 0.00           |
| DC26                      | 2017MIGDC26241079           | Zululand Small Water Supply Scheme                              | Contractor on Site | 12 818 000.00                                      | 12 818 000.00                            | 0.00                            | 0.00                           | 0.00                    | 6 615 513.52   |
| DC26                      | 2019MIGDC26331622           | Simdlangatsha West RWSS Phase 3                                 | Construct: 20%     | 500 657 120.01                                     | 500 657 120.01                           | 0.00                            | 90 564 361.49                  | 71 206 463.36           | 273 084 770.13 |
| DC26                      | 2020MIGDC26371424           | Zululand Rudimentary Water Supply Programme - Phase 5           | Design & Tender    | 159 694 096.60                                     | 159 694 096.60                           | 0.00                            | 0.00                           | 66 652 318.72           | 27 594 634.67  |
| DC26                      | 2021MIGDC26419607           | Upgrading of Umlund Water Treatment Works : Phase 1             | Construct: 40%     | 56 031 353.00                                      | 56 031 353.00                            | 0.00                            | 24 626 272.10                  | 0.00                    | 231 008.95     |
| DC26                      | 2021MIGDC26419608           | Upgrading of Umlund Water Treatment Works : Phase 2             | Design & Tender    | 159 279 945.00                                     | 159 279 945.00                           | 0.00                            | 0.00                           | 68 010 427.97           | 26 309 460.42  |
| DC26                      |                             |                                                                 |                    |                                                    |                                          | 0.00                            | 0.00                           | 0.00                    | 0.00           |
| DC26                      |                             |                                                                 |                    |                                                    |                                          | 0.00                            | 0.00                           | 0.00                    | 0.00           |
| Insert new rows here ONLY |                             |                                                                 |                    |                                                    |                                          | 0.00                            | 0.00                           |                         |                |
| Sub Total - Projects      |                             |                                                                 |                    | 3 562 193 497.62                                   | 3 284 497 030.93                         | 202 610 909.96                  | 1 966 359 488.33               | 284 684 000.00          | 779 902 009.29 |
|                           |                             |                                                                 |                    | MONTHLY DORA TRANSFER PAYMENT (DRAWDOWN) SCHEDULE: |                                          |                                 |                                |                         |                |
|                           |                             |                                                                 |                    | PROVINCIAL ACCUMULATIVE EXPENDITURE TARGET (%):    |                                          |                                 |                                |                         |                |
|                           |                             |                                                                 |                    | MUNICIPAL ACCUMULATIVE CERTIFIED EXPENDITURE (%):  |                                          |                                 |                                |                         |                |

Table 2: MIG Projects to be Registered

| Agent | Municipal Reference Number (IP or Council Contract No.) | Project Title (to be used on MIG 1 form)            | Project Status | Projected MIG Funding | Total Projected | Balance        |
|-------|---------------------------------------------------------|-----------------------------------------------------|----------------|-----------------------|-----------------|----------------|
| DC26  | Approval                                                | Zululand Rural Sanitation - Phase 3                 | Approval       | 180 748 935.00        | 0.00            | 180 748 935.00 |
| DC26  | 2013MIGDC26213506                                       | Simdlangatsha Central Water Supply Project: Phase 3 |                |                       | 0.00            | 0.00           |



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**6. APPROVAL OF THE ZULULAND DISTRICT MUNICIPALITY'S SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR THE QUARTER ENDED 31 DECEMBER 2022.**

The Zululand District Municipality's SDBIP for the quarter ending 31 December 2022 has been reviewed and approved by the Honourable Mayor: Cllr. T.D Buthelezi as said in S69 (3) (a) and S54 (3) of the Municipal Finance Management Act.

**Date Received:**

24-01-2023

**Date Approved:**

25-01-2023

**Signature:**

T.D Buthelezi



## **ANNUAL REPORT**

S72(a) of the Municipal Finance Management Act require the Accounting Officer to also include the past year's annual report, and progress on resolving problems identified in the annual report.



**Zululand**  
District Municipality

**Zululand District Municipality  
Annual Financial Statements  
for the year ended 30 June 2022**

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Nature of business and principal activities

Water provision as per Water services Act and Schedule B of Municipal Structures Act

### Newly elected Mayoral committee - 01-11-2021

Mayor

Cllr. Buthelezi TD

Speaker

Cllr. Memela DT

Deputy Mayor

Cllr. Ndlovu TD

Member of the Executive Committee

Cllr. Hadebe ISM

Member of the Executive Committee

Cllr. Khumalo BK

Member of the Executive Committee

Cllr. Ndlela NP

### Newly elected Councillors - 01-11-2021

Member

Cllr. Dlamini FM

Member

Cllr. Dlamini VV

Member

Cllr. Dubazane MR

Member

Cllr. Magagula NS

Member

Cllr. Masondo ND

Member

Cllr. Mavundla CN

Member

Cllr. Mavuso NP

Member

Cllr. Mbatha SI

Member

Cllr. Mdalose SM

Member

Cllr. Mdletshe AT

Member

Cllr. Mncwango BJ

Member

Cllr. Mngomezulu ND

Member

Cllr. Mtambo M

Member

Cllr. Ndwandwe TM

Member

Cllr. Nhlabathi BC

Member

Cllr. Nkwanyana SE

Member

Cllr. Ntombela SS

Member

Cllr. Ntshangase TA

Member

Cllr. Nxumalo B

Member

Cllr. Nxumalo SV

Member

Cllr. Nxumalo-Sibiya CM

Member

Cllr. Selepe PP

Member

Cllr. Shelembe S

Member

Cllr. Sibiya AM

Member

Cllr. Sithole BH

Member

Cllr. Williams MP

Member

Cllr. Zulu Prince MMM

Member

Cllr. Zulu RM

Member

Cllr. Zulu SM

Member

Cllr. Zungu NF

Member

Cllr. Zungu ZH

### Previous Mayoral committee - last day in office 01-11-2021

Mayor

Cllr. Buthelezi TD

Speaker

Cllr. Mncwango BJ

Deputy Mayor

Cllr. Kunene MM

Member of the Executive Committee

Cllr. Nkwanyana SE

Member of the Executive Committee

Cllr. Khumalo BK

Member of the Executive Committee

Cllr. Ndlela NP

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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Member of the Executive Committee

Cllr. Mhlungu MM

Member of the Executive Committee

Cllr. Qwabe SE

### Previous term Councillors - last day in office 01-11-2021

Member

Cllr. Buthelezi SN

Member

Cllr. Buthelezi Z

Member

Cllr. Khumalo ME

Member

Cllr. Mashabane SP

Member

Cllr. Mavuso NP

Member

Cllr. Mazibuko MA

Member

Cllr. Mbatha SM

Member

Cllr. Mkhize TK

Member

Cllr. Mkhwanazi SB

Member

Cllr. Mncwango AM

Member

Cllr. Mncwango SA

Member

Cllr. Mthethwa JB

Member

Cllr. Ndlela NP

Member

Cllr. Ndlovu TD

Member

Cllr. Ngema JB

Member

Cllr. Nhlabathi BC

Member

Cllr. Nsele TJ

Member

Cllr. Nyawo D

Member

Cllr. Shabalala B

Member

Cllr. Sikhakhane MZ

Member

Cllr. Sithole ZN

Member

Cllr. Siyaya SS

Member

Cllr. Siyaya Z

Member

Cllr. Tembe NH

Member

Cllr. Victor M

Member

Cllr. Ximba SP

Member

Cllr. Zulu RM

Member

Cllr. Zulu MMM

Member

Cllr. Zungu JZ

### Grading of local authority

Grade 4, Category 3 in terms of the Upper limit of Office bearers Act

### Chief Finance Officer (CFO)

Acting Chief Financial Officer - Ms Msibi NS

Chief Operations Officer - Mr Mosia SP

### Accounting Officer

Mr RN Hlongwa

### Registered office

B-400 GAGANE STREET

ULUNDI

3838

### Business address

B-400 GAGANE STREET

ULUNDI

SOUTH AFRICA

3838

### Postal address

PRIVATE BAG X76

ULUNDI

3838

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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|                      |                                                 |
|----------------------|-------------------------------------------------|
| <b>Bankers</b>       | ABSA Bank Limited                               |
| <b>Auditors</b>      | Auditor-General South Africa                    |
| <b>Attorneys</b>     | Stowels & Co. Inc.<br>Garlicke & Bousfield Inc. |
| <b>Telephone</b>     | 035 874 5500                                    |
| <b>Fax Number</b>    | 035-874 5589/91                                 |
| <b>Email address</b> | mm@zululand.org.za                              |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

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

|                                                      | <b>Page</b> |
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### **Abbreviations used:**

|         |                                                                       |
|---------|-----------------------------------------------------------------------|
| CIGFARO | Chartered Institute of Government Finance, Auditing and Risk Officers |
| GRAP    | Generally Recognised Accounting Practice                              |
| RBIG    | Regional Bulk Infrastructure Grant                                    |
| WSIG    | Water Services Infrastructure Grant                                   |
| MIG     | Municipal Infrastructure Grant (Previously CMIP)                      |
| MFMA    | Municipal Finance Management Act                                      |
| mSCOA   | Municipal Standard Chart of Accounts                                  |
| MEC     | Member of the Executive Council                                       |

# **Zululand District Municipality**

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Officer's Responsibilities and Approval**

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

The management has concluded that the financial statements present fairly the municipality's financial position, financial performance and the cash flows.

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

I am responsible for the preparation of these annual financial statements, which are set out on page 6 in terms of Section 126(1) of the Municipal Finance Management Act and which I signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

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**Mr RN Hlongwa**  
**Accounting Officer**

**Wednesday, 31 August 2022**

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

|                                                  |         | 2022                 | 2021<br>Restated*    |
|--------------------------------------------------|---------|----------------------|----------------------|
|                                                  | Note(s) |                      |                      |
| <b>Assets</b>                                    |         |                      |                      |
| <b>Current Assets</b>                            |         |                      |                      |
| Cash and cash equivalents                        | 3       | 20 468 193           | 20 058 248           |
| Trade Receivables from exchange transactions     | 4       | 32 888 635           | 38 045 390           |
| Receivables from exchange transactions           | 5       | 719 310              | 1 181 823            |
| Receivables from non-exchange transactions       | 6       | 12 865 472           | 8 205 453            |
| VAT Receivable                                   | 7       | 45 551 086           | 24 312 640           |
| Inventories                                      | 8       | 2 556 479            | 4 140 345            |
|                                                  |         | <b>115 049 175</b>   | <b>95 943 899</b>    |
| <b>Non-Current Assets</b>                        |         |                      |                      |
| Receivables from non-exchange transactions       | 6       | 17 334 576           | 16 302 248           |
| Property, plant and equipment                    | 9       | 4 593 488 173        | 4 192 079 054        |
| Heritage assets                                  | 10      | 7 806 633            | 1 212 635            |
| Intangible assets                                | 11      | 14 860               | 31 999               |
|                                                  |         | <b>4 618 644 242</b> | <b>4 209 625 936</b> |
| <b>Total Assets</b>                              |         | <b>4 733 693 417</b> | <b>4 305 569 835</b> |
| <b>Liabilities</b>                               |         |                      |                      |
| <b>Current Liabilities</b>                       |         |                      |                      |
| Finance lease obligation                         | 12      | 901 761              | -                    |
| Payables from exchange transactions              | 13      | 328 369 652          | 252 392 929          |
| Consumer deposits                                | 14      | 3 621 245            | 3 633 124            |
| Taxes and transfers payable (non-exchange)       | 15      | -                    | 81 137               |
| Unspent conditional grants and receipts          | 16      | 2 410 794            | 2 290 444            |
| Employee benefit obligation (Medical Aid)        | 18      | 405 000              | 249 000              |
| Employee benefit obligation (Long Service Award) | 18      | 1 973 000            | 1 506 000            |
|                                                  |         | <b>337 681 452</b>   | <b>260 152 634</b>   |
| <b>Non-Current Liabilities</b>                   |         |                      |                      |
| Finance lease obligation                         | 12      | 1 091 760            | -                    |
| Payables from exchange transactions              | 17      | 13 357 945           | 21 757 945           |
| Employee benefit obligation (Medical Aid)        | 18      | 27 166 000           | 22 289 000           |
| Employee benefit obligation (Long Service Award) | 18      | 13 552 000           | 11 615 000           |
|                                                  |         | <b>55 167 705</b>    | <b>55 661 945</b>    |
| <b>Total Liabilities</b>                         |         | <b>392 849 157</b>   | <b>315 814 579</b>   |
| <b>Net Assets</b>                                |         | <b>4 340 844 260</b> | <b>3 989 755 256</b> |
| Accumulated surplus                              |         | 4 340 844 253        | 3 989 755 248        |
| <b>Total Net Assets</b>                          |         | <b>4 340 844 253</b> | <b>3 989 755 248</b> |

\* See Note 53



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

|                                                     |         | 2022                 | 2021<br>Restated*    |
|-----------------------------------------------------|---------|----------------------|----------------------|
|                                                     | Note(s) |                      |                      |
| <b>Revenue</b>                                      |         |                      |                      |
| <b>Revenue from exchange transactions</b>           |         |                      |                      |
| Service charges                                     | 19      | 50 999 303           | 52 852 833           |
| Rental of facilities                                | 20      | 195 241              | 179 242              |
| Interest on receivables                             | 21      | 287 762              | 29 451               |
| Other income                                        | 22      | 1 084 948            | 671 929              |
| Interest received - (investment)                    | 23      | 3 705 403            | 3 225 646            |
| <b>Total revenue from exchange transactions</b>     |         | <b>56 272 657</b>    | <b>56 959 101</b>    |
| <b>Revenue from non-exchange transactions</b>       |         |                      |                      |
| <b>Transfer revenue</b>                             |         |                      |                      |
| Government grants and subsidies                     | 24      | 1 149 226 650        | 1 024 569 556        |
| Public contributions and donations                  | 25      | 24 307 385           | -                    |
| Fines, Penalties and Forfeits                       | 26      | 208 783              | 7 542 893            |
| <b>Total revenue from non-exchange transactions</b> |         | <b>1 173 742 818</b> | <b>1 032 112 449</b> |
| <b>Total revenue</b>                                |         | <b>1 230 015 475</b> | <b>1 089 071 550</b> |
| <b>Expenditure</b>                                  |         |                      |                      |
| Employee related costs                              | 27      | (263 669 250)        | (241 953 339)        |
| Remuneration of councillors                         | 28      | (8 616 470)          | (8 488 687)          |
| Depreciation and amortisation                       | 29      | (94 341 781)         | (79 273 851)         |
| Finance costs                                       | 30      | (398 515)            | -                    |
| Debt Impairment                                     | 31      | (19 677 454)         | 5 452 078            |
| Bad debts written off                               | 32      | (323 376)            | (4 634 983)          |
| Bulk purchases                                      |         | (13 988 438)         | (35 095 237)         |
| Contracted services                                 | 33      | (318 039 519)        | (319 756 921)        |
| Transfers and Subsidies                             | 34      | (11 295 134)         | (12 890 845)         |
| Inventory consumed                                  | 35      | (8 034 212)          | (10 268 195)         |
| General expenses                                    | 36      | (131 177 686)        | (113 881 953)        |
| <b>Total expenditure</b>                            |         | <b>(869 561 835)</b> | <b>(820 791 933)</b> |
| <b>Operating surplus</b>                            |         | <b>360 453 640</b>   | <b>268 279 617</b>   |
| (Loss) gain on disposal                             | 9       | (95 073)             | 47 017               |
| Actuarial (losses) gains                            | 18      | (2 532 143)          | 19 621 325           |
| Impairment loss                                     | 37      | (6 777 432)          | (656 322)            |
| Inventories losses/write-downs                      | 8       | -                    | (2 111 495)          |
| Gain from non-exchange transactions                 | 9       | 40 000               | 201 670              |
|                                                     |         | <b>(9 364 648)</b>   | <b>17 102 195</b>    |
| <b>Surplus for the year</b>                         |         | <b>351 088 992</b>   | <b>285 381 812</b>   |

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

|                                          | Accumulated<br>surplus / deficit | Total net<br>assets  |
|------------------------------------------|----------------------------------|----------------------|
| <b>Balance at 01 July 2020</b>           | <b>3 704 373 436</b>             | <b>3 704 373 436</b> |
| Changes in net assets                    |                                  |                      |
| Surplus for the year                     | 285 381 812                      | 285 381 812          |
| Total changes                            | 285 381 812                      | 285 381 812          |
| <b>Restated* Balance at 01 July 2021</b> | <b>3 989 755 261</b>             | <b>3 989 755 261</b> |
| Changes in net assets                    |                                  |                      |
| Surplus for the year                     | 351 088 992                      | 351 088 992          |
| Total changes                            | 351 088 992                      | 351 088 992          |
| <b>Balance at 30 June 2022</b>           | <b>4 340 844 253</b>             | <b>4 340 844 253</b> |
| Note(s)                                  |                                  |                      |

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

|                                                             |         | 2022                        | 2021<br>Restated*           |
|-------------------------------------------------------------|---------|-----------------------------|-----------------------------|
|                                                             | Note(s) |                             |                             |
| <b>Cash flows from operating activities</b>                 |         |                             |                             |
| <b>Receipts</b>                                             |         |                             |                             |
| Sale of goods and services                                  |         | 30 768 037                  | 38 946 367                  |
| Grants                                                      |         | 1 149 347 000               | 1 022 104 500               |
| Interest income (investments)                               |         | 3 701 500                   | 3 202 595                   |
| Rental Income                                               |         | 195 241                     | 179 242                     |
| Interest on Receivables                                     |         | 287 762                     | 29 451                      |
| Other Income                                                |         | 1 073 069                   | 685 186                     |
| Fines and penalties                                         |         | 208 783                     | 7 542 893                   |
|                                                             |         | <u>1 185 581 392</u>        | <u>1 072 690 234</u>        |
| <b>Payments</b>                                             |         |                             |                             |
| Employee costs                                              |         | (265 635 981)               | (238 567 634)               |
| Suppliers                                                   |         | (424 982 471)               | (472 153 704)               |
| Finance costs                                               |         | (303 721)                   | -                           |
| Transfers and Subsidies                                     |         | (11 295 134)                | (12 890 845)                |
|                                                             |         | <u>(702 217 307)</u>        | <u>(723 612 183)</u>        |
| <b>Net cash flows from operating activities</b>             | 39      | <b><u>483 364 085</u></b>   | <b><u>349 078 051</u></b>   |
| <b>Cash flows from investing activities</b>                 |         |                             |                             |
| Purchase of property, plant and equipment                   | 9       | (478 258 880)               | (341 455 840)               |
| Proceeds from sale of property, plant and equipment         | 9       | -                           | 146 000                     |
| Purchase of heritage assets                                 | 10      | (6 593 998)                 | -                           |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(484 852 878)</u></b> | <b><u>(341 309 840)</u></b> |
| <b>Cash flows from financing activities</b>                 |         |                             |                             |
| Finance lease movement                                      |         | 1 898 727                   | -                           |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>409 934</b>              | <b>7 768 211</b>            |
| Cash and cash equivalents at the beginning of the year      |         | 20 058 248                  | 12 290 031                  |
| <b>Cash and cash equivalents at the end of the year</b>     | 3       | <b><u>20 468 182</u></b>    | <b><u>20 058 242</u></b>    |

The accounting policies on pages 18 to 33 and the notes on pages 34 to 76 form an integral part of the annual financial statements.

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

|                                                 |                   |                |                   |                   |                    |
|-------------------------------------------------|-------------------|----------------|-------------------|-------------------|--------------------|
| Service charges                                 | 54 000 000        | 491 025        | <b>54 491 025</b> | 50 999 303        | <b>(3 491 722)</b> |
| Rental of facilities                            | 210 000           | (26 514)       | <b>183 486</b>    | 195 241           | <b>11 755</b>      |
| Interest on receivables                         | 85 000            | -              | <b>85 000</b>     | 287 762           | <b>202 762</b>     |
| Other income                                    | 500 000           | 125 489        | <b>625 489</b>    | 1 084 948         | <b>459 459</b>     |
| Licences and permits                            | 10 000            | -              | <b>10 000</b>     | -                 | <b>(10 000)</b>    |
| Investment revenue                              | 6 000 000         | -              | <b>6 000 000</b>  | 3 705 403         | <b>(2 294 597)</b> |
| <b>Total revenue from exchange transactions</b> | <b>60 805 000</b> | <b>590 000</b> | <b>61 395 000</b> | <b>56 272 657</b> | <b>(5 122 343)</b> |

##### Revenue from non-exchange transactions

##### Transfer revenue

|                                                     |                      |                   |                      |                      |                    |
|-----------------------------------------------------|----------------------|-------------------|----------------------|----------------------|--------------------|
| Government grants and subsidies                     | 1 115 457 000        | 40 211 444        | <b>1 155 668 444</b> | 1 149 226 650        | <b>(6 441 794)</b> |
| Public contributions and donations                  | -                    | -                 | -                    | 24 307 385           | <b>24 307 385</b>  |
| Fines, penalties and forfeits                       | 638 000              | (590 000)         | <b>48 000</b>        | 208 783              | <b>160 783</b>     |
| <b>Total revenue from non-exchange transactions</b> | <b>1 116 095 000</b> | <b>39 621 444</b> | <b>1 155 716 444</b> | <b>1 173 742 818</b> | <b>18 026 374</b>  |

#### Total revenue

|                      |                   |                      |                      |                   |
|----------------------|-------------------|----------------------|----------------------|-------------------|
| <b>1 176 900 000</b> | <b>40 211 444</b> | <b>1 217 111 444</b> | <b>1 230 015 475</b> | <b>12 904 031</b> |
|----------------------|-------------------|----------------------|----------------------|-------------------|

#### Expenditure

|                               |               |              |                      |               |                      |
|-------------------------------|---------------|--------------|----------------------|---------------|----------------------|
| Employee related costs        | (255 269 182) | -            | <b>(255 269 182)</b> | (263 669 250) | <b>(8 400 068)</b>   |
| Remuneration of councillors   | (8 537 323)   | (500 000)    | <b>(9 037 323)</b>   | (8 616 470)   | <b>420 853</b>       |
| Depreciation and amortisation | (71 619 628)  | 1 016 419    | <b>(70 603 209)</b>  | (94 341 781)  | <b>(23 738 572)</b>  |
| Finance costs                 | -             | -            | -                    | (398 515)     | <b>(398 515)</b>     |
| Debt Impairment               | (9 000 000)   | -            | <b>(9 000 000)</b>   | (19 677 454)  | <b>(10 677 454)</b>  |
| Bad debts written-off         | -             | -            | -                    | (323 376)     | <b>(323 376)</b>     |
| Bulk purchases                | -             | -            | -                    | (13 988 438)  | <b>(13 988 438)</b>  |
| Contracted services           | (139 336 143) | (57 884 598) | <b>(197 220 741)</b> | (318 039 519) | <b>(120 818 778)</b> |
| Transfers and subsidies       | (11 950 000)  | 454 366      | <b>(11 495 634)</b>  | (11 295 134)  | <b>200 500</b>       |
| Inventory consumed            | (24 194 227)  | (1 948 141)  | <b>(26 142 368)</b>  | (8 034 212)   | <b>18 108 156</b>    |
| General expenses              | (76 716 496)  | (33 725 520) | <b>(110 442 016)</b> | (131 177 686) | <b>(20 735 670)</b>  |

#### Total expenditure

|                      |                     |                      |                      |                      |
|----------------------|---------------------|----------------------|----------------------|----------------------|
| <b>(596 622 999)</b> | <b>(92 587 474)</b> | <b>(689 210 473)</b> | <b>(869 561 835)</b> | <b>(180 351 362)</b> |
|----------------------|---------------------|----------------------|----------------------|----------------------|

#### Operating surplus

|                    |                     |                    |                    |                      |
|--------------------|---------------------|--------------------|--------------------|----------------------|
| <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>360 453 640</b> | <b>(167 447 331)</b> |
|--------------------|---------------------|--------------------|--------------------|----------------------|

|                         |   |   |   |          |                 |
|-------------------------|---|---|---|----------|-----------------|
| (Loss) gain on disposal | - | - | - | (95 073) | <b>(95 073)</b> |
|-------------------------|---|---|---|----------|-----------------|

|                          |   |   |   |             |                    |
|--------------------------|---|---|---|-------------|--------------------|
| Actuarial (losses) gains | - | - | - | (2 532 143) | <b>(2 532 143)</b> |
|--------------------------|---|---|---|-------------|--------------------|

|                                           |   |   |   |             |                    |
|-------------------------------------------|---|---|---|-------------|--------------------|
| Impairment loss / Reversal of impairments | - | - | - | (6 777 432) | <b>(6 777 432)</b> |
|-------------------------------------------|---|---|---|-------------|--------------------|

|                                     |   |   |   |        |               |
|-------------------------------------|---|---|---|--------|---------------|
| Gain from non-exchange transactions | - | - | - | 40 000 | <b>40 000</b> |
|-------------------------------------|---|---|---|--------|---------------|

|          |          |          |                    |                    |
|----------|----------|----------|--------------------|--------------------|
| <b>-</b> | <b>-</b> | <b>-</b> | <b>(9 364 648)</b> | <b>(9 364 648)</b> |
|----------|----------|----------|--------------------|--------------------|

#### Surplus before taxation

|                    |                     |                    |                    |                      |
|--------------------|---------------------|--------------------|--------------------|----------------------|
| <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>351 088 992</b> | <b>(176 811 979)</b> |
|--------------------|---------------------|--------------------|--------------------|----------------------|

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                              | Approved<br>budget | Adjustments         | Final Budget       | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|----------------------------------------------|--------------------|---------------------|--------------------|------------------------------------------|-----------------------------------------------------|-----------|
| <b>Actual Amount on Comparable<br/>Basis</b> | <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>351 088 992</b>                       | <b>(176 811 979)</b>                                |           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                                  | Approved budget      | Adjustments         | Final Budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--------------------------------------------------|----------------------|---------------------|----------------------|------------------------------------|--------------------------------------------|-----------|
| <b>Statement of Financial Position</b>           |                      |                     |                      |                                    |                                            |           |
| <b>Assets</b>                                    |                      |                     |                      |                                    |                                            |           |
| <b>Current Assets</b>                            |                      |                     |                      |                                    |                                            |           |
| Cash and cash equivalents                        | 134 210 510          | (61 534 079)        | <b>72 676 431</b>    | 20 468 193                         | <b>(52 208 238)</b>                        |           |
| Consumer debtors                                 | 37 620 000           | 2 543 516           | <b>40 163 516</b>    | 32 888 635                         | <b>(7 274 881)</b>                         |           |
| Receivables from exchange transactions           | -                    | 1 152 321           | <b>1 152 321</b>     | 719 310                            | <b>(433 011)</b>                           |           |
| Receivables from non-exchange transactions       | 80 488               | 8 124 965           | <b>8 205 453</b>     | 12 865 472                         | <b>4 660 019</b>                           |           |
| VAT Receivable                                   | 22 000 000           | (19 600 000)        | <b>2 400 000</b>     | 45 551 086                         | <b>43 151 086</b>                          |           |
| Inventories                                      | 4 324 357            | -                   | <b>4 324 357</b>     | 2 556 479                          | <b>(1 767 878)</b>                         |           |
|                                                  | <b>198 235 355</b>   | <b>(69 313 277)</b> | <b>128 922 078</b>   | <b>115 049 175</b>                 | <b>(13 872 903)</b>                        |           |
| <b>Non-Current Assets</b>                        |                      |                     |                      |                                    |                                            |           |
| Receivables from non-exchange transactions       | 15 687 642           | 408 562             | <b>16 096 204</b>    | 17 334 576                         | <b>1 238 372</b>                           |           |
| Property, plant and equipment                    | 5 147 397 893        | 270 855 459         | <b>5 418 253 352</b> | 4 593 488 173                      | <b>(824 765 179)</b>                       |           |
| Heritage assets                                  | 3 500 000            | 3 200 000           | <b>6 700 000</b>     | 7 806 633                          | <b>1 106 633</b>                           |           |
| Intangible assets                                | -                    | 46 391              | <b>46 391</b>        | 14 860                             | <b>(31 531)</b>                            |           |
|                                                  | <b>5 166 585 535</b> | <b>274 510 412</b>  | <b>5 441 095 947</b> | <b>4 618 644 242</b>               | <b>(822 451 705)</b>                       |           |
| <b>Total Assets</b>                              | <b>5 364 820 890</b> | <b>205 197 135</b>  | <b>5 570 018 025</b> | <b>4 733 693 417</b>               | <b>(836 324 608)</b>                       |           |
| <b>Liabilities</b>                               |                      |                     |                      |                                    |                                            |           |
| <b>Current Liabilities</b>                       |                      |                     |                      |                                    |                                            |           |
| Finance lease obligation                         | -                    | -                   | -                    | 901 761                            | <b>901 761</b>                             |           |
| Payables from exchange transactions              | 180 517 539          | 34 570 919          | <b>215 088 458</b>   | 328 369 652                        | <b>113 281 194</b>                         |           |
| Consumer deposits                                | 3 619 867            | 13 257              | <b>3 633 124</b>     | 3 621 245                          | <b>(11 879)</b>                            |           |
| Unspent conditional grants and receipts          | -                    | -                   | -                    | 2 410 794                          | <b>2 410 794</b>                           |           |
| Employee benefit obligation (Medical Aid)        | 329 897              | (80 897)            | <b>249 000</b>       | 405 000                            | <b>156 000</b>                             |           |
| Employee benefit obligation (Long Service Award) | 947 913              | 558 087             | <b>1 506 000</b>     | 1 973 000                          | <b>467 000</b>                             |           |
|                                                  | <b>185 415 216</b>   | <b>35 061 366</b>   | <b>220 476 582</b>   | <b>337 681 452</b>                 | <b>117 204 870</b>                         |           |
| <b>Non-Current Liabilities</b>                   |                      |                     |                      |                                    |                                            |           |
| Finance lease obligation                         | -                    | -                   | -                    | 1 091 760                          | <b>1 091 760</b>                           |           |
| Payables from exchange transactions              | -                    | -                   | -                    | 13 357 945                         | <b>13 357 945</b>                          |           |
| Employee benefit obligation (Medical Aid)        | 36 099 216           | (13 810 216)        | <b>22 289 000</b>    | 27 166 000                         | <b>4 877 000</b>                           |           |
| Employee benefit obligation (Long Service Award) | 10 947 702           | 667 298             | <b>11 615 000</b>    | 13 552 000                         | <b>1 937 000</b>                           |           |
|                                                  | <b>47 046 918</b>    | <b>(13 142 918)</b> | <b>33 904 000</b>    | <b>55 167 705</b>                  | <b>21 263 705</b>                          |           |
| <b>Total Liabilities</b>                         | <b>232 462 134</b>   | <b>21 918 448</b>   | <b>254 380 582</b>   | <b>392 849 157</b>                 | <b>138 468 575</b>                         |           |
| <b>Net Assets</b>                                | <b>5 132 358 756</b> | <b>183 278 687</b>  | <b>5 315 637 443</b> | <b>4 340 844 260</b>               | <b>(974 793 183)</b>                       |           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                                                    | Approved<br>budget | Adjustments | Final Budget         | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|--------------------------------------------------------------------|--------------------|-------------|----------------------|------------------------------------------|-----------------------------------------------------|-----------|
| <b>Net Assets</b>                                                  |                    |             |                      |                                          |                                                     |           |
| <b>Net Assets Attributable to<br/>Owners of Controlling Entity</b> |                    |             |                      |                                          |                                                     |           |
| <b>Reserves</b>                                                    |                    |             |                      |                                          |                                                     |           |
| Accumulated surplus                                                | 5 132 358 756      | 183 278 687 | <b>5 315 637 443</b> | 4 340 844 260                            | <b>(974 793 183)</b>                                |           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

|                            |                      |                    |                      |                      |                      |
|----------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| Sale of goods and services | 32 800 000           | 17 731 743         | 50 531 743           | 30 768 037           | (19 763 706)         |
| Grants                     | 1 115 457 000        | 37 821 000         | 1 153 278 000        | 1 149 347 000        | (3 931 000)          |
| Interest income            | 6 000 000            | -                  | 6 000 000            | 3 701 500            | (2 298 500)          |
| Other receipts             | 1 358 000            | 125 707 888        | 127 065 888          | 1 764 855            | (125 301 033)        |
|                            | <b>1 155 615 000</b> | <b>181 260 631</b> | <b>1 336 875 631</b> | <b>1 185 581 392</b> | <b>(151 294 239)</b> |

##### Payments

|                 |                      |                      |                      |                      |                     |
|-----------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Employee costs  | (264 136 402)        | -                    | (264 136 402)        | (265 635 981)        | (1 499 579)         |
| Suppliers       | (252 196 866)        | (107 607 952)        | (359 804 818)        | (424 982 471)        | (65 177 653)        |
| Finance costs   | -                    | -                    | -                    | (303 721)            | (303 721)           |
| Other cash item | -                    | -                    | -                    | (11 295 134)         | (11 295 134)        |
|                 | <b>(516 333 268)</b> | <b>(107 607 952)</b> | <b>(623 941 220)</b> | <b>(702 217 307)</b> | <b>(78 276 087)</b> |

|                                                 |                    |                   |                    |                    |                      |
|-------------------------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------|
| <b>Net cash flows from operating activities</b> | <b>639 281 732</b> | <b>73 652 679</b> | <b>712 934 411</b> | <b>483 364 085</b> | <b>(229 570 326)</b> |
|-------------------------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------|

#### Cash flows from investing activities

|                                                 |                      |                   |                      |                      |                   |
|-------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| Purchase of property, plant and equipment       | (580 277 001)        | 38 658 853        | (541 618 148)        | (478 258 880)        | 63 359 268        |
| Purchases of heritage assets                    | -                    | -                 | -                    | (6 593 998)          | (6 593 998)       |
| <b>Net cash flows from investing activities</b> | <b>(580 277 001)</b> | <b>38 658 853</b> | <b>(541 618 148)</b> | <b>(484 852 878)</b> | <b>56 765 270</b> |

#### Cash flows from financing activities

|                                          |       |   |       |           |           |
|------------------------------------------|-------|---|-------|-----------|-----------|
| Finance lease movement                   | -     | - | -     | 1 898 727 | 1 898 727 |
| Increase (decrease) in consumer deposits | 7 813 | - | 7 813 | -         | (7 813)   |

|                                                 |          |          |          |                  |                  |
|-------------------------------------------------|----------|----------|----------|------------------|------------------|
| <b>Net cash flows from financing activities</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>1 898 727</b> | <b>1 898 727</b> |
|-------------------------------------------------|----------|----------|----------|------------------|------------------|

|                                                        |            |              |             |            |               |
|--------------------------------------------------------|------------|--------------|-------------|------------|---------------|
| Net increase/(decrease) in cash and cash equivalents   | 59 004 731 | 112 311 532  | 171 316 263 | 409 934    | (170 906 329) |
| Cash and cash equivalents at the beginning of the year | 75 197 968 | (55 133 920) | 20 064 048  | 20 058 248 | (5 800)       |

|                                                         |                    |                   |                    |                   |                      |
|---------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|----------------------|
| <b>Cash and cash equivalents at the end of the year</b> | <b>134 202 699</b> | <b>57 177 612</b> | <b>191 380 311</b> | <b>20 468 182</b> | <b>(170 912 129)</b> |
|---------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|----------------------|

### Reconciliation

The accounting policies on pages 18 to 33 and the notes on pages 34 to 76 form an integral part of the annual financial statements.



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

|                                                                      | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|----------------------------------------------------------------------|----------------------|-----------------------------------------------------|--------------------------|---------------------------------|-------------------------------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| <b>2022</b>                                                          |                      |                                                     |                          |                                 |                                           |                      |                      |                          |                      |                                     |                                        |
| <b>Financial Performance</b>                                         |                      |                                                     |                          |                                 |                                           |                      |                      |                          |                      |                                     |                                        |
| Service charges                                                      | 54 000 000           | 491 025                                             | 54 491 025               | -                               | -                                         | 54 491 025           | 50 999 303           |                          | (3 491 722)          | 94 %                                | 94 %                                   |
| Investment revenue                                                   | 6 000 000            | -                                                   | 6 000 000                | -                               | -                                         | 6 000 000            | 3 705 403            |                          | (2 294 597)          | 62 %                                | 62 %                                   |
| Transfers recognised - operational                                   | 541 399 000          | 611 124                                             | 542 010 124              | -                               | -                                         | 542 010 124          | 537 979 124          |                          | (4 031 000)          | 99 %                                | 99 %                                   |
| Other own revenue                                                    | 1 443 000            | (491 025)                                           | 951 975                  | -                               | -                                         | 951 975              | 1 776 734            |                          | 824 759              | 187 %                               | 123 %                                  |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>602 842 000</b>   | <b>611 124</b>                                      | <b>603 453 124</b>       | -                               | -                                         | <b>603 453 124</b>   | <b>594 460 564</b>   |                          | <b>(8 992 560)</b>   | <b>99 %</b>                         | <b>99 %</b>                            |
| Employee costs                                                       | (255 269 182)        | -                                                   | (255 269 182)            | -                               | -                                         | (255 269 182)        | (263 669 250)        | -                        | (8 400 068)          | 103 %                               | 103 %                                  |
| Remuneration of councillors                                          | (8 537 323)          | (500 000)                                           | (9 037 323)              | -                               | -                                         | (9 037 323)          | (8 616 470)          | -                        | 420 853              | 95 %                                | 101 %                                  |
| Debt impairment                                                      | (9 000 000)          | -                                                   | (9 000 000)              |                                 |                                           | (9 000 000)          | (19 677 454)         | -                        | (10 677 454)         | 219 %                               | 219 %                                  |
| Depreciation and asset impairment                                    | (71 619 628)         | 1 016 419                                           | (70 603 209)             |                                 |                                           | (70 603 209)         | (101 119 213)        | -                        | (30 516 004)         | 143 %                               | 141 %                                  |
| Finance charges                                                      | -                    | -                                                   | -                        | -                               | -                                         | -                    | (398 515)            | -                        | (398 515)            | DIV/0 %                             | DIV/0 %                                |
| Materials and bulk purchases                                         | (24 194 227)         | (1 948 141)                                         | (26 142 368)             | -                               | -                                         | (26 142 368)         | (13 988 438)         | -                        | 12 153 930           | 54 %                                | 58 %                                   |
| Transfers and grants                                                 | (11 950 000)         | 454 366                                             | (11 495 634)             | -                               | -                                         | (11 495 634)         | (11 295 134)         | -                        | 200 500              | 98 %                                | 95 %                                   |
| Other expenditure                                                    | (216 052 639)        | (91 610 118)                                        | (307 662 757)            | -                               | -                                         | (307 662 757)        | (460 202 009)        | -                        | (152 539 252)        | 150 %                               | 213 %                                  |
| <b>Total expenditure</b>                                             | <b>(596 622 999)</b> | <b>(92 587 474)</b>                                 | <b>(689 210 473)</b>     | -                               | -                                         | <b>(689 210 473)</b> | <b>(878 966 483)</b> | -                        | <b>(189 756 010)</b> | <b>128 %</b>                        | <b>147 %</b>                           |
| <b>Surplus/(Deficit)</b>                                             | <b>6 219 001</b>     | <b>(91 976 350)</b>                                 | <b>(85 757 349)</b>      | -                               | -                                         | <b>(85 757 349)</b>  | <b>(284 505 919)</b> |                          | <b>(198 748 570)</b> | <b>332 %</b>                        | <b>(4 575)%</b>                        |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

|                                                             | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance      | Actual outcome as % of final budget | Actual outcome as % of original budget |
|-------------------------------------------------------------|-----------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------|----------------|--------------------------|---------------|-------------------------------------|----------------------------------------|
| Transfers recognised - capital Contributions                | 574 058 000     | 39 600 320                                          | 613 658 320              | -                                          | -                                         | 613 658 320  | 611 247 526    |                          | (2 410 794)   | 100 %                               | 106 %                                  |
| Transfers recognised - capital Contributions                | -               | -                                                   | -                        | -                                          | -                                         | -            | 24 307 385     |                          | 24 307 385    | DIV/0 %                             | DIV/0 %                                |
| Surplus (Deficit) after capital transfers and contributions | 580 277 001     | (52 376 030)                                        | 527 900 971              | -                                          | -                                         | 527 900 971  | 351 048 992    |                          | (176 851 979) | 66 %                                | 60 %                                   |
| Surplus/(Deficit) for the year                              | 580 277 001     | (52 376 030)                                        | 527 900 971              | -                                          | -                                         | 527 900 971  | 351 048 992    |                          | (176 851 979) | 66 %                                | 60 %                                   |
| <b>Capital expenditure and funds sources</b>                |                 |                                                     |                          |                                            |                                           |              |                |                          |               |                                     |                                        |
| Total capital expenditure                                   | -               | -                                                   | -                        | -                                          | -                                         | -            | 478 258 880    |                          | 478 258 880   | DIV/0 %                             | DIV/0 %                                |
| <b>Sources of capital funds</b>                             |                 |                                                     |                          |                                            |                                           |              |                |                          |               |                                     |                                        |
| Transfers recognised - capital                              | 574 058 000     | 39 600 320                                          | 613 658 320              | -                                          | -                                         | 613 658 320  | -              |                          | (613 658 320) | - %                                 | - %                                    |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

|                                                             | Original budget   | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome    | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|-------------------------------------------------------------|-------------------|-----------------------------------------------------|--------------------------|---------------------------------|-------------------------------------------|--------------------|-------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| <b>Cash flows</b>                                           |                   |                                                     |                          |                                 |                                           |                    |                   |                          |                      |                                     |                                        |
| Net cash from (used) operating                              | 639 281 730       | 73 652 679                                          | 712 934 409              | -                               | -                                         | 712 934 409        | 483 364 085       |                          | (229 570 324)        | 68 %                                | 76 %                                   |
| Net cash from (used) investing                              | (580 277 000)     | 38 658 853                                          | (541 618 147)            | -                               | -                                         | (541 618 147)      | (484 852 878)     |                          | 56 765 269           | 90 %                                | 84 %                                   |
| Net cash from (used) financing                              | -                 | -                                                   | -                        | -                               | -                                         | -                  | 1 898 727         |                          | 1 898 727            | DIV/0 %                             | DIV/0 %                                |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>59 004 730</b> | <b>112 311 532</b>                                  | <b>171 316 262</b>       | <b>-</b>                        | <b>-</b>                                  | <b>171 316 262</b> | <b>409 934</b>    |                          | <b>(170 906 328)</b> | <b>- %</b>                          | <b>1 %</b>                             |
| Cash and cash equivalents at the beginning of the year      | -                 | -                                                   | -                        | -                               | -                                         | -                  | 20 058 248        |                          | 20 058 248           | DIV/0 %                             | DIV/0 %                                |
| <b>Cash and cash equivalents at year end</b>                | <b>59 004 730</b> | <b>112 311 532</b>                                  | <b>171 316 262</b>       | <b>-</b>                        | <b>-</b>                                  | <b>171 316 262</b> | <b>20 468 182</b> |                          | <b>150 848 080</b>   | <b>12 %</b>                         | <b>35 %</b>                            |

The budget variances are explained in note 46

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded to the nearest Rand.

#### 1.2 Significant judgements and sources of estimation uncertainty

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

##### **Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

In assessing the recoverability of trade receivables the assumption is that all organisations are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.

##### **Impairment testing**

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Contingent provisions on entity combinations

Contingencies recognised in the current year required estimates and judgments, refer to note 42 on entity combinations.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post retirement benefits and Other long term obligations

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

### 1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is done as per note 44.

### 1.4 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

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### 1.5 Property, plant and equipment

#### Initial Recognition

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

#### Subsequent measurement - cost model

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

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

#### Depreciation and impairment

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

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

Assets to be Impaired are identified and recognised after considering internal and external indicators, Impairment is measured at carrying amount of the asset which exceeds its recoverable service amount.

Impairment (loss) gain is recorded on the statement of financial performance and accumulated impairment is recorded in the statement of financial position.

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| Item           | Depreciation method | Average useful life |
|----------------|---------------------|---------------------|
| Infrastructure | Straight line       |                     |
| • Water        |                     | 7-70 years          |
| • Sewerage     |                     | 7-70 years          |

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# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

|                                     |               |             |
|-------------------------------------|---------------|-------------|
| Community                           | Straight line |             |
| • Buildings                         |               | 15-70 years |
| • Recreational Facilities           |               | 15-70 years |
| Other property, plant and equipment | Straight line |             |
| • Buildings                         |               | 10-50 years |
| • Specialist vehicles               |               | 4-15 years  |
| • Other vehicles                    |               | 4-15 years  |
| • Office equipment                  |               | 3-25 years  |
| • Furniture and fittings            |               | 3-5 years   |
| • Emergency equipment               |               | 10-30 years |
| • Computer equipment                |               | 3-11 years  |
| • Office equipment                  |               | 5 years     |

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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

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

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

#### Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### Repairs and maintenance

The municipality separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the annual financial statements. The disclosure categorises expenditure over all classes of property, plant and equipment.

### 1.6 Heritage assets

#### Initial recognition

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.6 Heritage assets (continued)

#### Measurement at recognition

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

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

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

#### Subsequent measurement

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

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

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

#### Derecognition

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

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

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

### 1.7 Intangible assets

#### Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

After initial recognition, intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that at the reporting date the carrying amount of the asset does not differ materially from its fair value.



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### 1.7 Intangible assets (continued)

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Intangible assets are initially recognised at cost.

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

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

#### Subsequent measurement - Cost model

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

#### Amortisation and impairment

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

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

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| Item              | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line       | 5-7 years           |

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#### Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.8 Inventories

#### Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

# Zululand District Municipality

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### 1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### Subsequent measurement

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

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

### 1.9 Financial instruments

#### Initial recognition

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

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

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

#### Classification

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

| Class                             | Category                                   |
|-----------------------------------|--------------------------------------------|
| Cash at bank                      | Financial asset measured at amortised cost |
| Accounts receivables and payables | Financial asset measured at amortised cost |

# Zululand District Municipality

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## Accounting Policies

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### 1.9 Financial instruments (continued)

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

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

- Financial instruments at amortised cost.

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

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

#### Impairment and uncollectibility of financial assets

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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

### 1.10 Trade and other receivables

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

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

### 1.11 Trade payables

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

# Zululand District Municipality

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### 1.12 Cash and cash equivalents

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

### 1.13 Unauthorised expenditure

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

### 1.14 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.16 Leases

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

#### Finance leases - lessor

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

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

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

#### Operating leases - lessor

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.16 Leases (continued)

#### Operating leases - lessee

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

### 1.17 Provisions and contingencies

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

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

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

### 1.18 Revenue from exchange transactions

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

#### Sale of goods

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

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

# Zululand District Municipality

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### 1.18 Revenue from exchange transactions (continued)

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

### 1.19 Revenue from non-exchange transactions

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.19 Revenue from non-exchange transactions (continued)

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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

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

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

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### 1.20 Grants, transfer and donations

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

### 1.21 Borrowing costs

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.22 Employee benefits

#### Short-term employee benefits

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

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

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### Defined Contribution Plans

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

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

#### Pension obligations

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

#### Municipal Councillors

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

#### Post-retirement Health Care Benefits

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

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

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

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



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.23 VAT

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

### 1.24 Budget information

The approved budget covers the financial period from 2021/07/01 to 2022/06/30.

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

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

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2021 to 30 June 2022.

### 1.25 Commitments

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

### 1.26 Non-cash-generating assets

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

The municipality determines present value of the remaining service potential of non-generating assets (value in use) through depreciated replacement cost model

### 1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

All cash generating assets are measured at amortised cost, or cost, these assets are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a cash generating asset or group of cash generating assets is impaired.

Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period

#### Designation

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

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

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

#### Identification

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### Statutory receivables (continued)

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### Recognition

The municipality recognises statutory receivables as follows:

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

### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

## 1.28 Segment information

A segment is an activity of an entity:

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

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

## 1.29 Related parties

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

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

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.29 Related parties (continued)

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

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

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

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

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

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

### 1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

| Standard/ Interpretation:                                                                                  | Effective date:<br>Years beginning on or after | Expected impact:                         |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------|
| • Guideline: Guideline on Accounting for Landfill Sites                                                    | Still to be determined                         | Unlikely there will be a material impact |
| • GRAP 25 (as revised): Employee Benefits                                                                  | Still to be determined                         | Unlikely there will be a material impact |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | Still to be determined                         | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements                           | Still to be determined                         | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments                                                             | 01 April 2025                                  | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality                                                    | 01 April 2023                                  | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020                                                    | 01 April 2023                                  | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements                                                   | 01 April 2023                                  | Unlikely there will be a material impact |

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Cash on hand                    | 800               | 800               |
| Other cash and cash equivalents | 20 467 393        | 20 057 448        |
|                                 | <b>20 468 193</b> | <b>20 058 248</b> |

#### The municipality had the following bank accounts

| Account number /<br>description                         | Bank statement balances |              |              | Cash book balances |              |              |
|---------------------------------------------------------|-------------------------|--------------|--------------|--------------------|--------------|--------------|
|                                                         | 30 June 2022            | 30 June 2021 | 30 June 2020 | 30 June 2022       | 30 June 2021 | 30 June 2020 |
| ABSA BANK - Primary<br>Account Type - 4047-716-<br>2045 | 20 467 393              | 20 057 448   | 13 106 989   | 20 466 912         | 20 057 448   | 12 290 231   |

### 4. Trade receivable from exchange transaction

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| <b>Gross balances</b> |                    |                    |
| Water                 | 133 201 541        | 120 254 527        |
| Waste water           | 38 205 887         | 33 072 256         |
| Housing rental        | 71 396             | 67 276             |
| Other (specify)       | 23 961             | 249 829            |
|                       | <b>171 502 785</b> | <b>153 643 888</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                  | 2022                 | 2021                 |
|------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b> |                      |                      |
| <b>Less: Allowance for impairment</b>                            |                      |                      |
| Water                                                            | (105 892 521)        | (87 480 057)         |
| Waste water                                                      | (32 709 633)         | (28 109 095)         |
| Other (specify)                                                  | (11 996)             | (9 346)              |
|                                                                  | <b>(138 614 150)</b> | <b>(115 598 498)</b> |
| <b>Net balance</b>                                               |                      |                      |
| Water                                                            | 27 309 020           | 32 774 470           |
| Waste water                                                      | 5 496 254            | 4 963 161            |
| Housing rental                                                   | 71 396               | 67 276               |
| Other (specify)                                                  | 11 965               | 240 483              |
|                                                                  | <b>32 888 635</b>    | <b>38 045 390</b>    |
| <b>Water</b>                                                     |                      |                      |
| Current (0 -30 days)                                             | 8 036 564            | 17 270 117           |
| 31 - 60 days                                                     | 3 036 284            | 2 290 620            |
| 61 - 90 days                                                     | 2 960 924            | 2 551 305            |
| 91 - 120 days                                                    | 2 329 341            | 2 640 155            |
| 121 - 365 days                                                   | 20 039 273           | 21 557 378           |
| > 365 days                                                       | 96 799 155           | 73 944 952           |
| Impairment                                                       | (105 892 521)        | (87 480 057)         |
|                                                                  | <b>27 309 020</b>    | <b>32 774 470</b>    |
| <b>Waste water</b>                                               |                      |                      |
| Current (0 -30 days)                                             | 2 210 274            | 1 654 191            |
| 31 - 60 days                                                     | 764 571              | 644 526              |
| 61 - 90 days                                                     | 693 310              | 656 606              |
| 91 - 120 days                                                    | 611 899              | 583 974              |
| 121 - 365 days                                                   | 4 382 423            | 3 797 668            |
| > 365 days                                                       | 29 543 411           | 25 735 291           |
| Impairment                                                       | (32 709 634)         | (28 109 095)         |
|                                                                  | <b>5 496 254</b>     | <b>4 963 161</b>     |
| <b>Housing rental</b>                                            |                      |                      |
| Current (0 -30 days)                                             | 39 267               | 17 846               |
| 31 - 60 days                                                     | 8 346                | 17 469               |
| 61 - 90 days                                                     | 8 346                | 5 225                |
| 91 - 120 days                                                    | 5 518                | 4 751                |
| 121 - 365 days                                                   | 9 919                | 21 985               |
| > 365 days                                                       | -                    | -                    |
|                                                                  | <b>71 396</b>        | <b>67 276</b>        |
| <b>Other (specify)</b>                                           |                      |                      |
| Current (0 -30 days)                                             | 558                  | 45 851               |
| 31 - 60 days                                                     | 7 236                | 8 182                |
| 61 - 90 days                                                     | -                    | 3 238                |
| 91 - 120 days                                                    | 2 940                | 5 257                |
| 121 - 365 days                                                   | 12 438               | 30 458               |
| > 365 days                                                       | 250                  | 156 842              |
| Impairment                                                       | (11 457)             | (9 345)              |
|                                                                  | <b>11 965</b>        | <b>240 483</b>       |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                  | 2022                 | 2021                 |
|------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b> |                      |                      |
| <b>Summary of debtors by customer classification</b>             |                      |                      |
| <b>Consumers</b>                                                 |                      |                      |
| Current (0 -30 days)                                             | 5 444 127            | 10 491 774           |
| 31 - 60 days                                                     | 2 751 905            | 1 943 585            |
| 61 - 90 days                                                     | 2 523 381            | 2 104 333            |
| 91 - 120 days                                                    | 2 277 972            | 2 387 491            |
| 121 - 365 days                                                   | 18 963 765           | 19 779 063           |
| > 365 days                                                       | 116 183 742          | 88 304 509           |
|                                                                  | <u>148 144 892</u>   | <u>125 010 755</u>   |
| Less: Allowance for impairment                                   | <u>(138 614 151)</u> | <u>(115 598 497)</u> |
|                                                                  | <b>9 530 741</b>     | <b>9 412 258</b>     |
| <b>Industrial/ commercial</b>                                    |                      |                      |
| Current (0 -30 days)                                             | 1 794 752            | 1 226 570            |
| 31 - 60 days                                                     | 453 245              | 336 825              |
| 61 - 90 days                                                     | 570 560              | 317 742              |
| 91 - 120 days                                                    | 300 711              | 201 231              |
| 121 - 365 days                                                   | 2 739 456            | 2 104 773            |
| > 365 days                                                       | 9 446 344            | 6 401 000            |
|                                                                  | <u>15 305 068</u>    | <u>10 588 141</u>    |
| <b>National and provincial government</b>                        |                      |                      |
| Current (0 -30 days)                                             | 3 245 698            | 7 287 131            |
| 31 - 60 days                                                     | 622 448              | 662 917              |
| 61 - 90 days                                                     | 579 616              | 794 300              |
| 91 - 120 days                                                    | 371 015              | 645 416              |
| 121 - 365 days                                                   | 2 847 902            | 3 501 669            |
| > 365 days                                                       | 195 574              | 4 906 233            |
|                                                                  | <u>7 862 253</u>     | <u>17 797 666</u>    |
| <b>Total</b>                                                     |                      |                      |
| Current (0 -30 days)                                             | 10 985 087           | 19 005 475           |
| 31 - 60 days                                                     | 3 840 073            | 2 943 327            |
| 61 - 90 days                                                     | 3 761 267            | 3 216 375            |
| 91 - 120 days                                                    | 3 599 382            | 3 234 137            |
| 121 - 365 days                                                   | 28 075 892           | 25 385 505           |
| > 365 days                                                       | 121 241 084          | 99 859 068           |
|                                                                  | <u>171 502 785</u>   | <u>153 643 887</u>   |
| Less: Allowance for impairment                                   | <u>(138 614 150)</u> | <u>(115 598 497)</u> |
|                                                                  | <b>32 888 635</b>    | <b>38 045 390</b>    |
| <b>Less: Allowance for impairment</b>                            |                      |                      |
| Current (0 -30 days)                                             | (4 233 896)          | (8 348 064)          |
| 31 - 60 days                                                     | (2 271 574)          | (1 406 781)          |
| 61 - 90 days                                                     | (2 084 087)          | (1 663 957)          |
| 91 - 120 days                                                    | (1 968 361)          | (1 810 886)          |
| 121 - 365 days                                                   | (16 978 899)         | (17 482 411)         |
| > 365 days                                                       | (111 077 333)        | (84 886 399)         |
|                                                                  | <u>(138 614 150)</u> | <u>(115 598 498)</u> |
| <b>Total debtor past due but not impaired</b>                    |                      |                      |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                                                                                                          | 2022                 | 2021                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b>                                                                                                                                                                                                                                                                                                                                                         |                      |                      |
| Current (0 -30 days)                                                                                                                                                                                                                                                                                                                                                                                                     | 5 070 563            | 8 513 701            |
| 31 - 60 days                                                                                                                                                                                                                                                                                                                                                                                                             | 949 949              | 999 742              |
| 61 - 90 days                                                                                                                                                                                                                                                                                                                                                                                                             | 934 584              | 1 112 042            |
| 91 - 120 days                                                                                                                                                                                                                                                                                                                                                                                                            | 684 402              | 846 647              |
| 121 - 365 days                                                                                                                                                                                                                                                                                                                                                                                                           | 5 281 188            | 5 606 442            |
| > 365 days                                                                                                                                                                                                                                                                                                                                                                                                               | 5 097 521            | 11 307 233           |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>18 018 207</b>    | <b>28 385 807</b>    |
| <b>Reconciliation of allowance for impairment</b>                                                                                                                                                                                                                                                                                                                                                                        |                      |                      |
| Balance at beginning of the year                                                                                                                                                                                                                                                                                                                                                                                         | (115 598 498)        | (107 419 108)        |
| Contributions to allowance                                                                                                                                                                                                                                                                                                                                                                                               | (23 015 652)         | (8 179 390)          |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>(138 614 150)</b> | <b>(115 598 498)</b> |
| <b>Consumer debtors pledged as security</b>                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| There are no debtors pledged as security.                                                                                                                                                                                                                                                                                                                                                                                |                      |                      |
| <b>Credit quality of consumer debtors</b>                                                                                                                                                                                                                                                                                                                                                                                |                      |                      |
| Based on historical information debtors that are past due nor impaired do pay within a period of 12 months.                                                                                                                                                                                                                                                                                                              |                      |                      |
| <b>Trade receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                      |
| In assessing the recoverability of trade receivables the assumption is that all organisations(e.g. government departments, businesses and churches) are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt. |                      |                      |
| Trade receivables are recognised as financial instruments since the customer willingly enters into a contractual arrangement with the municipality for the supply of services. The transaction arises as a result of billing revenue for the use of water and sewer.                                                                                                                                                     |                      |                      |
| <b>5. Receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                                                                         |                      |                      |
| Employee costs in advance                                                                                                                                                                                                                                                                                                                                                                                                | 125 799              | -                    |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                                                                                                         | 564 009              | 1 152 321            |
| Debtor: Recoveries from Employees                                                                                                                                                                                                                                                                                                                                                                                        | -                    | 323 376              |
| Other debtors                                                                                                                                                                                                                                                                                                                                                                                                            | 29 502               | 29 502               |
| Less: Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                           | -                    | (323 376)            |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>719 310</b>       | <b>1 181 823</b>     |
| <b>Reconciliation of provision for impairment of Receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                              |                      |                      |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                          | (323 376)            | -                    |
| Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                                 | -                    | (323 376)            |
| Provision for impairment reversal                                                                                                                                                                                                                                                                                                                                                                                        | 323 376              | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>-</b>             | <b>(323 376)</b>     |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                 | 2022              | 2021              |
|-------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>6. Receivables from non-exchange transactions</b>                                            |                   |                   |
| Debtors: Deposits Made                                                                          | 17 334 576        | 16 302 248        |
| Debtor: Department of Art and Culture                                                           | 955 500           | 955 500           |
| Debtor: Department of Water and Sanitation                                                      | 2 717 840         | 2 717 840         |
| Debtor: Abaqulusi Municipality                                                                  | 1 293 313         | 1 163 046         |
| Debtor: Ulundi Municipality                                                                     | 1 041 662         | 818 554           |
| Debtor: Nongoma Municipality                                                                    | 1 061 547         | 862 811           |
| Debtor: eDumbe Municipality                                                                     | 622 412           | 1 307 657         |
| Debtor: Upongola Municipality                                                                   | 792 275           | 558 556           |
| Debtor: Enduneni Constructors                                                                   | 783 423           | 783 423           |
| Debtor: World Focus                                                                             | 284 241           | 284 241           |
| Debtor: Amanzi Ichweba                                                                          | 1 431 988         | 1 431 988         |
| Debtor:BP Drakensburg                                                                           | 136 888           | 136 888           |
| Debtor: Tracker - Rand Machant                                                                  | 134 248           | 134 248           |
| Debtor: Lindani Catering                                                                        | 1 950             | 1 950             |
| Debtor: Insurance Claim                                                                         | 151 900           | 80 488            |
| Debtor: SAMWUMED                                                                                | -                 | 9 050             |
| Debtor: Sizolwenkosi                                                                            | 116 841           | -                 |
| Debtor: Telkom                                                                                  | 4 729             | -                 |
| Debtor: Accrued Interest                                                                        | 43 338            | 39 435            |
| Debtor: Accrued Income                                                                          | 36 900            | 282 900           |
| Recoverable fruitless and wasteful expenditure                                                  | 1 333 903         | 1 333 903         |
| Debtors: Under/Over Banking                                                                     | 1 062 894         | 4 230             |
| Debtor: Debit orders Absa                                                                       | 3 562 885         | 3 950             |
| Less: Provision for impairment                                                                  | (4 705 205)       | (4 705 205)       |
|                                                                                                 | <b>30 200 048</b> | <b>24 507 701</b> |
| Non-current assets                                                                              | 17 334 576        | 16 302 248        |
| Current assets                                                                                  | 12 865 472        | 8 205 453         |
|                                                                                                 | <b>30 200 048</b> | <b>24 507 701</b> |
| <b>Credit quality of receivables from non-exchange transactions</b>                             |                   |                   |
| <b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b> |                   |                   |
| Opening balance                                                                                 | 4 705 207         | 4 149 829         |
| Provision for impairment                                                                        | -                 | 555 378           |
|                                                                                                 | <b>4 705 207</b>  | <b>4 705 207</b>  |
| <b>7. VAT receivable</b>                                                                        |                   |                   |
| Input VAT                                                                                       | 50 650 049        | 30 208 098        |
| Output VAT                                                                                      | (5 098 963)       | (5 895 458)       |
|                                                                                                 | <b>45 551 086</b> | <b>24 312 640</b> |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                    | 2022             | 2021             |
|--------------------------------------------------------------------|------------------|------------------|
| <b>8. Inventories</b>                                              |                  |                  |
| Consumable stores                                                  | 1 529 252        | 1 973 108        |
| Water for distribution                                             | 1 027 227        | 2 167 237        |
|                                                                    | <b>2 556 479</b> | <b>4 140 345</b> |
| <b>Consumable stores</b>                                           |                  |                  |
| At cost                                                            | 1 973 108        | 4 355 090        |
| Additions                                                          | 5 683 092        | 2 828 404        |
| Issued / Expensed                                                  | (6 126 949)      | (3 332 412)      |
| Adjustments                                                        | -                | (1 877 974)      |
|                                                                    | <b>1 529 251</b> | <b>1 973 108</b> |
| <b>Fuel</b>                                                        |                  |                  |
| At cost                                                            | -                | 68 392           |
| Adjustments                                                        | -                | (68 392)         |
|                                                                    | <b>-</b>         | <b>-</b>         |
| <b>Water for Distribution</b>                                      |                  |                  |
| At cost                                                            | 2 167 236        | 1 744 642        |
| Adjustments                                                        | (1 140 009)      | 422 595          |
|                                                                    | <b>1 027 227</b> | <b>2 167 237</b> |
| <b>Inventory pledged as security</b>                               |                  |                  |
| There was no inventory pledged as security for overdraft facility. |                  |                  |

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

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**9. Property, plant and equipment**

|                                     | 2022                 |                                                                 |                      | 2021                 |                                                                 |                      |
|-------------------------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|----------------------|
|                                     | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       |
| Land                                | 470 000              | -                                                               | 470 000              | 470 000              | -                                                               | 470 000              |
| Buildings                           | 45 445 591           | (19 691 702)                                                    | 25 753 889           | 45 445 591           | (18 448 962)                                                    | 26 996 629           |
| Infrastructure                      | 4 116 767 900        | (672 840 160)                                                   | 3 443 927 740        | 3 496 454 924        | (583 550 299)                                                   | 2 912 904 625        |
| Community                           | 9 931 334            | (5 490 831)                                                     | 4 440 503            | 9 967 535            | (3 616 330)                                                     | 6 351 205            |
| Other property, plant and equipment | 82 040 419           | (58 081 084)                                                    | 23 959 335           | 77 606 511           | (50 142 348)                                                    | 27 464 163           |
| leased Assets                       | 2 408 594            | (468 339)                                                       | 1 940 255            | -                    | -                                                               | -                    |
| Capital work in progress            | 1 092 996 451        | -                                                               | 1 092 996 451        | 1 217 892 432        | -                                                               | 1 217 892 432        |
| <b>Total</b>                        | <b>5 350 060 289</b> | <b>(756 572 116)</b>                                            | <b>4 593 488 173</b> | <b>4 847 836 993</b> | <b>(655 757 939)</b>                                            | <b>4 192 079 054</b> |

**Reconciliation of property, plant and equipment - 2022**

|                                     | Opening<br>balance   | Additions          | Disposals       | Transfers<br>received | Transfers     | Depreciation        | Impairment<br>loss | Total                |
|-------------------------------------|----------------------|--------------------|-----------------|-----------------------|---------------|---------------------|--------------------|----------------------|
| Land                                | 470 000              | -                  | -               | -                     | -             | -                   | -                  | 470 000              |
| Buildings                           | 26 996 629           | -                  | -               | -                     | -             | (1 242 740)         | -                  | 25 753 889           |
| Infrastructure                      | 2 912 904 625        | 8 702 073          | -               | 24 307 385            | 587 303 518   | (84 169 082)        | (5 120 779)        | 3 443 927 740        |
| Community                           | 6 351 205            | -                  | (28 056)        | -                     | -             | (225 994)           | (1 656 652)        | 4 440 503            |
| Other property, plant and equipment | 27 464 163           | 4 724 511          | (53 995)        | 40 000                | -             | (8 215 344)         | -                  | 23 959 335           |
| leased Assets                       | -                    | 2 424 759          | (13 022)        | -                     | -             | (471 482)           | -                  | 1 940 255            |
| Capital work in Progress            | 1 217 892 432        | 462 407 537        | -               | -                     | (587 303 518) | -                   | -                  | 1 092 996 451        |
|                                     | <b>4 192 079 054</b> | <b>478 258 880</b> | <b>(95 073)</b> | <b>24 347 385</b>     | <b>-</b>      | <b>(94 324 642)</b> | <b>(6 777 431)</b> | <b>4 593 488 173</b> |

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

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**9. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2021**

|                                     | Opening<br>balance   | Additions          | Disposals       | Transfers<br>received | Transfers          | Depreciation        | Impairment<br>loss | Total                |
|-------------------------------------|----------------------|--------------------|-----------------|-----------------------|--------------------|---------------------|--------------------|----------------------|
| Land                                | 470 000              | -                  | -               | -                     | -                  | -                   | -                  | 470 000              |
| Buildings                           | 28 239 369           | -                  | -               | -                     | -                  | (1 242 740)         | -                  | 26 996 629           |
| Infrastructure                      | 2 831 087            | 1 559 458          | -               | -                     | 155 544            | (74 630 085)        | (656 302)          | 2 912 904            |
| Community                           | 6 577 199            | -                  | -               | -                     | -                  | (225 994)           | -                  | 6 351 205            |
| Other property, plant and equipment | 25 552 972           | 4 962 761          | (98 983)        | 201 670               | -                  | (3 154 238)         | (19)               | 27 464 163           |
| Capital work in Progress            | 1 039 837 084        | 334 933 621        | -               | -                     | (156 878 273)      | -                   | -                  | 1 217 892 432        |
|                                     | <b>3 931 763 811</b> | <b>341 455 840</b> | <b>(98 983)</b> | <b>201 670</b>        | <b>(1 333 906)</b> | <b>(79 253 057)</b> | <b>(656 321)</b>   | <b>4 192 079 054</b> |

**Pledged as security**

There is no restriction on title and Property, plant and Equipment pledged as security:

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                   | 2022                           | 2021                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------|
| <b>9. Property, plant and equipment (continued)</b>                                                                                                                                                               |                                |                      |
| <b>Property, plant and equipment in the process of being constructed or developed</b>                                                                                                                             |                                |                      |
| <b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>                                                                             |                                |                      |
| Project 1 - Simdlangentsha West RWSS: Construction Frischgewaagd, Abstraction Works, Staff Accomodation and Bilanyoni Booster Pumpstation<br>Still waiting for eskom to co-operate as they have caused this dely. | 29 272 306                     | -                    |
| Project 2 - Usuthu RWSS: Lindizwe Pump-station Mechanical Installation<br>Bulk pipeline constructed long ago has now leaks which delays commisioning of this project as it is complete.                           | 33 893 937                     | -                    |
| Project 3 - Usuthu RBWSS: Holinyoka Pump-station Mechanical Installation<br>Bulk pipeline constructed long ago has now leaks which delays commisioning of this project as it is complete.                         | 28 893 937                     | -                    |
| Project 4 - Ceza Stand Alone Water Supply Pipeline<br>Land owner refused to give ZDM access to proceed with construction in his land, matter is under ZDM legal section                                           | 27 779 646                     | -                    |
|                                                                                                                                                                                                                   | <b>119 839 826</b>             | <b>-</b>             |
| <b>Reconciliation of Work-in-Progress 2022</b>                                                                                                                                                                    |                                |                      |
|                                                                                                                                                                                                                   | Included within Infrastructure | Total                |
| Opening balance                                                                                                                                                                                                   | 1 217 892 431                  | 1 217 892 431        |
| Additions/capital expenditure                                                                                                                                                                                     | 462 407 537                    | 462 407 537          |
| Transferred to completed items                                                                                                                                                                                    | (587 303 518)                  | (587 303 518)        |
|                                                                                                                                                                                                                   | <b>1 092 996 450</b>           | <b>1 092 996 450</b> |
| <b>Reconciliation of Work-in-Progress 2021</b>                                                                                                                                                                    |                                |                      |
|                                                                                                                                                                                                                   | Included within Infrastructure | Total                |
| Opening balance                                                                                                                                                                                                   | 1 039 837 083                  | 1 039 837 083        |
| Additions/capital expenditure                                                                                                                                                                                     | 334 933 621                    | 334 933 621          |
| Transferred to completed items                                                                                                                                                                                    | (156 878 273)                  | (156 878 273)        |
|                                                                                                                                                                                                                   | <b>1 217 892 431</b>           | <b>1 217 892 431</b> |
| <b>Class of Property Plant and Equipment (Repairs and Mantainance)</b>                                                                                                                                            |                                |                      |
| <b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance per class</b>                                                                         |                                |                      |
| Motor vehicles                                                                                                                                                                                                    | 10 071 408                     | 4 818 301            |
| Computers                                                                                                                                                                                                         | 21 614                         | 730 357              |
| Buildings                                                                                                                                                                                                         | 1 960 839                      | 3 091 318            |
| Infrastructure                                                                                                                                                                                                    | 119 855 195                    | 90 999 427           |
| Other                                                                                                                                                                                                             | -                              | 1 367 307            |
| Equipment                                                                                                                                                                                                         | 859 899                        | -                    |
|                                                                                                                                                                                                                   | <b>132 768 955</b>             | <b>101 006 710</b>   |

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

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**10. Heritage assets**

|  | 2022                |                                     |                | 2021                |                                     |                |
|--|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
|  | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value |
|  | 7 806 633           | -                                   | 7 806 633      | 1 212 635           | -                                   | 1 212 635      |

**Reconciliation of heritage assets 2022**

Art collections and exhibits

|                              | Opening<br>balance | Additions | Total     |
|------------------------------|--------------------|-----------|-----------|
| Art collections and exhibits | 1 212 635          | 6 593 998 | 7 806 633 |

**Reconciliation of heritage assets 2021**

Art collections and exhibit

|                             | Opening<br>balance | Total     |
|-----------------------------|--------------------|-----------|
| Art collections and exhibit | 1 212 635          | 1 212 635 |

**Pledged as security**

There is no heritage assets pledged as security:

**Heritage assets in the process of being constructed or developed**

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

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**11. Intangible assets**

|  | 2022                |                                                                 | 2021           |                     |                                                                 |                |
|--|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|  | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
|  | 186 632             | (171 772)                                                       | 14 860         | 186 633             | (154 634)                                                       | 31 999         |

**Reconciliation of intangible assets - 2022**

|                          |                    |              |        |
|--------------------------|--------------------|--------------|--------|
| Computer software, other | Opening<br>balance | Amortisation | Total  |
|                          | 31 999             | (17 139)     | 14 860 |

**Reconciliation of intangible assets - 2021**

|                          |                    |              |        |
|--------------------------|--------------------|--------------|--------|
| Computer software, other | Opening<br>balance | Amortisation | Total  |
|                          | 52 793             | (20 794)     | 31 999 |

**Pledged as security**

There is no intangible assets pledged as security:

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                       | 2022                      | 2021                      |
|-------------------------------------------------------|---------------------------|---------------------------|
| <b>12. Finance lease obligation</b>                   |                           |                           |
| <b>Minimum lease payments due</b>                     |                           |                           |
| - within one year                                     | 901 764                   | -                         |
| - in second to fifth year inclusive                   | 1 277 499                 | -                         |
|                                                       | <u>2 179 263</u>          | <u>-</u>                  |
| less: future finance charges                          | (185 739)                 | -                         |
| <b>Present value of minimum lease payments</b>        | <u><b>1 993 524</b></u>   | <u><b>-</b></u>           |
| <b>Present value of minimum lease payments due</b>    |                           |                           |
| - within one year                                     | 782 909                   | -                         |
| - in second to fifth year inclusive                   | 1 210 615                 | -                         |
|                                                       | <u><b>1 993 524</b></u>   | <u><b>-</b></u>           |
| Non-current liabilities                               | 1 091 760                 | -                         |
| Current liabilities                                   | 901 761                   | -                         |
|                                                       | <u><b>1 993 521</b></u>   | <u><b>-</b></u>           |
| <b>13. Payables from exchange transactions</b>        |                           |                           |
| Accrued leave pay                                     | 19 074 245                | 17 991 112                |
| Accrued bonus                                         | 5 417 690                 | 4 674 806                 |
| Creditors                                             | 214 275 971               | 173 620 548               |
| Unallocated Deposits                                  | 503 547                   | 130 817                   |
| Retention Services                                    | 43 987 151                | 44 167 770                |
| Debtors with credit balances                          | 2 642 118                 | 2 489 372                 |
| Other Creditors                                       | 63 922                    | 697 413                   |
| Department of water and sanitation                    | 8 400 000                 | 8 400 000                 |
| Other Debtors with credit balances                    | -                         | 8 514                     |
| Accrued Employee Related cost                         | 1 832 134                 | -                         |
| Zanamanzi                                             | 32 172 874                | 212 577                   |
|                                                       | <u><b>328 369 652</b></u> | <u><b>252 392 929</b></u> |
| <b>14. Consumer deposits</b>                          |                           |                           |
| Water                                                 | 3 613 461                 | 3 625 340                 |
| Property rental                                       | 7 784                     | 7 784                     |
|                                                       | <u><b>3 621 245</b></u>   | <u><b>3 633 124</b></u>   |
| No guaranties are held in lieu of water deposits      |                           |                           |
| <b>15. Taxes and transfers payable (non-exchange)</b> |                           |                           |
| Creditor: Deceased Staff Member                       | -                         | 649                       |
| Creditor: Deceased Staff Member                       | -                         | 80 488                    |
|                                                       | <u><b>-</b></u>           | <u><b>81 137</b></u>      |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Rural Roads Asset Management Grant  | 768 977          | -                |
| KZN Capacity Building Grant-Spatial | -                | 241 770          |
| Tourism Strategy Grant              | -                | 269 354          |
| KZN-KwaMajomela Project             | 1 641 817        | 1 779 320        |
|                                     | <b>2 410 794</b> | <b>2 290 444</b> |

#### Movement during the year

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 2 290 444        | 3 800 000        |
| Additions during the year            | 1 148 391 500    | 1 023 060 000    |
| Income recognition during the year   | (1 148 271 150)  | (1 024 569 556)  |
|                                      | <b>2 410 794</b> | <b>2 290 444</b> |

See note 24 for reconciliation of grants from National/Provincial Government, and explanations for unspent conditional grants.

### 17. Payables from exchange transactions

The municipality is disputing an amount of R70 million that is being raised by the department of water affairs, the matter has been handed over to the attorneys

|                                    |            |            |
|------------------------------------|------------|------------|
| Department of water and sanitation | 13 357 945 | 21 757 945 |
|------------------------------------|------------|------------|

### 18. Employee benefit obligations

#### 18.1 Multi-employer pension funds

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

#### 18.2 Post retirement medical benefit plan



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                | 2022                | 2021                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>18. Employee benefit obligations (continued)</b>                                                                                                                                                                                                                            |                     |                     |
| <b>The amounts recognised in the statement of financial position are as follows:</b>                                                                                                                                                                                           |                     |                     |
| <b>Carrying value</b>                                                                                                                                                                                                                                                          |                     |                     |
| Present value of the defined benefit obligation-partly or wholly funded                                                                                                                                                                                                        | (22 538 000)        | (36 083 507)        |
| Fair value of plan assets                                                                                                                                                                                                                                                      | (5 033 000)         | 13 545 507          |
|                                                                                                                                                                                                                                                                                | <b>(27 571 000)</b> | <b>(22 538 000)</b> |
| Non-current liabilities                                                                                                                                                                                                                                                        | (27 166 000)        | (22 289 000)        |
| Current liabilities                                                                                                                                                                                                                                                            | (405 000)           | (249 000)           |
|                                                                                                                                                                                                                                                                                | <b>(27 571 000)</b> | <b>(22 538 000)</b> |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b>                                                                                                                                                                                          |                     |                     |
| Opening balance                                                                                                                                                                                                                                                                | 22 538 000          | 36 083 507          |
| Net expense recognised in the statement of financial performance                                                                                                                                                                                                               | 5 033 000           | (13 545 507)        |
|                                                                                                                                                                                                                                                                                | <b>27 571 000</b>   | <b>22 538 000</b>   |
| <b>Net expense recognised in the statement of financial performance</b>                                                                                                                                                                                                        |                     |                     |
| Current service cost                                                                                                                                                                                                                                                           | 1 717 000           | 2 940 059           |
| Interest cost                                                                                                                                                                                                                                                                  | 2 360 000           | 3 398 868           |
| Actuarial (gains) losses                                                                                                                                                                                                                                                       | 1 258 143           | (14 989 340)        |
| Benefits paid                                                                                                                                                                                                                                                                  | (302 143)           | (157 094)           |
| Removal of death-in-service and death-in- retirement                                                                                                                                                                                                                           | -                   | (4 738 000)         |
|                                                                                                                                                                                                                                                                                | <b>5 033 000</b>    | <b>(13 545 507)</b> |
| <b>Key assumptions used</b>                                                                                                                                                                                                                                                    |                     |                     |
| Independent actuaries and consultants carry out a statutory valuation on an annual basis.                                                                                                                                                                                      |                     |                     |
| The Municipality operated on five accredited Medical Aid schemes, namely Keyhealth, LA Health, SAMWUMED, Bonitas and Hosmed.                                                                                                                                                   |                     |                     |
| Financial variables: Two most important variables used in our valuation are discount rate and medical aid inflation rate. Nominal and real zero curve as at 30 June 2022 that was supplied by JSE to determine discount rate and CPI assumptions at each relevant time period. |                     |                     |
| Assumptions used at the reporting date:                                                                                                                                                                                                                                        |                     |                     |
| Average retirement age                                                                                                                                                                                                                                                         | 63                  | 63                  |
| Discount rates used                                                                                                                                                                                                                                                            | 13.11 %             | 10.53 %             |
| Medical aid inflation rates                                                                                                                                                                                                                                                    | 10.46 %             | 7.09 %              |
| Ultimate mortality table                                                                                                                                                                                                                                                       | SA 85-90<br>PA 90-1 | SA 85-90<br>PA 90-1 |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                           | 2022                                  | 2021                                  |
|-------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>18. Employee benefit obligations (continued)</b>                                       |                                       |                                       |
| <b>18.3 Long service awards</b>                                                           |                                       |                                       |
| Independent actuaries and consultants carry out a statutory valuation on an annual basis. |                                       |                                       |
| The principal actuarial assumptions used were as follows:                                 |                                       |                                       |
| Discount rate per annum                                                                   | 11.23 %                               | 9.35 %                                |
| General salary inflation (long term)                                                      | 4.90 %                                | 5.81 %                                |
| Net effective discount rate                                                               | 2.46 %                                | 3.35 %                                |
| Average retirement age                                                                    | 63                                    | 63                                    |
| <b>Eligible employees</b>                                                                 | <b>Members</b>                        | <b>Members</b>                        |
| Age 20-29                                                                                 | 19                                    | 280                                   |
| Age 30-39                                                                                 | 190                                   | 180                                   |
| Age 40-49                                                                                 | 198                                   | 100                                   |
| Age 50-59                                                                                 | 113                                   | 30                                    |
| Age 60+                                                                                   | 33                                    | -                                     |
| <b>Membership summary</b>                                                                 |                                       |                                       |
| Number of members                                                                         | 553                                   | 526                                   |
| Average age of members (years)                                                            | -                                     | 43.0                                  |
| Average past service (years)                                                              | 11.4                                  | 11.3                                  |
| Average salary (annual)                                                                   | 262 245                               | 259 98                                |
| <b>Benefit Structure</b>                                                                  |                                       |                                       |
| <b>Service years</b>                                                                      | <b>Award<br/>(Number of<br/>days)</b> | <b>Award<br/>(Number of<br/>days)</b> |
| 10                                                                                        | 10                                    | 10                                    |
| 15                                                                                        | 20                                    | 20                                    |
| 20                                                                                        | 30                                    | 30                                    |
| 25                                                                                        | 30                                    | 30                                    |
| 30                                                                                        | 30                                    | 30                                    |
| 35                                                                                        | 30                                    | 30                                    |
| 40                                                                                        | 30                                    | 30                                    |
| 45                                                                                        | 30                                    | 30                                    |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                      | 2022              | 2021              |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>18. Employee benefit obligations (continued)</b>                                  |                   |                   |
| Movement in the defined benefit obligation is as follows:                            |                   |                   |
| Balance at beginning of the year                                                     | 13 121 000        | 11 757 354        |
| Current service cost                                                                 | 1 263 000         | 1 049 788         |
| Interest cost                                                                        | 1 158 000         | 1 069 582         |
| Expected benefit payments                                                            | (1 291 000)       | (861 739)         |
| Recognised actuarial (gains)/losses                                                  | 1 274 000         | 106 015           |
| <b>Balance at end of year</b>                                                        | <b>15 525 000</b> | <b>13 121 000</b> |
| The amounts recognised in the Statement of Financial Performance were as follows:    |                   |                   |
| Current service cost                                                                 | 1 263 000         | 1 049 788         |
| Interest cost                                                                        | 1 158 000         | 1 069 582         |
| Expected benefit payments                                                            | (1 291 000)       | (861 739)         |
| Recognised actuarial (gains) losses                                                  | 1 274 000         | 106 015           |
|                                                                                      | <b>2 404 000</b>  | <b>1 363 646</b>  |
| In conclusion these are the balances that has been incurred during the year:         |                   |                   |
| <b>Statement of Financial Position obligation</b>                                    |                   |                   |
| Current                                                                              | 1 973 000         | 1 506 000         |
| Non-Current                                                                          | 13 552 000        | 11 615 000        |
|                                                                                      | <b>15 525 000</b> | <b>13 121 000</b> |
| <b>Statement of Financial Performance</b>                                            | <b>2 404 000</b>  | <b>1 363 646</b>  |
| <b>19. Service charges</b>                                                           |                   |                   |
| Sale of water                                                                        | 38 486 444        | 41 338 674        |
| Sewerage and sanitation charges                                                      | 12 512 859        | 11 514 159        |
|                                                                                      | <b>50 999 303</b> | <b>52 852 833</b> |
| <b>20. Rental of facilities</b>                                                      |                   |                   |
| <b>Facilities</b>                                                                    |                   |                   |
| Rental of facilities                                                                 | 195 241           | 179 242           |
| Included in the above rentals are operating lease rentals at straight-lined amounts. |                   |                   |
| <b>21. Interest on receivables</b>                                                   |                   |                   |
| Interest on receivables (water)                                                      | 267 585           | 24 916            |
| Interest on receivables (sewer)                                                      | 18 558            | 3 869             |
| Interest on receivables (Other)                                                      | 1 619             | 666               |
|                                                                                      | <b>287 762</b>    | <b>29 451</b>     |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                     | 2022                 | 2021                 |
|-----------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>22. Other income</b>                                                                             |                      |                      |
| Skills Levy Refunds                                                                                 | 408 390              | 257 806              |
| Non-refundable tender deposit                                                                       | 515 556              | 394 106              |
| Clearance certification                                                                             | 108                  | 287                  |
| Handling fees                                                                                       | 8 994                | 9 730                |
| Insurance claim                                                                                     | 151 900              | -                    |
| Health Certificates                                                                                 | -                    | 10 000               |
|                                                                                                     | <b>1 084 948</b>     | <b>671 929</b>       |
| <b>23. Investment revenue</b>                                                                       |                      |                      |
| <b>Interest revenue</b>                                                                             |                      |                      |
| Interest on Bank account                                                                            | 1 221 650            | 856 744              |
| Short term Investments and call accounts                                                            | 2 483 753            | 2 368 902            |
|                                                                                                     | <b>3 705 403</b>     | <b>3 225 646</b>     |
| The amount included in Investment revenue arising from exchange transactions amounted to 3 705 403. |                      |                      |
| <b>24. Government grants &amp; subsidies</b>                                                        |                      |                      |
| <b>Operating grants</b>                                                                             |                      |                      |
| Equitable share                                                                                     | 524 645 000          | 564 272 000          |
| Expanded Public Works Program                                                                       | 9 612 000            | 9 261 000            |
| Finance Management Grant                                                                            | 1 200 000            | 1 200 000            |
| KZN grant Indonsa Culture Center                                                                    | 1 911 000            | 1 911 000            |
| KZN grant-Capacity building Spartial                                                                | 241 770              | 758 230              |
| KZN Grant- Capacity building-Tourism                                                                | 269 354              | 430 646              |
| KZN Amafa and Research Institute                                                                    | 100 000              | -                    |
|                                                                                                     | <b>537 979 124</b>   | <b>577 832 876</b>   |
| <b>Capital grants</b>                                                                               |                      |                      |
| Regional Bulk Infrastructure Grant                                                                  | 222 531 000          | 113 798 000          |
| Municipal Infrastructure Grant                                                                      | 269 111 000          | 221 235 000          |
| Water Services Infrastructure Grant                                                                 | 110 000 000          | 105 500 000          |
| Rural Roads Asset Management Grant                                                                  | 1 647 023            | 2 383 000            |
| KZN-KwaMajomela Project                                                                             | 7 958 503            | 3 820 680            |
|                                                                                                     | <b>611 247 526</b>   | <b>446 736 680</b>   |
|                                                                                                     | <b>1 149 226 650</b> | <b>1 024 569 556</b> |
| <b>Conditional and Unconditional</b>                                                                |                      |                      |
| Included in above are the following grants and subsidies received:                                  |                      |                      |
| Conditional grants received                                                                         | 624 581 650          | 460 297 556          |
| Unconditional grants received                                                                       | 524 645 000          | 564 272 000          |
|                                                                                                     | <b>1 149 226 650</b> | <b>1 024 569 556</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                  | 2022          | 2021          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                                                         |               |               |
| <b>Equitable Share</b>                                                                                                                           |               |               |
| Current-year receipts                                                                                                                            | 524 645 000   | 564 272 000   |
| Conditions met - transferred to revenue                                                                                                          | (524 645 000) | (564 272 000) |
|                                                                                                                                                  | -             | -             |
| In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.                     |               |               |
| <b>Municipal Infrastructure Grant</b>                                                                                                            |               |               |
| Current-year receipts                                                                                                                            | 269 111 000   | 221 235 000   |
| Conditions met - transferred to revenue                                                                                                          | (269 111 000) | (221 235 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Road Asset Management Grant</b>                                                                                                               |               |               |
| Current-year receipts                                                                                                                            | 2 416 000     | 2 383 000     |
| Conditions met - transferred to revenue                                                                                                          | (1 647 023)   | (2 383 000)   |
|                                                                                                                                                  | 768 977       | -             |
| Conditions still to be met - remain liabilities (see note 16).                                                                                   |               |               |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| The Municipality will engage the rollover process and adjustment budget process and subsequently spend the funds within the next financial year. |               |               |
| <b>Regional Bulk Infrastructure Grant</b>                                                                                                        |               |               |
| Current-year receipts                                                                                                                            | 222 531 000   | 113 798 000   |
| Conditions met - transferred to revenue                                                                                                          | (222 531 000) | (113 798 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Water Infrastructure Grant</b>                                                                                                                |               |               |
| Current-year receipts                                                                                                                            | 110 000 000   | 105 500 000   |
| Conditions met - transferred to revenue                                                                                                          | (110 000 000) | (105 500 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Financial Management Grant</b>                                                                                                                |               |               |
| Current-year receipts                                                                                                                            | 1 200 000     | 1 200 000     |
| Conditions met - transferred to revenue                                                                                                          | (1 200 000)   | (1 200 000)   |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                        | 2022             | 2021             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                                                                                                               |                  |                  |
| <b>Expanded Public Works Program</b>                                                                                                                                                                   |                  |                  |
| Current-year receipts                                                                                                                                                                                  | 9 612 000        | 9 261 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (9 612 000)      | (9 261 000)      |
|                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>INDONSA</b>                                                                                                                                                                                         |                  |                  |
| Current-year receipts                                                                                                                                                                                  | 955 500          | 955 000          |
| Conditions met - transferred to revenue                                                                                                                                                                | (955 500)        | (955 000)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| Indonsa Grant was not received as gazzetted, a debtor has been raised to recognise the outstanding revenue of R955 500                                                                                 |                  |                  |
| <b>Capacity Building Grant- Spatial</b>                                                                                                                                                                |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 241 770          | 1 000 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (241 770)        | (758 230)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>241 770</u>   |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>Tourism Strategy Grant</b>                                                                                                                                                                          |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 269 354          | 700 000          |
| Conditions met - transferred to revenue                                                                                                                                                                | (269 354)        | (430 646)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>269 354</u>   |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>KwaMajomela Project</b>                                                                                                                                                                             |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 1 779 320        | 2 100 000        |
| Current-year receipts                                                                                                                                                                                  | 7 821 000        | 3 500 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (7 958 503)      | (3 820 680)      |
|                                                                                                                                                                                                        | <u>1 641 817</u> | <u>1 779 320</u> |
| Conditions still to be met - remain liabilities (see note 16).                                                                                                                                         |                  |                  |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| The Memorandum provides ground for the municipality to spend the funds until the last payment without engaging rollover process, the municipality will spend the funds within the next financial year. |                  |                  |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                     | 2022                  | 2021                    |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                            |                       |                         |
| <b>KZN Amafa and Research Institute</b>                                                                             |                       |                         |
| Current-year receipts                                                                                               | 100 000               | -                       |
| Conditions met - transferred to revenue                                                                             | (100 000)             | -                       |
|                                                                                                                     | <u>-</u>              | <u>-</u>                |
| Conditional grants are spent as per approved business plan.                                                         |                       |                         |
| <b>25. Public contributions and donations</b>                                                                       |                       |                         |
| Transfers Received - Donation                                                                                       | <u>24 307 385</u>     | <u>-</u>                |
| <b>Reconciliation of conditional contributions</b>                                                                  |                       |                         |
| Current-year receipts                                                                                               | 24 307 385            | -                       |
| Conditions met - transferred to revenue                                                                             | (24 307 385)          | -                       |
|                                                                                                                     | <u>-</u>              | <u>-</u>                |
| The assets was donated by the provincial government in the form of infrastructure borehole accross the municipality |                       |                         |
| <b>26. Fines, Penalties and Forfeits</b>                                                                            |                       |                         |
| Illegal Connections Fines                                                                                           | 146 421               | 27 433                  |
| Deposits Forfeits                                                                                                   | 250                   | 8 168                   |
| Retentions Forfeits                                                                                                 | <u>62 112</u>         | <u>7 507 292</u>        |
|                                                                                                                     | <b><u>208 783</u></b> | <b><u>7 542 893</u></b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                    | 2022               | 2021               |
|----------------------------------------------------|--------------------|--------------------|
| <b>27. Employee related costs</b>                  |                    |                    |
| Basic                                              | 171 941 181        | 149 977 200        |
| Bonus                                              | 11 678 071         | 10 711 004         |
| Medical aid - company contributions                | 13 623 777         | 12 589 519         |
| UIF                                                | 1 438 623          | 1 174 021          |
| Stand by allowance                                 | 7 971 853          | 9 855 376          |
| Leave pay provision charge                         | 3 223 448          | 4 629 718          |
| Industrial bargaining council levy                 | 212 320            | 127 960            |
| Defined contribution plans                         | 21 867 435         | 18 998 363         |
| Motor car allowances                               | 8 704 117          | 6 999 457          |
| Overtime payments                                  | 4 912 229          | 5 592 367          |
| Long-service awards                                | 1 376 013          | 988 767            |
| Acting allowances                                  | 436 711            | 1 185 465          |
| Housing benefits and allowances                    | 1 379 224          | 1 218 658          |
| Cellular phone allowance                           | 663 084            | 533 383            |
| Shift allowance                                    | 2 198 744          | 1 422 004          |
| Employee Benefits                                  | 4 904 857          | 7 439 464          |
|                                                    | <b>256 531 687</b> | <b>233 442 726</b> |
| <b>Remuneration of Municipal Manager</b>           |                    |                    |
| Annual Remuneration                                | 1 153 950          | 1 699 633          |
| Car Allowance                                      | 288 883            | 433 324            |
| Other Allowances                                   | 79 221             | -                  |
| Service Related Benefits                           | 354 304            | 322 735            |
| Contributions to UIF, Medical and Pension Funds    | 2 052              | -                  |
|                                                    | <b>1 878 410</b>   | <b>2 455 692</b>   |
| <b>Remuneration of Chief Financial Officer</b>     |                    |                    |
| Annual Remuneration                                | 1 020 330          | 1 020 330          |
| Car Allowance                                      | 255 557            | 255 557            |
| Other Allowances                                   | 80 489             | -                  |
| Service Related Benefits                           | 37 827             | 70 630             |
| Contributions to UIF, Medical and Pension Funds    | 2 249              | -                  |
|                                                    | <b>1 396 452</b>   | <b>1 346 517</b>   |
| <b>Remuneration - Director of Planning</b>         |                    |                    |
| Annual Remuneration                                | 148 700            | 716 876            |
| Car Allowance                                      | 18 634             | 149 075            |
| Other Allowances                                   | 12 560             | -                  |
| Service Related Benefits                           | 70 265             | 50 340             |
| Contributions to UIF, Medical and Pension Funds    | 375                | -                  |
|                                                    | <b>250 534</b>     | <b>916 291</b>     |
| <b>Remuneration of Director Technical Services</b> |                    |                    |
| Annual Remuneration                                | 988 297            | 1 031 841          |
| Car Allowance                                      | 210 302            | 255 557            |
| Other Allowances                                   | 79 210             | -                  |
| Service Related Benefits                           | -                  | 63 829             |
| Contributions to UIF, Medical and Pension Funds    | 2 383              | -                  |
|                                                    | <b>1 280 192</b>   | <b>1 351 227</b>   |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                   | 2022               | 2021               |
|-------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>27. Employee related costs (continued)</b>                                                                     |                    |                    |
| <b>Remuneration - Director of Corporate services</b>                                                              |                    |                    |
| Annual Remuneration                                                                                               | 892 203            | 808 314            |
| Car Allowance                                                                                                     | 223 612            | 202 316            |
| Other Allowances                                                                                                  | 75 378             | -                  |
| Service Related Benefits                                                                                          | -                  | 52 856             |
| Contributions to UIF, Medical and Pension Funds                                                                   | 2 249              | -                  |
|                                                                                                                   | <b>1 193 442</b>   | <b>1 063 486</b>   |
| <b>Employee costs - Director of Community services</b>                                                            |                    |                    |
| Annual Remuneration                                                                                               | 798 613            | 994 765            |
| Car Allowance                                                                                                     | 212 964            | 255 557            |
| Other Allowances                                                                                                  | 67 074             | -                  |
| Service Related Benefits                                                                                          | 10 345             | 127 078            |
| Contributions to UIF, Medical and Pension Funds                                                                   | 49 537             | -                  |
|                                                                                                                   | <b>1 138 533</b>   | <b>1 377 400</b>   |
| <b>Total employee related cost</b>                                                                                | <b>263 669 250</b> | <b>241 953 339</b> |
| <b>28. Remuneration of councillors</b>                                                                            |                    |                    |
| Mayor                                                                                                             | 905 318            | 934 651            |
| Deputy Mayor                                                                                                      | 632 885            | 473 008            |
| Executive Committee Members                                                                                       | 1 995 559          | 2 690 836          |
| Speaker                                                                                                           | 734 675            | 755 878            |
| Councillors                                                                                                       | 4 348 033          | 3 634 314          |
|                                                                                                                   | <b>8 616 470</b>   | <b>8 488 687</b>   |
| <b>In-kind benefits</b>                                                                                           |                    |                    |
| The Speaker, the Mayor, the Deputy Mayor the and Executive Committee Members are full-time.                       |                    |                    |
| The Speaker, Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties. |                    |                    |
| The Speaker, Mayor and Deputy Mayor are provided with bodyguards.                                                 |                    |                    |
| The Councillors are provided with body guards where request has been approved.                                    |                    |                    |
| <b>29. Depreciation and amortisation</b>                                                                          |                    |                    |
| Property, plant and equipment                                                                                     | 94 324 642         | 79 253 057         |
| Intangible assets                                                                                                 | 17 139             | 20 794             |
|                                                                                                                   | <b>94 341 781</b>  | <b>79 273 851</b>  |
| <b>30. Finance costs</b>                                                                                          |                    |                    |
| Finance leases                                                                                                    | 94 794             | -                  |
| Other interest paid                                                                                               | 303 721            | -                  |
|                                                                                                                   | <b>398 515</b>     | <b>-</b>           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                              | 2022               | 2021               |
|----------------------------------------------|--------------------|--------------------|
| <b>31. Debt impairment</b>                   |                    |                    |
| Contributions to debt impairment provision   | 19 677 454         | (5 452 078)        |
| <b>Impairment per class</b>                  |                    |                    |
| Trade Receivables from exchange transactions | 20 000 830         | (6 326 602)        |
| Other Receivables from exchange transactions | (323 376)          | 323 376            |
| Receivables from non-exchange transactions   | -                  | 551 148            |
|                                              | <b>19 677 454</b>  | <b>(5 452 078)</b> |
| <b>32. Bad Debts written off</b>             |                    |                    |
| Bad debts written off                        | 323 376            | 4 634 983          |
| <b>Bad Debts written off per class</b>       |                    |                    |
| Trade Receivables from exchange transactions | -                  | 4 634 983          |
| Other Receivables from exchange transactions | 323 376            | -                  |
| Receivables from non-exchange transactions   | -                  | -                  |
|                                              | <b>323 376</b>     | <b>4 634 983</b>   |
| <b>33. Contracted services</b>               |                    |                    |
| <b>Outsourced Services</b>                   |                    |                    |
| Business and Advisory                        | 12 203 794         | 3 027 595          |
| Catering Services                            | 1 503 474          | 809 051            |
| Cleaning Services                            | 2 013 868          | 3 943 242          |
| Hygiene Services                             | 439 428            | 1 521 715          |
| Internal Auditors                            | 5 219 511          | 2 493 646          |
| Meter Management                             | 1 610 498          | 291 300            |
| Personnel and Labour                         | 233 120            | 749 033            |
| Security Services                            | 40 070 441         | 35 477 931         |
| Water Takers                                 | 63 223 517         | 108 391 841        |
| <b>Consultants and Professional Services</b> |                    |                    |
| Business and Advisory                        | 23 333 296         | 19 322 076         |
| Legal Cost                                   | 2 488 830          | 1 418 546          |
| <b>Contractors</b>                           |                    |                    |
| Artists and Performers                       | 690 750            | 228 500            |
| Audio-visual Services                        | 21 000             | 30 000             |
| Maintenance of Equipment                     | 881 514            | 842 784            |
| Maintenance of Infrastructure Assets         | 131 887 442        | 98 909 046         |
| Medical Services                             | 336 925            | 237 317            |
| Photographer                                 | 16 000             | -                  |
| Sewerage Services                            | 31 045 861         | 42 043 798         |
| Stage and Sound Crew                         | 820 250            | 19 500             |
|                                              | <b>318 039 519</b> | <b>319 756 921</b> |
| <b>34. Transfer and subsidies</b>            |                    |                    |
| <b>Other subsidies</b>                       |                    |                    |
| Poverty alleviation                          | 11 295 134         | 12 890 845         |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                      | 2022               | 2021               |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>35. Inventory Consumed</b>                                                        |                    |                    |
| Materials and supplies                                                               | 1 972 337          | 10 268 195         |
| Consumable stores                                                                    | 6 061 875          | -                  |
|                                                                                      | <b>8 034 212</b>   | <b>10 268 195</b>  |
| <b>36. General expenses</b>                                                          |                    |                    |
| Achievements and awards                                                              | 1 095 652          | -                  |
| Advertising                                                                          | 1 522 506          | 6 682 676          |
| Auditors remuneration                                                                | 3 861 370          | 4 467 072          |
| Bank charges                                                                         | 320 510            | 576 748            |
| Discount allowed                                                                     | -                  | 41 329             |
| Entertainment                                                                        | 12 404             | 62 261             |
| Operating leases                                                                     | 2 967 624          | 388 613            |
| Hire charges                                                                         | 8 297 990          | 4 189 454          |
| Insurance                                                                            | 4 170 391          | 4 170 618          |
| External computer expenses                                                           | 3 109 608          | 1 099 746          |
| Skills development levy                                                              | 2 287 900          | 1 732 700          |
| Small differences - Tolerances                                                       | 1                  | 1                  |
| Driver's licenses and permits                                                        | 580 662            | 1 213 131          |
| Fuel and oil                                                                         | 7 166 031          | 5 151 312          |
| Communication                                                                        | 890                | 337                |
| Printing and Publication                                                             | 157 131            | 2 999 017          |
| Eskom Connection fees                                                                | 898 531            | -                  |
| Registration                                                                         | 41 187             | 16 755             |
| Subscriptions and membership fees                                                    | 1 763 192          | 2 905 177          |
| Telephone and fax                                                                    | 6 372 582          | 4 239 249          |
| Transport and freight                                                                | 1 710 588          | 170 200            |
| Travel - local                                                                       | 15 148 476         | 14 459 920         |
| Title deed search fees                                                               | 153                | -                  |
| Assets expensed                                                                      | 9 893              | 421 140            |
| Municipal Services                                                                   | 66 396 716         | 54 224 760         |
| Uniforms                                                                             | 1 727 943          | 2 618 384          |
| Management fees                                                                      | 165 000            | -                  |
| Workmans compensation                                                                | 865 989            | 1 507 166          |
| Honoraria                                                                            | 171 000            | 154 000            |
| Vehicle Tracking                                                                     | 269 095            | 247 278            |
| Staff Bursary                                                                        | 62 400             | 115 328            |
| Amakhosi sitting allowance                                                           | 24 271             | 27 581             |
|                                                                                      | <b>131 177 686</b> | <b>113 881 953</b> |
| <b>37. Impairment loss</b>                                                           |                    |                    |
| <b>Impairments</b>                                                                   |                    |                    |
| Property, plant and equipment                                                        | 6 777 432          | 656 322            |
| The impairment was recognised as results of obsolete and physical damaged of assets. |                    |                    |
| <b>38. Auditors' remuneration</b>                                                    |                    |                    |
| Fees                                                                                 | 3 861 370          | 4 467 072          |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                        | 2022               | 2021               |
|--------------------------------------------------------|--------------------|--------------------|
| <b>39. Cash generated from operations</b>              |                    |                    |
| Surplus                                                | 351 088 992        | 285 381 812        |
| <b>Adjustments for:</b>                                |                    |                    |
| Depreciation and amortisation                          | 94 341 781         | 79 273 851         |
| Gain (loss) on sale of assets and liabilities          | 95 073             | (47 017)           |
| Finance costs - Finance leases                         | 94 794             | -                  |
| Gain from non-exchange transactions                    | (40 000)           | (201 670)          |
| Impairment loss                                        | 6 777 432          | 656 322            |
| Debt impairment                                        | 19 677 454         | (5 452 078)        |
| Bad debts written off                                  | 323 376            | 4 634 983          |
| Actuarial (losses) gains                               | 2 532 143          | (19 621 325)       |
| Movements in retirement benefit assets and liabilities | 4 904 857          | 7 439 464          |
| Inventory losses or write-downs                        | -                  | 2 111 495          |
| Non-cash donations and other in-kind benefits          | (24 307 385)       | -                  |
| <b>Changes in working capital:</b>                     |                    |                    |
| Inventories                                            | 1 583 866          | (83 717)           |
| Receivables from exchange transactions                 | 462 513            | 420 438            |
| Trade receivables from exchange transactions           | (14 844 075)       | (11 957 391)       |
| Receivables from non-exchange transactions             | (4 660 019)        | (1 618 831)        |
| Non current receivables from non-exchange transactions | (1 032 328)        | (772 232)          |
| VAT Receivable                                         | (21 238 446)       | (12 010 754)       |
| Non current payables from exchange transaction         | (8 400 000)        | (9 591 655)        |
| Payables from exchange transactions                    | 75 976 723         | 32 012 655         |
| Taxes and transfers payable (non-exchange)             | (81 137)           | -                  |
| Unspent conditional grants and receipts                | 120 350            | (1 509 556)        |
| Consumer deposits                                      | (11 879)           | 13 257             |
|                                                        | <b>483 364 085</b> | <b>349 078 051</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                           | 2022              | 2021              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>40. Commitments</b>                                                                                                                                                                                                                                    |                   |                   |
| <b>Authorised capital expenditure</b>                                                                                                                                                                                                                     |                   |                   |
| <b>Already contracted for but not provided for</b>                                                                                                                                                                                                        |                   |                   |
| • Property, plant and equipment                                                                                                                                                                                                                           | 479 989 322       | 572 412 192       |
| <b>Total capital commitments</b>                                                                                                                                                                                                                          |                   |                   |
| Already contracted for but not provided for                                                                                                                                                                                                               | 479 989 322       | 572 412 192       |
| The Municipality has entered into various contracts for capital infrastructure projects that are expected to be completed in future. All commitments disclosed are VAT inclusive.                                                                         |                   |                   |
| <b>Operating leases - as lessee (expense)</b>                                                                                                                                                                                                             |                   |                   |
| <b>Minimum lease payments due</b>                                                                                                                                                                                                                         |                   |                   |
| - within one year                                                                                                                                                                                                                                         | 995 819           | 227 506           |
| - in second to fifth year inclusive                                                                                                                                                                                                                       | 3 425 561         | 525 539           |
| - later than five years                                                                                                                                                                                                                                   | 7 363 946         | -                 |
|                                                                                                                                                                                                                                                           | <b>11 785 326</b> | <b>753 045</b>    |
| Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. |                   |                   |
| <b>Rental expenses relating to operating leases</b>                                                                                                                                                                                                       |                   |                   |
| Minimum lease payments                                                                                                                                                                                                                                    | 708 862           | -                 |
| Lease payments were for two lease agreements                                                                                                                                                                                                              |                   |                   |
| <b>41. Water losses</b>                                                                                                                                                                                                                                   |                   |                   |
| Unavoidable annual real losses                                                                                                                                                                                                                            | 233 952 719       | 299 837 843       |
| <b>Water loss volumes</b>                                                                                                                                                                                                                                 |                   |                   |
| Units purchased                                                                                                                                                                                                                                           | 19 659 471        | 17 333 846        |
| Units sold                                                                                                                                                                                                                                                | (4 309 764)       | (4 422 152)       |
| Units supplied through water tankers                                                                                                                                                                                                                      | (246 239)         | (375 874)         |
|                                                                                                                                                                                                                                                           | <b>15 103 468</b> | <b>12 535 820</b> |
| <b>Water loss percentage %</b>                                                                                                                                                                                                                            |                   |                   |
| Technical losses                                                                                                                                                                                                                                          | 77 %              | 72 %              |

Zululand District Municipality produces water for both urban and rural areas. The Municipality currently has mainly urban areas on their billing system. The remaining rural areas being mainly indigent, water is supplied through subsidised schemes, hence the contributing factor to water loss not falling within the norm of 15-30%, due to the difference between consumers who qualified to be billed versus households that do not fall into this category, and water that is produced for both rural and urban areas. In addition other contributing factors are water leaks, illegal connections and aging infrastructure.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                     | 2022 | 2021             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------|
| <b>42. Contingencies</b>                                                                                                                                            |      |                  |
| <b>Year 2022</b>                                                                                                                                                    |      |                  |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Matter between Zululand District Municipality // SL Mazibuko: Labour Court Reveiw. (The prospects of succeeding with the review application are reasonable)         |      | 50 000           |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // MEC COGTA (Exco Composition) (The Municipality has good prospects of opposing this application)                                   |      | 1 000 000        |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // MEC COGTA and others (Review Report) (reasonable prospects of success)                                                             |      | 2 000 000        |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // Moteko Construction (Plaintiff has not yet set the matter down for trial)                                                         |      | 800 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // ESKOM Holding SOC (A plea has been filed and ESKOM has not taken the matter further)                                              |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand Disctrict Municipality // ROCLA (This matter is still to be argued but should be referred to arbitration per the contract)                                 |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Pongolo local municipality (reasonable prospects of success)                                                                       |      | 300 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Mr Mavundla & Mr Nkosi (The matter has been adjourned sine die)                                                                    |      | 350 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Department of Water Affairs (The Minister of water and sanitation is pushing this matter to trial despite attempts at settlement.) |      | 2 000 000        |
|                                                                                                                                                                     |      | <b>7 500 000</b> |
| <b>Year 2021</b>                                                                                                                                                    |      |                  |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Matter between Zululand District Municipality // SB Nkosi: Labour Court Reveiw.                                                                                     |      | 70 000           |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // SB Nkosi Bargaining Council Arbitration.                                                                                          |      | 280 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // COGTA                                                                                                                              |      | 400 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // Moteko Construction                                                                                                               |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // ESKOM Holding SOC                                                                                                                 |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Mtanami Projects // Zululand Disctrict Municipality                                                                                                                 |      | 250 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
|                                                                                                                                                                     |      | <b>2 000 000</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 43. Risk management

#### Financial risk management

Financial risk management The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risks include interest rate and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. The municipality does not enter or trade financial instruments for speculative purposes. .

#### Revenue

On assessment of the outstanding debtors material impairment was noted as most customers are a subject of indigent verification.

#### Expenses

Due to increased expectation for access to better hygiene practices, water as the core service delivery mandate of the municipality, must reach communities at an increased volume.

Therefore intervention through grant reprioritisation is seen as the solution. The diverting of grants for capital projects to support operations and operation expenditure. This has a possibility of sustained expectation.

#### Assets

There is no indication that an impairment loss has been incurred on assets except for the ones already recognised in the statement of financial performance.

#### Liabilities

There are no promises, commitments or obligations that have been made that requires to determine whether a liability exist at the reporting date or whether disclosure is needed in the notes to the financial statement.

#### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputations.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met. The municipality has agreed to a payment plan with the respective creditor to settle its non-current liabilities.

#### Capital risk management

The capital structure of the municipality consists of accumulated surplus as disclosed in the statement of changes in net assets.

#### Gearing ratio

The gearing ratio is nil since the municipality does not have long term liabilities.

### 44. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 4 340 844 253 and that the municipality's total assets exceed its liabilities by 4 340 844 253.

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2022         | 2021         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>44. Going concern (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |              |
| The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |              |
| <ul style="list-style-type: none"><li>• The municipality is operating at a net asset position.</li><li>• There are no fixed term borrowings.</li><li>• There is no indication of withdrawals of support from creditors.</li><li>• The Municipality is not operating at an overdraft facility.</li><li>• 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. Norm ratio is 2:1.</li><li>• The municipality has resulted to surplus for the current financial year and there is no significant deterioration in the value of assets used to generate cash flows.</li><li>• The municipality is still able to pay its creditors as they become due.</li><li>• National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.</li><li>• There is no labour difficulties that will render the Municipality dysfunctional.</li><li>• There are no material pending legal claims that may render municipality dysfunctional.</li><li>• There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.</li><li>• The Municipal budget was assessed as unfunded and the municipality adopted a budget funding plan.</li></ul> |              |              |
| <b>45. Additional disclosure in terms of Municipal Finance Management Act</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |              |
| <b>Contributions to organised local government</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2 394 670    | 2 188 977    |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (2 394 670)  | (2 188 977)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>Audit fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3 796 899    | 4 467 072    |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (3 796 899)  | (4 467 072)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>PAYE and UIF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 38 055 068   | 34 311 053   |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (38 055 068) | (34 311 053) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>Pension and Medical Aid Deductions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 46 284 956   | 50 302 423   |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (46 284 956) | (50 302 423) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 45. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

| 30 June 2022       | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total        |
|--------------------|-------------------------------------|-------------------------------------|--------------|
| Cllr. Nkwanyana SE | 491                                 | -                                   | 491          |
| 30 June 2021       | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total        |
| Cllr Mkhize T K    | 1 074                               | 306                                 | 1 380        |
| Cllr Nkwanyana S E | 365                                 | -                                   | 365          |
|                    | <b>1 439</b>                        | <b>306</b>                          | <b>1 745</b> |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

### 46. Budget differences

#### Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

#### Differences between budget and actual amounts are basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Variance is calculated by subtracting actual expenditure from budget

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                           | 2022          | 2021          |                 |           |                                                                                                                                               |
|-------------------------------------------|---------------|---------------|-----------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>46. Budget differences (continued)</b> |               |               |                 |           |                                                                                                                                               |
| <b>Details</b>                            | <b>Budget</b> | <b>Actual</b> | <b>Variance</b> | <b>%</b>  | <b>Comments</b>                                                                                                                               |
|                                           |               |               |                 | - %       |                                                                                                                                               |
| Services charges                          | 54 491 025    | 50 999 303    | (3 491 722)     | (6.00)%   | The municipality has corrected the billing from average to correct billing after installation of meters                                       |
| Rental of facilities                      | 183 486       | 195 241       | 11 755          | 6.00 %    | The amendment on the rental was done during the year                                                                                          |
| Interest on receivables                   | 85 000        | 287 762       | 202 762         | 239.00 %  | This interest is charged on the businesses with outstanding amounts                                                                           |
| Licences and permits                      | 10 000        | -             | (10 000)        | (100.00)% | No licences were issued during the year                                                                                                       |
| Other income                              | 625 489       | 1 084 948     | 459 459         | 73.00 %   | There has been increase in tender sales and skills levy refund                                                                                |
| Investments revenue                       | 6 000 000     | 3 705 403     | (2 294 597)     | (38.00)%  | This depends on the availability of funds that were not immediately required to settle payment and invested to call account or 32 day deposit |
| Government grants and subsidies           | 1 155 668 444 | 1 149 226 650 | (6 441 794)     | (1.00)%   | The MSIG and unspent make up the difference. MSIG was not received as gazetted.                                                               |
| Public contributions and donations        | -             | 24 307 385    | 24 307 385      | 100.00 %  | The municipality received the in-kind assets donated by KZN Provincial treasury                                                               |
| Fines and penalties                       | 48 000        | 208 783       | 160 783         | 335.00 %  | This is charged depending on the number illegal connections and reconnection                                                                  |
| Employee related costs                    | (255 269 182) | (263 669 250) | (8 400 067)     | (3.00)%   | Increase on standby allowance and overtime claims                                                                                             |
| Remuneration of councillors               | (9 037 323)   | (8 616 470)   | 420 854         | (5.00)%   | new councillors were inaugurated and savings were realised because of change in remuneration scales                                           |
| Depreciation                              | (70 603 209)  | (94 341 783)  | (23 738 574)    | 34.00 %   | The asset transferred from WIP to completed assets were above R500 million and started to depreciate and extended above budget                |
| Finance cost                              | -             | (398 515)     | (398 515)       | (100.00)% | These are interest resulting from lease liability and ESKOM accounts                                                                          |
| Debt impairment                           | (9 000 000)   | (19 677 454)  | (10 677 454)    | 119.00 %  | This depend on the actual debtors as at the end of the financial year and is above the financial year                                         |
| Bad debts written off                     | -             | (323 376)     | (323 376)       | (100.00)% | The council has written off the long outstanding debtors                                                                                      |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                           |                    |                    |                      | 2022      | 2021                                                                                                                           |
|-------------------------------------------|--------------------|--------------------|----------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>46. Budget differences (continued)</b> |                    |                    |                      |           |                                                                                                                                |
| Bulk purchases                            | -                  | (13 988 438)       | (13 988 438)         | 100.00 %  | Budget for bulk purchases is included under Inventory consumed                                                                 |
| Contracted services                       | (197 220 741)      | (318 039 519)      | (120 818 778)        | 61.00 %   | The contracted services comprises of expenditure funded from capital grants which do not qualify to be capitalised             |
| Transfers and Subsidies                   | (11 495 634)       | (11 295 134)       | 200 500              | (2.00)%   | Transfers and Subsidies expenditure depend on the LED and poverty alleviation initiatives taken by the municipality.           |
| Inventory consumed                        | (26 142 368)       | (8 034 212)        | 18 108 156           | (69.00)%  | This include Consumable stores ,water inventory and Materials and supplies                                                     |
| General expenditure                       | (110 442 016)      | (131 177 686)      | (20 735 670)         | 19.00 %   | There has been overspending on compelling items such as ESKOM, Hiring of plant and machinery, data and software renewals kills |
| (Loss) gain on disposal                   | -                  | (95 073)           | (95 073)             | (100.00)% | Budget for (Loss) gain on disposal was not allocated                                                                           |
| Actuarial (losses) gains                  | -                  | (2 532 143)        | (2 532 143)          | (100.00)% | Budget for actuarial losses was not allocated                                                                                  |
| Impairment loss                           | -                  | (6 777 432)        | (6 777 432)          | (100.00)% | Budget for Impairment loss was not allocated                                                                                   |
| Gain from non-exchange transactions       | -                  | 40 000             | 40 000               | 100.00 %  | Budget for Gain from non-exchange transactions was not allocated                                                               |
|                                           | <b>527 900 971</b> | <b>351 088 990</b> | <b>(176 811 979)</b> |           |                                                                                                                                |

### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details refer to annual report.

### 47. Unauthorised expenditure

|                                        |                    |                    |
|----------------------------------------|--------------------|--------------------|
| Opening balance as previously reported | 127 661 348        | -                  |
| Add: Expenditure identified - current  | 127 448 321        | 127 661 348        |
| Less: Amount authorised - current      | (127 661 348)      | -                  |
| <b>Closing balance</b>                 | <b>127 448 321</b> | <b>127 661 348</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                   | 2022              | 2021              |
|---------------------------------------------------|-------------------|-------------------|
| <b>47. Unauthorised expenditure (continued)</b>   |                   |                   |
| <b>Analysed as follows: non-cash</b>              |                   |                   |
| Employee related cost                             | 4 904 857         | 7 439 464         |
| Depreciation and amortisation                     | 23 738 574        | 20 614 087        |
| Inventories losses/write-downs                    | -                 | 2 111 495         |
| Loss on disposal of property, plant and equipment | 95 073            | -                 |
| Provision of impairment                           | 10 677 454        | 4 634 983         |
| Actuarial (losses)gains                           | 2 532 143         | -                 |
| Impairment loss                                   | 6 777 432         | 656 322           |
|                                                   | <b>48 725 533</b> | <b>35 456 351</b> |

Unauthorised expenditure was taken to council and authorised / written off, no unauthorised expenditure is under investigation

### 48. Fruitless and wasteful expenditure

|                                                              |                |                |
|--------------------------------------------------------------|----------------|----------------|
| Opening balance as previously reported                       | 437 053        | 1 407 916      |
| Add: Fruitless and wasteful expenditure identified - current | 303 721        | 363 040        |
| Less: Amount written off - current                           | (437 053)      | (1 333 903)    |
| <b>Closing balance</b>                                       | <b>303 721</b> | <b>437 053</b> |

#### Details of fruitless and wasteful expenditure

|                               |                |                |
|-------------------------------|----------------|----------------|
| Interest on overdue accounts  | 303 721        | 74 013         |
| Penalties on overdue accounts | -              | 363 040        |
|                               | <b>303 721</b> | <b>437 053</b> |

#### Amount written-off

After the council committee investigations, council adopted the council committee recommendations to write-off an amount of the total fruitless and wasteful expenditure amount as none of the expenditure attributed to gross negligence.

### 49. Irregular expenditure

|                                           |                   |                   |
|-------------------------------------------|-------------------|-------------------|
| Opening balance as previously reported    | 17 918 070        | 35 711 449        |
| Add: Irregular expenditure - current      | 54 493 484        | 15 258 096        |
| Add: Irregular expenditure - prior period | 4 496 619         | 2 659 974         |
| Less: Amount written off - prior period   | (17 918 070)      | (35 711 449)      |
| <b>Closing balance</b>                    | <b>58 990 103</b> | <b>17 918 070</b> |

#### Incidents/cases identified in the current year include those listed below:

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Non- compliance MSCMR     | 21 096 366        | 17 918 070        |
| Non-compliance with CIDBR | 27 094 494        | -                 |
| Non-compliance with PPPFA | 10 799 243        | -                 |
|                           | <b>58 990 103</b> | <b>17 918 070</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                 | 2022       | 2021       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>49. Irregular expenditure (continued)</b>                                                                                                                                                                                                                                                                                    |            |            |
| <b>Cases under investigation</b>                                                                                                                                                                                                                                                                                                |            |            |
| Thursday, 30 June 2022 cases related to non-compliance with procurement process requirements.                                                                                                                                                                                                                                   |            |            |
| 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.                                                                                                       |            |            |
| Municipal Supply Chain Management Regulations (MSCMR)                                                                                                                                                                                                                                                                           | 13 995 316 | -          |
| <b>Amount written-off</b>                                                                                                                                                                                                                                                                                                       |            |            |
| After the council committee investigations, 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.                                                                |            |            |
| <b>50. Deviation from supply chain management regulations</b>                                                                                                                                                                                                                                                                   |            |            |
| Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.                                                                                                        |            |            |
| Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. |            |            |
| <b>Report on approved deviation</b>                                                                                                                                                                                                                                                                                             | 6 006 203  | 21 956 880 |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 51. Related parties

Relationships  
Accounting Officer

Refer to accounting officers' report note

#### Remuneration of management

##### Management class: Office bearers

##### 2022

| Name                        | Office bearer allowance | Other Allowences | Total            |
|-----------------------------|-------------------------|------------------|------------------|
| Cllr Buthelezi TD           | 556 859                 | 348 459          | 905 318          |
| Cllr Ndlovu TD              | 390 935                 | 241 950          | 632 885          |
| Cllr Memela DT              | 457 320                 | 277 355          | 734 675          |
| Executive committee Members | 1 297 795               | 697 763          | 1 995 558        |
| Other councillors           | 3 088 504               | 1 259 529        | 4 348 033        |
|                             | <b>5 791 413</b>        | <b>2 825 056</b> | <b>8 616 469</b> |

##### Management class: Executive management

##### 2022

| Name        | Basic salary     | Other short-term employee benefits | Other benefits received | Total            |
|-------------|------------------|------------------------------------|-------------------------|------------------|
| R N Hlongwa | 1 020 330        | 363 528                            | 2 249                   | 1 386 107        |
| PM Manqele  | 1 153 950        | 722 408                            | 2 051                   | 1 878 409        |
| NS Msibi    | -                | 10 345                             | -                       | 10 345           |
| TG Soko     | 148 700          | 31 197                             | 375                     | 180 272          |
| RN Msimango | 223 049          | 37 479                             | 562                     | 261 090          |
| M S Linda   | 892 203          | 298 990                            | 2 249                   | 1 193 442        |
| RTM Gumede  | -                | 10 345                             | -                       | 10 345           |
| S Kheswa    | -                | 70 263                             | -                       | 70 263           |
| SP Mosia    | 798 613          | 280 038                            | 49 536                  | 1 128 187        |
| WJ Jordaan  | 765 247          | 252 034                            | 1 821                   | 1 019 102        |
|             | <b>5 002 092</b> | <b>2 076 627</b>                   | <b>58 843</b>           | <b>7 137 562</b> |

\*Refer to note 27 "Employee related costs"

### 52. Events after the reporting date

There are no events identified after reporting date that warrant disclosure.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification

The Reclassification is as a result of implementation of Municipal Standard Charts of Accounts (mSCOA). The reclassification was done to achieve fair presentation of financial statements.

### Statement of Financial Position

|                                                        | Audited              | Prior year<br>adjustments | Reclassifying<br>adjustments | Restated             |
|--------------------------------------------------------|----------------------|---------------------------|------------------------------|----------------------|
| Note(s)                                                |                      |                           |                              |                      |
| <b>Assets</b>                                          |                      |                           |                              |                      |
| <b>Current Assets</b>                                  |                      |                           |                              |                      |
| Cash and cash equivalents                              | 20 058 248           | -                         | -                            | 20 058 248           |
| Trade Receivables from exchange transactions           | 37 798 062           | 118 665                   | 128 663                      | 38 045 390           |
| Receivables from exchange transactions                 | 1 831 632            | -                         | (649 809)                    | 1 181 823            |
| Receivables from non-exchange transactions             | 6 531 985            | -                         | 1 673 467                    | 8 205 452            |
| VAT Receivable                                         | 4 364 174            | 19 948 466                | -                            | 24 312 640           |
| Inventories                                            | 4 140 345            | -                         | -                            | 4 140 345            |
| Non current receivables from non-exchange transactions | 1 152 321            | -                         | (1 152 321)                  | -                    |
|                                                        | <b>75 876 767</b>    | <b>20 067 131</b>         | <b>-</b>                     | <b>95 943 898</b>    |
| <b>Non-Current Assets</b>                              |                      |                           |                              |                      |
| Other receivables from exchange transactions           | 16 302 248           | -                         | -                            | 16 302 248           |
| Property, plant and equipment                          | 4 187 853 126        | 4 225 928                 | -                            | 4 192 079 054        |
| Heritage assets                                        | 1 212 635            | -                         | -                            | 1 212 635            |
| Intangible assets                                      | 31 999               | -                         | -                            | 31 999               |
|                                                        | <b>4 205 400 008</b> | <b>4 225 928</b>          | <b>-</b>                     | <b>4 209 625 936</b> |
| <b>Total Assets</b>                                    | <b>4 281 276 775</b> | <b>24 293 059</b>         | <b>-</b>                     | <b>4 305 569 834</b> |
| <b>Liabilities</b>                                     |                      |                           |                              |                      |
| <b>Current Liabilities</b>                             |                      |                           |                              |                      |
| Payables from exchange transactions                    | 210 356 577          | 42 036 352                | -                            | 252 392 929          |
| Consumer deposits                                      | 3 633 124            | -                         | -                            | 3 633 124            |
| Taxes and transfers payable (non-exchange)             | 81 137               | -                         | -                            | 81 137               |
| Unspent conditional grants and receipts                | 2 290 444            | -                         | -                            | 2 290 444            |
| Employee benefit obligation (Medical Aid)              | 249 000              | -                         | -                            | 249 000              |
| Employee benefit obligation (Long Service Award)       | 1 506 000            | -                         | -                            | 1 506 000            |
|                                                        | <b>218 116 282</b>   | <b>42 036 352</b>         | <b>-</b>                     | <b>260 152 634</b>   |
| <b>Non-Current Liabilities</b>                         |                      |                           |                              |                      |
| Payables from exchange transactions                    | 21 757 945           | -                         | -                            | 21 757 945           |
| Employee benefit obligation (Medical Aid)              | 22 289 000           | -                         | -                            | 22 289 000           |
| Employee benefit obligation (Long Service Award)       | 11 615 000           | -                         | -                            | 11 615 000           |
|                                                        | <b>55 661 945</b>    | <b>-</b>                  | <b>-</b>                     | <b>55 661 945</b>    |
| <b>Total Liabilities</b>                               | <b>273 778 227</b>   | <b>42 036 352</b>         | <b>-</b>                     | <b>315 814 579</b>   |
| <b>Net Assets</b>                                      | <b>4 007 498 548</b> | <b>(17 743 293)</b>       | <b>-</b>                     | <b>3 989 755 255</b> |
| <b>Net Assets</b>                                      |                      |                           |                              |                      |
| Accumulated surplus                                    | 4 007 498 541        | (17 743 293)              | -                            | 3 989 755 248        |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.1 Trade Receivables from exchange transactions

|                                                                    |                   |
|--------------------------------------------------------------------|-------------------|
| Balance previously reported                                        | 37 798 062        |
| Reclassification from other receivables from exchange transactions | 128 663           |
| Correction of prior period error - recognition of unbilled debtors | 118 665           |
|                                                                    | <b>38 045 390</b> |

Reclassification from Receivables from exchange transactions, recognition of debtor not billed.

#### 53.2 Receivables from exchange transactions

|                                                                  |                  |
|------------------------------------------------------------------|------------------|
| Balance previously reported                                      | 1 831 632        |
| Prepaid expenses                                                 | 1 152 321        |
| Recoverable fruitless and wasteful expenditure                   | (1 333 903)      |
| Debtor: Accrued Income                                           | (282 900)        |
| Debtor: Under/Over Banking                                       | (4 230)          |
| Debtor: Debit orders Absa                                        | (3 950)          |
| Debtor: Tracker - Cost                                           | (134 248)        |
| Debtor: Tracker - Impairment                                     | 134 248          |
| Debtor: World Focus - Cost                                       | (284 241)        |
| Debtor: World Focus - Impairment                                 | 284 241          |
| Debtor BP Drakensburg - Cost                                     | (136 888)        |
| Debtor BP Drakensburg - Impairment                               | 136 888          |
| Debtor: SAMWUMED                                                 | (9 050)          |
| Debtor: Accrued Interest                                         | (39 434)         |
| Reclassification to Trade receivables from exchange transactions | (128 663)        |
|                                                                  | <b>1 181 823</b> |

Merging Receivable from exchange transactions with other Receivables from exchange transactions, Reclassification of Receivables from exchange transactions to Receivables from non-exchange transactions (mSCOA classification alignment).  
Reclassification to trade receivables from exchange transactions due to MSCOA alignment.

#### 53.3 Receivables from non-exchange transactions

|                                                |                   |
|------------------------------------------------|-------------------|
| Balance previously reported                    | 22 834 234        |
| Recoverable fruitless and wasteful expenditure | 1 333 903         |
| Debtor: Accrued Income                         | 282 900           |
| Debtor: Under/Over Banking                     | 4 230             |
| Debtor: Debit orders Absa                      | 3 950             |
| Debtor: Tracker - Cost                         | 134 248           |
| Debtor: Tracker - Impairment                   | (134 248)         |
| Debtor: World Focus - Cost                     | 284 241           |
| Debtor: World Focus - Impairment               | (284 241)         |
| Debtor BP Drakensburg - Cost                   | 136 888           |
| Debtor BP Drakensburg - Impairment             | (136 888)         |
| Debtor: SAMWUMED                               | 9 050             |
| Debtor: Accrued Interest                       | 39 434            |
|                                                | <b>24 507 701</b> |

Reclassification of Receivables from exchange transactions to Receivables from non-exchange transactions (mSCOA classification alignment).



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.4 Non current receivables from non-exchange transactions

|                             |             |
|-----------------------------|-------------|
| Balance previously reported | 1 152 321   |
| Prepaid expenses            | (1 152 321) |
|                             | <u>-</u>    |

Merging Receivable from exchange transactions with other Receivables from exchange transactions.

#### 53.5 VAT Receivable

|                                                                                          |                   |
|------------------------------------------------------------------------------------------|-------------------|
| Balance previously reported                                                              | 4 364 174         |
| Correction of prior error payments paid in current year instead of prior year            | 5 473 224         |
| Correction of prior period error - Recognition of Output VAT Impairment                  | 14 505 990        |
| Correction of prior period error - Recognition of Output VAT on Unbilled debtors         | (15 077)          |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 671)          |
|                                                                                          | <u>24 312 640</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021. Output VAT prior period adjustment for water and sanitation debtors. Correction of prior error Recognition of output VAT on unbilled debtors, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

#### 53.6 Property, plant and equipment

|                                                    |                      |
|----------------------------------------------------|----------------------|
| Balance previously reported                        | 4 187 853 126        |
| Correction of prior error assets fully depreciated | 4 225 928            |
|                                                    | <u>4 192 079 054</u> |

Correction of prior error assets fully depreciated

#### 53.7 Payables from exchange transactions

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| Balance previously reported                                                   | 210 356 577        |
| Correction of prior error payments paid in current year instead of prior year | 42 036 352         |
|                                                                               | <u>252 392 929</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021. Correction of prior error payments paid in current year instead of prior year.

#### 53.8 Accumulated surplus

|                                                                                          |                      |
|------------------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                              | 4 007 498 541        |
| Correction of prior error payments paid in current year instead of prior year            | (36 563 129)         |
| Correction of prior error assets fully depreciated                                       | 4 225 929            |
| Correction of prior period error - Recognition of Output VAT Impairment                  | 14 505 991           |
| Correction of prior period error - Recognition of Unbilled Revenue                       | 103 588              |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 672)             |
|                                                                                          | <u>3 989 755 248</u> |

Prior period adjustments relating to receivables from exchange transactions. Prior period error relate to payments that were allocated in 2122 instead of 2021. Correction of prior error assets fully depreciated. Correction of prior period error - Recognition of Output VAT Impairment. Correction of prior period error - recognition of unbilled Revenue, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification (continued)

#### Statement of Financial Performance

|                                                           | Audited              | Prior year<br>adjustments | Reclassifying<br>adjustments | Restated             |
|-----------------------------------------------------------|----------------------|---------------------------|------------------------------|----------------------|
| Note(s)                                                   |                      |                           |                              |                      |
| <b>Revenue</b>                                            |                      |                           |                              |                      |
| <b>Revenue from exchange transactions</b>                 |                      |                           |                              |                      |
| Service charges                                           | 52 764 917           | 87 916                    | -                            | 52 852 833           |
| Rental of facilities                                      | 179 242              | -                         | -                            | 179 242              |
| Interest on receivables                                   | 29 451               | -                         | -                            | 29 451               |
| Other operating revenue                                   | 671 929              | -                         | -                            | 671 929              |
| Investment revenue                                        | 3 225 646            | -                         | -                            | 3 225 646            |
| <b>Total revenue from exchange transactions</b>           | <b>56 871 185</b>    | <b>87 916</b>             | <b>-</b>                     | <b>56 959 101</b>    |
| <b>Revenue from non-exchange transactions</b>             |                      |                           |                              |                      |
| <b>Transfer revenue</b>                                   |                      |                           |                              |                      |
| Government grants and subsidies                           | 1 024 569 556        | -                         | -                            | 1 024 569 556        |
| Fines, Penalties and Forfeits                             | 7 542 893            | -                         | -                            | 7 542 893            |
| <b>Total revenue from non-exchange transactions</b>       | <b>1 032 112 449</b> | <b>-</b>                  | <b>-</b>                     | <b>1 032 112 449</b> |
| <b>Total revenue</b>                                      | <b>1 088 983 634</b> | <b>87 916</b>             | <b>-</b>                     | <b>1 089 071 550</b> |
| <b>Expenditure</b>                                        |                      |                           |                              |                      |
| Employee related costs                                    | (234 513 875)        | -                         | (7 439 464)                  | (241 953 339)        |
| Remuneration of councillors                               | (8 488 687)          | -                         | -                            | (8 488 687)          |
| Employee benefit                                          | (7 439 464)          | -                         | 7 439 464                    | -                    |
| Depreciation, amortisation and impairments                | (83 499 781)         | 4 225 930                 | -                            | (79 273 851)         |
| Debt impairment                                           | (9 053 913)          | 14 505 991                | -                            | 5 452 078            |
| Bad debts written off                                     | (4 634 983)          | -                         | -                            | (4 634 983)          |
| Contracted services                                       | (294 417 318)        | (25 250 415)              | (89 188)                     | (319 756 921)        |
| Transfers and subsidies                                   | (12 890 845)         | -                         | -                            | (12 890 845)         |
| Collection costs                                          | (89 188)             | -                         | 89 188                       | -                    |
| Inventory consumed                                        | (10 268 195)         | -                         | -                            | (10 268 195)         |
| Bulk purchases                                            | (24 567 195)         | (10 528 042)              | -                            | (35 095 237)         |
| Lease rental                                              | (372 478)            | -                         | 372 478                      | -                    |
| General Expenses                                          | (112 724 802)        | (784 674)                 | (372 478)                    | (113 881 954)        |
| <b>Total expenditure</b>                                  | <b>(802 960 724)</b> | <b>(17 831 210)</b>       | <b>-</b>                     | <b>(820 791 934)</b> |
| <b>Operating surplus</b>                                  | <b>286 022 910</b>   | <b>(17 743 294)</b>       | <b>-</b>                     | <b>268 279 616</b>   |
| Gain on disposal of assets and liabilities                | 47 017               | -                         | -                            | 47 017               |
| Impairment loss                                           | (656 322)            | -                         | -                            | (656 322)            |
| Gain from non-exchange transactions                       | 201 670              | -                         | -                            | 201 670              |
| Inventories (losses/write-downs)/ reversal of write downs | (2 111 495)          | -                         | -                            | (2 111 495)          |
| Actuarial gains/losses                                    | 19 621 325           | -                         | -                            | 19 621 325           |
|                                                           | <b>17 102 195</b>    | <b>-</b>                  | <b>-</b>                     | <b>17 102 195</b>    |
| <b>Surplus for the year</b>                               | <b>303 125 105</b>   | <b>(17 743 294)</b>       | <b>-</b>                     | <b>285 381 811</b>   |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.9 Service charges

|                                                                                          |                   |
|------------------------------------------------------------------------------------------|-------------------|
| Balance previously reported                                                              | 52 764 917        |
| Correction of prior period error - Recognition of Unbilled Revenue                       | 103 588           |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 672)          |
|                                                                                          | <u>52 852 833</u> |

Correction of prior period error - Recognition of Unbilled Revenue, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

#### 53.10 Employee related costs

|                                        |                      |
|----------------------------------------|----------------------|
| Balance previously reported            | (234 513 875)        |
| Reclassification from Employee benefit | (7 439 464)          |
|                                        | <u>(241 953 339)</u> |

Reclassification of employee benefit to employee related cost (mSCOA classification alignment).

#### 53.11 Employee benefits

|                                           |             |
|-------------------------------------------|-------------|
| Balance previously reported               | (7 439 464) |
| Reclassification to employee related cost | 7 439 464   |
|                                           | <u>-</u>    |

Reclassification of employee benefit to employee related cost (mSCOA classification alignment).

#### 53.12 Depreciation, amortisation and Impairments

|                                                    |                     |
|----------------------------------------------------|---------------------|
| Balance previously reported                        | (83 499 781)        |
| Correction of prior error assets fully depreciated | 4 225 930           |
|                                                    | <u>(79 273 851)</u> |

Correction of prior error assets fully depreciated

#### 53.13 Debt impairment

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Balance previously reported                                             | (9 053 913)      |
| Correction of prior period error - Recognition of Output VAT Impairment | 14 505 991       |
|                                                                         | <u>5 452 078</u> |

Correction of prior period error - Recognition of Output VAT Impairment

#### 53.14 Collection costs

|                                         |          |
|-----------------------------------------|----------|
| Balance previously reported             | 89 188   |
| Reclassification to contracted services | (89 188) |
|                                         | <u>-</u> |

Reclassification of collection cost to Contracted services (mSCOA reclassification alignment)

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.15 Bulk purchases

|                                                                               |                     |
|-------------------------------------------------------------------------------|---------------------|
| Balance previously reported                                                   | (24 567 195)        |
| Correction of prior error payments paid in current year instead of prior year | (10 528 042)        |
|                                                                               | <u>(35 095 237)</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021

#### 53.16 Contracted services

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                   | (294 417 318)        |
| Reclassification from collection cost                                         | (89 188)             |
| Correction of prior error payments paid in current year instead of prior year | (25 250 415)         |
|                                                                               | <u>(319 756 921)</u> |

Reclassification of collection cost to contracted services (mSCOA reclassification alignment). Prior period error relate to payments that were allocated in 2122 instead of 2021

#### 53.17 Lease rentals on operating lease

|                                      |           |
|--------------------------------------|-----------|
| Balance previously reported          | (372 478) |
| Reclassification to general expenses | 372 478   |
|                                      | <u>-</u>  |

Reclassification of Operating leases to General expenses (mSCOA reclassification alignment).

#### 53.18 General Expenses

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                   | (112 724 802)        |
| Reclassification from operating lease                                         | (372 478)            |
| Correction of prior error payments paid in current year instead of prior year | (784 674)            |
|                                                                               | <u>(113 881 954)</u> |

Reclassification of Operating leases to General expenses (mSCOA reclassification alignment). Prior period error relate to payments that were allocated in 2122 instead of 2021.

### 54. Segment information

#### General information

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 54. (continued)

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and public safety, Economic and environmental services and Trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

#### 2022

|                                                 | Community and public safety | Economic and environmental services | Trading services     | Unallocated          | Total                |
|-------------------------------------------------|-----------------------------|-------------------------------------|----------------------|----------------------|----------------------|
| <b>Segment revenue</b>                          |                             |                                     |                      |                      |                      |
| External revenue from non-exchange transactions | 2 011 000                   | 9 605 526                           | 635 653 705          | 526 472 589          | 1 173 742 820        |
| External revenue from exchange transactions     | -                           | -                                   | 51 287 064           | 1 280 188            | 52 567 252           |
| Interest revenue                                | -                           | -                                   | -                    | 3 705 403            | 3 705 403            |
| <b>Total</b>                                    | <b>2 011 000</b>            | <b>9 605 526</b>                    | <b>686 940 769</b>   | <b>531 458 180</b>   | <b>1 230 015 475</b> |
| <b>Segment expenses</b>                         |                             |                                     |                      |                      |                      |
| Total segment expenses                          | (24 611 163)                | (24 398 816)                        | (471 850 790)        | (253 960 764)        | (774 821 533)        |
| Depreciation and amortisation                   | (185 245)                   | (103 462)                           | (87 642 274)         | (6 410 802)          | (94 341 783)         |
| Interest expense                                | -                           | -                                   | -                    | (398 515)            | (398 515)            |
| <b>Total</b>                                    | <b>(24 796 408)</b>         | <b>(24 502 278)</b>                 | <b>(559 493 064)</b> | <b>(260 770 081)</b> | <b>(869 561 831)</b> |
| <b>Surplus for the year</b>                     | <b>(22 785 408)</b>         | <b>(14 896 752)</b>                 | <b>127 447 705</b>   | <b>270 688 099</b>   | <b>360 453 644</b>   |
| <b>Other information</b>                        |                             |                                     |                      |                      |                      |
| Segment assets                                  | 398 774                     | 22 397 484                          | 4 562 291 517        | 148 605 639          | 4 733 693 414        |
| Segment liabilities                             | -                           | (768 977)                           | (2 642 118)          | (389 438 062)        | (392 849 157)        |
| Total capital expenditure                       | 485 413                     | 6 965 198                           | 464 144 412          | 13 257 855           | 484 852 878          |

#### 2021

|                                                 | Community and public safety | Economic and environmental services | Trading services   | Unallocated        | Total                |
|-------------------------------------------------|-----------------------------|-------------------------------------|--------------------|--------------------|----------------------|
| <b>Segment revenue</b>                          |                             |                                     |                    |                    |                      |
| External revenue from non-exchange transactions | 1 911 000                   | 6 203 680                           | 449 804 691        | 574 193 078        | 1 032 112 449        |
| External revenue from exchange transactions     | 10 000                      | -                                   | 52 794 368         | 361 414            | 53 165 782           |
| Interest revenue                                | -                           | -                                   | -                  | 3 705 403          | 3 705 403            |
| <b>Total</b>                                    | <b>1 921 000</b>            | <b>6 203 680</b>                    | <b>502 599 059</b> | <b>578 259 895</b> | <b>1 088 983 634</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 54. (continued)

#### Segment expenses

|                               |                     |                     |                      |                      |                      |
|-------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Total segment expenses        | (18 284 843)        | (19 780 786)        | (457 619 758)        | (229 466 568)        | (725 151 955)        |
| Depreciation and amortisation | (120 270)           | (108 098)           | (77 849 040)         | (5 422 373)          | (83 499 781)         |
| <b>Total</b>                  | <b>(18 405 113)</b> | <b>(19 888 884)</b> | <b>(535 468 798)</b> | <b>(234 888 941)</b> | <b>(808 651 736)</b> |
| <b>Surplus for the year</b>   | <b>(16 484 113)</b> | <b>(13 685 204)</b> | <b>(32 869 739)</b>  | <b>343 370 954</b>   | <b>280 331 898</b>   |

#### Other information

|                           |          |            |               |               |               |
|---------------------------|----------|------------|---------------|---------------|---------------|
| Segment assets            | (43 719) | 15 524 317 | 4 128 407 666 | 137 388 513   | 4 281 276 777 |
| Segment liabilities       | -        | -          | (2 497 886)   | (271 280 341) | (273 778 227) |
| Total capital expenditure | 547 040  | 3 322 330  | 333 170 749   | 4 415 721     | 341 455 840   |

# ZULULAND DISTRICT MUNICIPALITY

## ANNUAL REPORT

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



Honourable Mayor: Cllr. TD. Buthelezi

Municipal Manager: Mr.RN Hlongwa

Private Bag X76

Ulundi

3838 Tel: 035 8745500

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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 that demonstrates the state of the Zululand District Municipality as of **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!

---

**CLLR T.D. BUTHELEZI**

**HONORABLE 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 Performance 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.

---

**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:

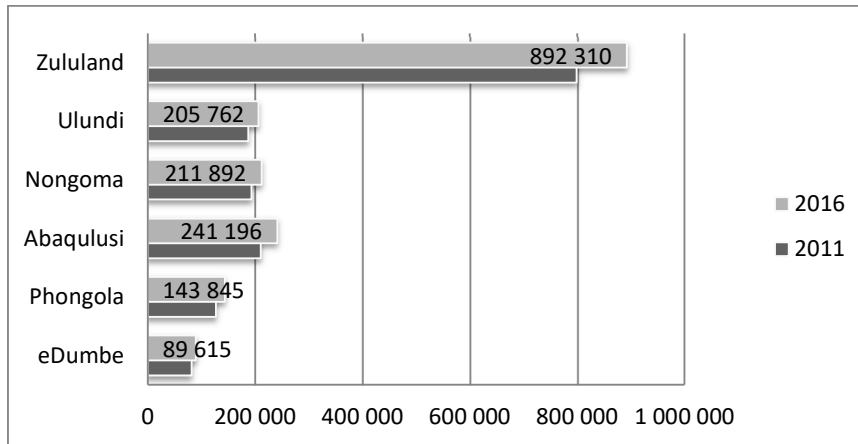
- (a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.*
- (b) Bulk 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.

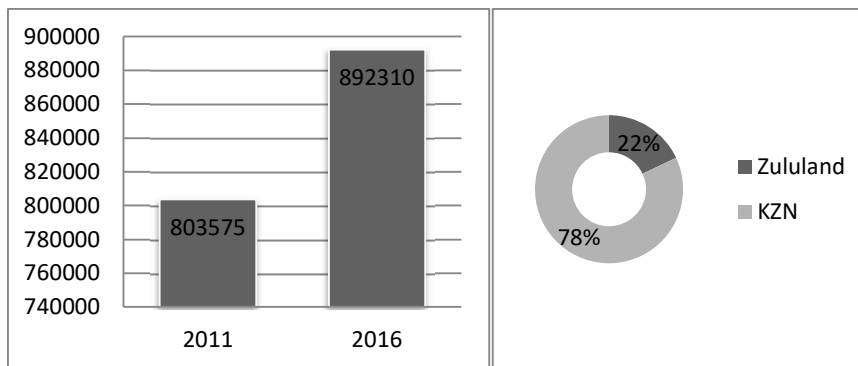
*Figure 1 Local Municipality population comparison between 2011-2016*



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*

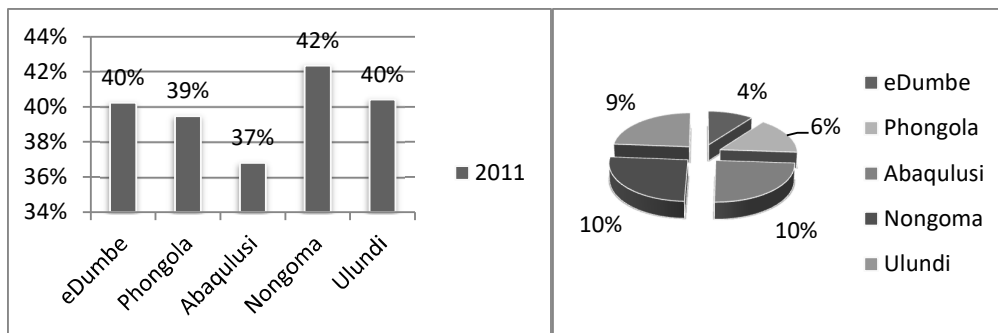


According to census, the population in the Zululand District Municipality grew by 1.45% in 2011 from 803,535 to 892,310 in 2016.

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.

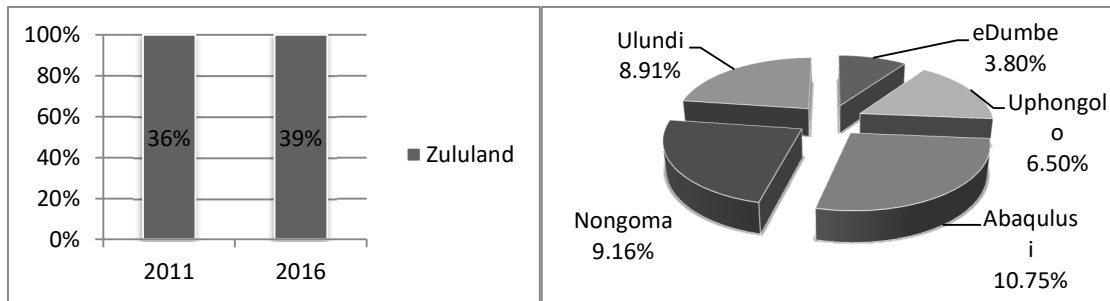
**Figure 3 District population 0-14 age group**



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

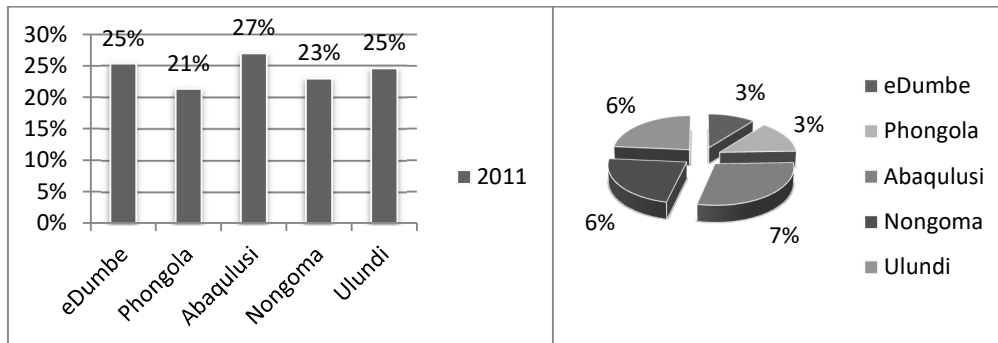
42% of the population in Nongoma belongs to this age group followed by Ulundi and Edumbe. Ophongolo has 39% with Abaqulusi at 37%. Nongoma (10%), Abaqulusi (10%) and Ulundi (9%) contribute the highest to the 0-14 age-group in the district.

**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. oPhongolo(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.

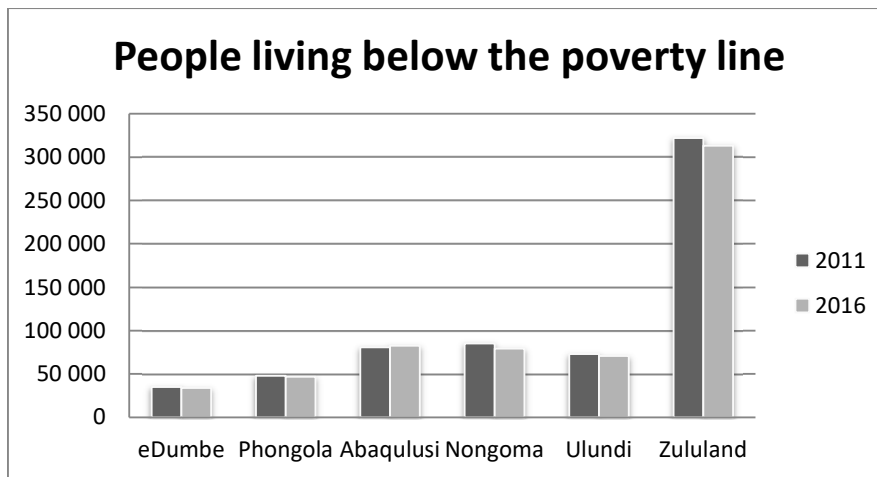
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

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%  |

|                           |        |        |        |
|---------------------------|--------|--------|--------|
| <b>Construction</b>       | 3.60%  | 3.60%  | 3.60%  |
| <b>Trade</b>              | 10.60% | 10.50% | 10.50% |
| <b>Transport</b>          | 7.90%  | 8.10%  | 8.30%  |
| <b>Finance</b>            | 11.40% | 12.10% | 12.10% |
| <b>Community services</b> | 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.

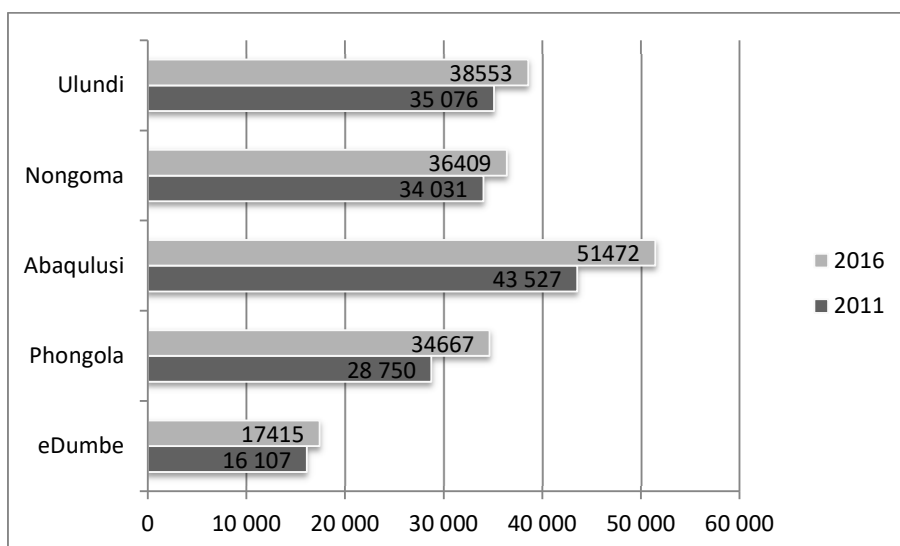


**Figure 7 Households per Local Municipality**

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

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 |
|------------------|------------|--------------------------------|
| <b>Abaqulusi</b> | 11709      | 257 598 000                    |
| <b>eDumbe</b>    | 13275      | 292 050 000                    |
| <b>Nongoma</b>   | 13153      | 289 366 000                    |
| <b>Ulundi</b>    | 12728      | 280 016 000                    |
| <b>oPhongolo</b> | 25949      | 570 878 000                    |
| <b>Total</b>     | 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**

| <i>Authority</i> | <i>Paved Roads (km)</i> | <i>Unpaved Roads(km)</i> | <i>Total(km)</i> |
|------------------|-------------------------|--------------------------|------------------|
| 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**

| <b>Unpaved Roads</b> | <b>Paved Roads</b> | <b>Traffic Count Stations</b> | <b>Bridges</b> | <b>Culverts</b> | <b>Ancillary Assets</b> |
|----------------------|--------------------|-------------------------------|----------------|-----------------|-------------------------|
| <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**

| <b>Local Municipality</b> | <b>Paved Road Network Condition</b> |             |             |             |                  |                    |
|---------------------------|-------------------------------------|-------------|-------------|-------------|------------------|--------------------|
|                           | <b>Very Good</b>                    | <b>Good</b> | <b>Fair</b> | <b>Poor</b> | <b>Very Poor</b> | <b>Length (km)</b> |
| <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**

| Local Municipality  | Replacement Value |
|---------------------|-------------------|
| <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**

| Local Municipality  | UnPaved Road Network Condition |      |       |       |           |             |
|---------------------|--------------------------------|------|-------|-------|-----------|-------------|
|                     | 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**

| Local Municipality  | Current Replacement Value |
|---------------------|---------------------------|
| <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.

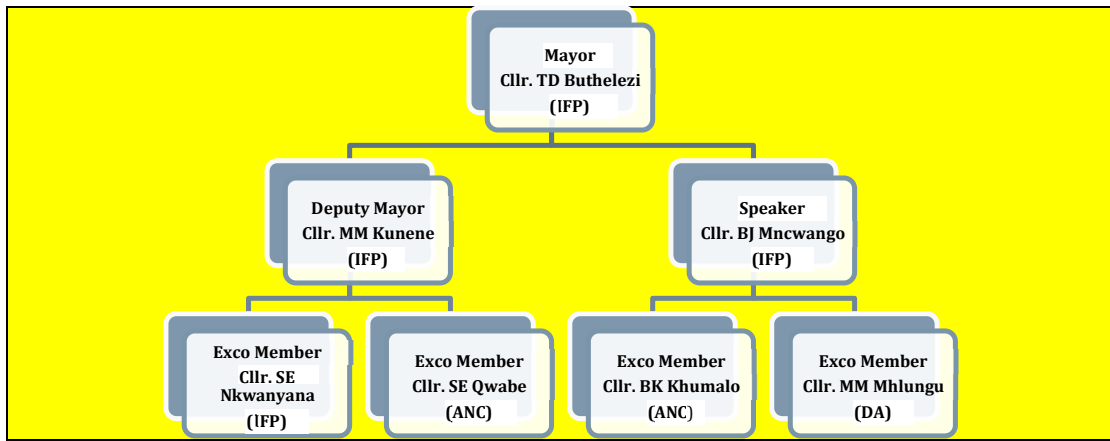
#### **4.2. Summative Key Challenges List**

- 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

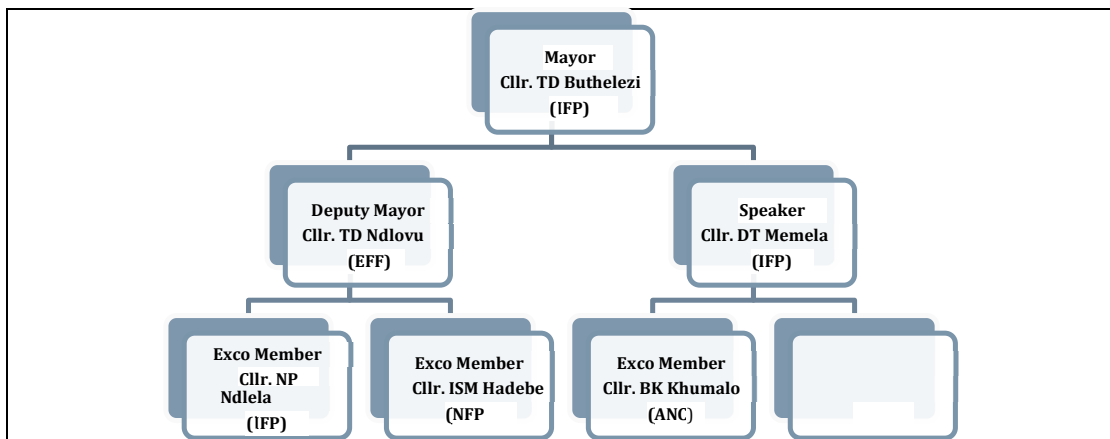
### 5.2. Political Governance Performance

#### *Portfolio Committees*

**Table 10 Portfolio Committee performance**

## CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

### 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 11 Portfolio Committee performance**

| Chairperson               | Description                            | Date                                                               |
|---------------------------|----------------------------------------|--------------------------------------------------------------------|
| <b>Cllr. TD Buthelezi</b> | Finance Portfolio Committee            | 24.03.2022                                                         |
| <b>Cllr. TD Buthelezi</b> | Technical Services Portfolio Committee | 30.03.2022                                                         |
| <b>Cllr. TD Ndlovu</b>    | Corporate Services Portfolio Committee | 12.08.2021<br>18.02.2022<br>22.04.2022<br>04.05.2022               |
| <b>Cllr NP Ndlela</b>     | Planning Services Portfolio Committee  | 17.03.2022<br>17.05.2022                                           |
| <b>Cllr ISM Hadebe</b>    | Community Services Portfolio Committee | 20.08.2021<br>15.03.2022<br>17.06.2022                             |
| <b>Cllr S Shelembe</b>    | Municipal Public Accounts Committee    | 20.08.2021<br>24.03.2022<br>30.03.2022<br>12.05.2022<br>21.06.2022 |
| <b>Cllr TD Ndlovu</b>     | Local Labour Forum                     | 25.03.2022<br>19.04.2022<br>26.05.2022                             |

**Table 12 Council and EXCO Meeting performance**

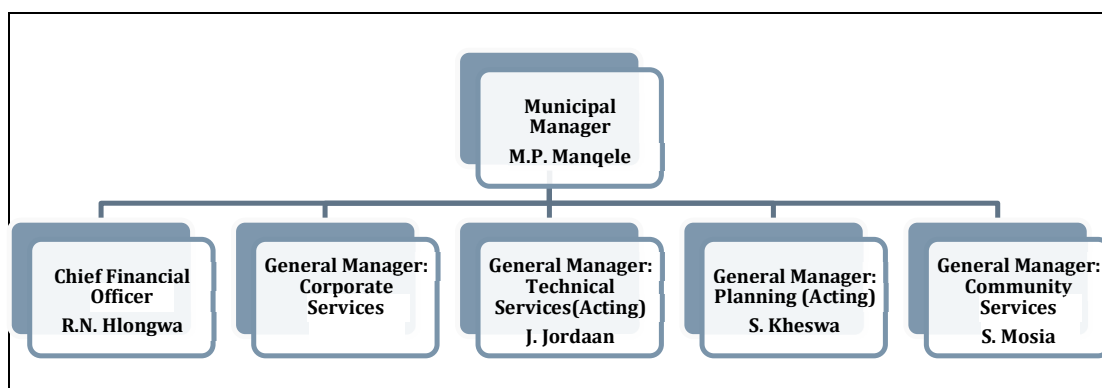
| <b>COUNCIL<br/>AND EXCO<br/>MEETINGS</b> | <b>2020/21</b>                 | <b>2021/22</b>                 |               |
|------------------------------------------|--------------------------------|--------------------------------|---------------|
|                                          | <b>Number of<br/>meetings:</b> | <b>Number of<br/>meetings:</b> | <b>Dates:</b> |

|                     |    |    |                                                                                                                                                                                                              |
|---------------------|----|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>EXCO</b>         | 12 | 11 | 30/07/2021; 24/08/2021; 28/09/2022;<br>26/01/2022; 28/01/2022; 21/02/2022;<br>23/03/2022; 24/03/2022; 26/04/2022;<br>24/05/2022; 21/06/2022                                                                  |
| <b>FULL COUNCIL</b> | 12 | 16 | 25/08/2021; 18/10/2021; 26/11/2021;<br>02/12/2021; 7/01/2022; 27/01/2022;<br>05/02/2022; 25/02/2022; 22/03/2022;<br>29/03/2022; 31/03/2022; 22/04/2022;<br>27/05/2022; 15/06/2022; 22/06/2022;<br>30/06/2022 |

### 5.3. Administrative Governance

#### Human Resources

During the period, the Municipal Manager was Mr Z.W. Mcineka until 01 October 2020, Mr S Mosia (GM Community services acted in the position until 30 December 2020. Mr PM Manqele (former GM Corporate services) was appointed Municipal Manager from January 2021.



#### Planning Department

General Manager: Mr BP Mnguni (Mr S Kheswa Acting from February 2021)

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: Mr PM Manqele (appointed Municipal Manager January 2021)**

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.

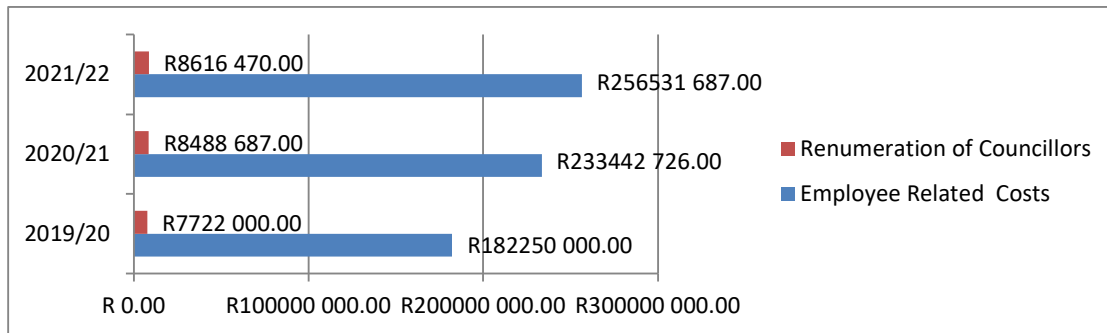
The Department has 3 divisions including the Project Management Unit (PMU), Bulk Management as well as Operations and Maintenance.

### **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 13 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 14 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 15 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:

| Employee                | Performance Bonus % |
|-------------------------|---------------------|
| 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

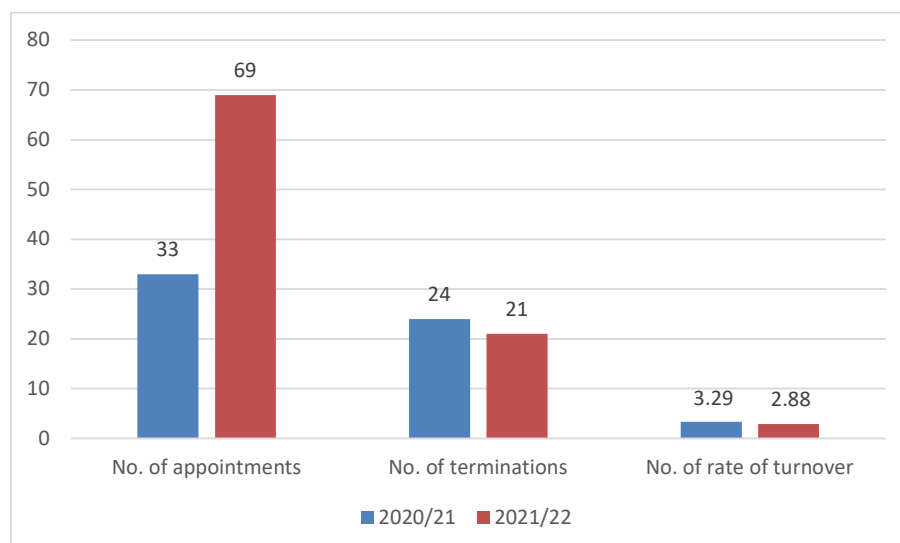
### Job Evaluations

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.

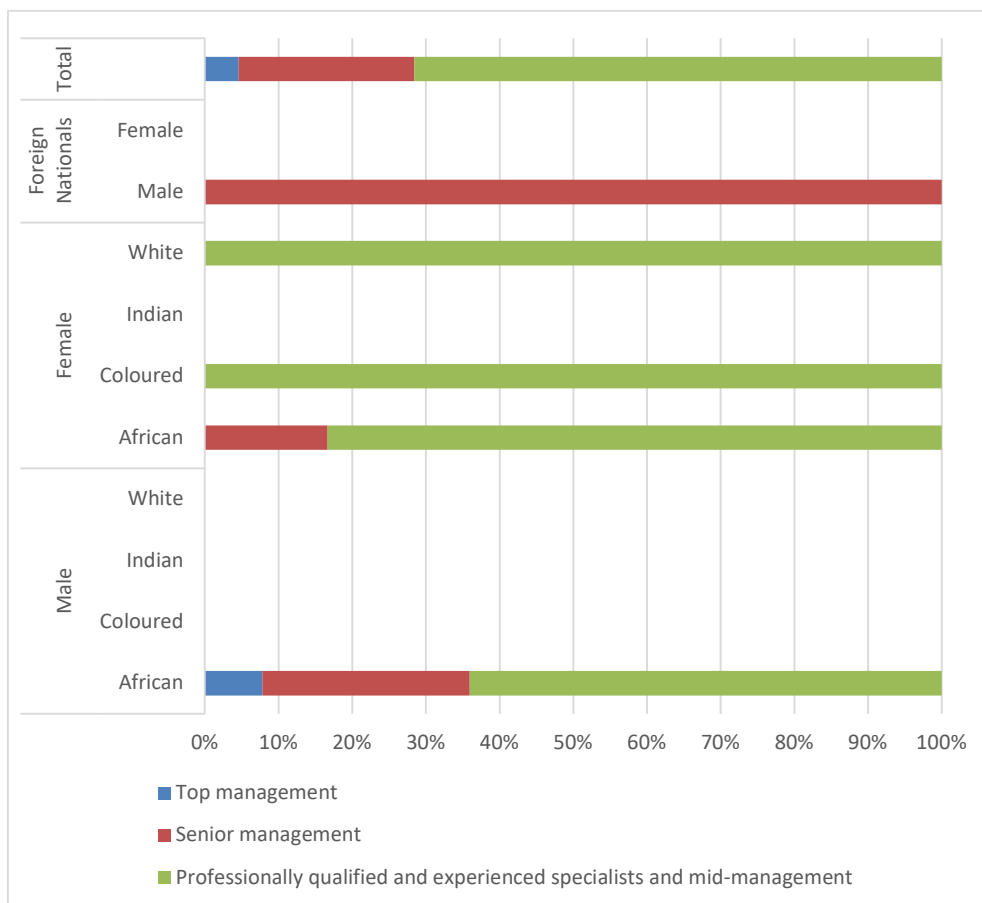
**Figure 9 Appointments, Terminations and Turnover Rate**



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 16 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 17 Disciplinary issues**

| Disciplinary issues<br>(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 18 Employees trained including expenditure**

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

|    | <b>Name of Policy</b>                       | <b>Date adopted</b> | <b>Next Review</b> |
|----|---------------------------------------------|---------------------|--------------------|
| 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 |

#### **5.4. 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).

#### **5.5. 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

#### **5.5.1. 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.

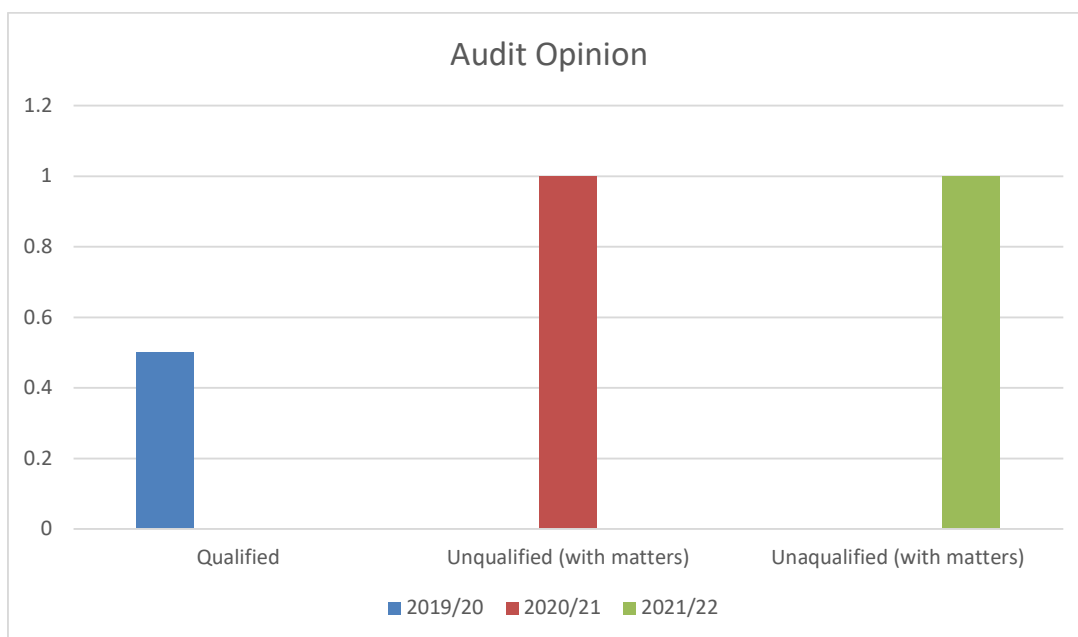
##### **ADVERSE AUDIT OPINION:**

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 19 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 20 Meetings of the Audit Committee**

| <b>Meetings of the Audit Committee</b> |                |                |
|----------------------------------------|----------------|----------------|
| <b>2019/20</b>                         | <b>2020/21</b> | <b>2021/22</b> |
| <b>08/08/2019</b>                      | 29/09/20       | 20/08/2021     |
| <b>17/07/2020</b>                      | 04/12/20       | 08/12/2021     |
| <b>13/11/2020</b>                      | 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.

**5.6. 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 21 Organizational Risk Management**

| <b>Item No.</b> | <b>Risk Description</b>                                                 | <b>Risk Impact</b> | <b>Control Impact</b> | <b>Annual Result</b> |
|-----------------|-------------------------------------------------------------------------|--------------------|-----------------------|----------------------|
| 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.

### 5.7. 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.

### 5.8. 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*

### 5.9. SUPPLY CHAIN MANAGEMENT

**Table 22 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.

#### **5.10. 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).

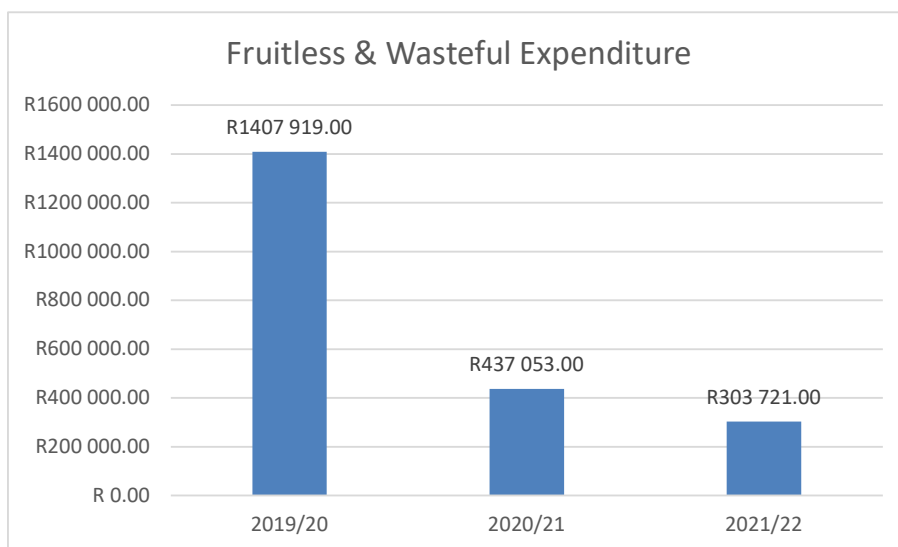
##### **Irregular expenditure**

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**

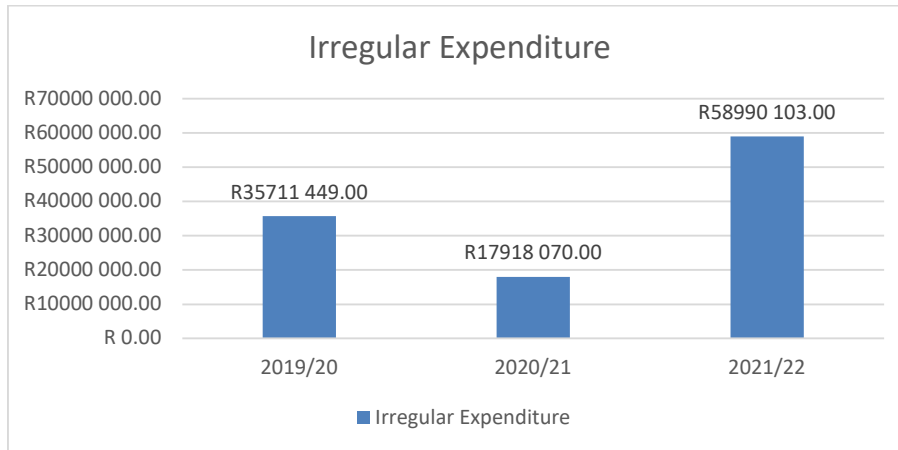
Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**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.

#### **5.11. 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 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<br>( <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                                                                                 |      |      |      |      |



|   |                                     |          |                                                                                                                                                                                                                                                                          |          |                                                                                                                                                                                             |   |   |   |  |  |
|---|-------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|--|--|
| 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<br>(Emerging farmer support, marketing, tourism, agriculture, heritage and culture) |          | to (Including all government facilities)<br>(Mobilise funding, service delivery model, manage indigents)                                                                                    |   |   |   |  |  |
|   |                                     |          |                                                                                                                                                                                                                                                                          |          | 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 |  |  |





[illegible]

|   |                                       |  |                 |                                                                                                                             |                 |                                                                                                                                    |  |          |          |          |  |
|---|---------------------------------------|--|-----------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------|--|----------|----------|----------|--|
| 4 |                                       |  | <b>SOOG 3.3</b> | Statutory compliance and accurate financial reporting is consistent                                                         | <b>SO 3.3.1</b> | Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance |  | <b>x</b> |          |          |  |
|   |                                       |  | <b>SOOG 3.4</b> | To enhance infrastructure, equipment and resources as a tool to fastrack service delivery                                   | <b>SO 3.4.1</b> | Refine procurement systems and processes to respond to the demand for services                                                     |  | <b>x</b> | <b>x</b> | <b>x</b> |  |
|   | Good Governance& Public Participation |  | <b>SOOG 4.1</b> | A sound customer/client relationship, improved accountability and responsiveness to the community is achieved and sustained | <b>SO 4.1.1</b> | Effectively handling of community enquiries and responding through an effective customer care service                              |  | <b>x</b> | <b>x</b> | <b>x</b> |  |
|   |                                       |  |                 |                                                                                                                             | <b>SO 4.1.2</b> | Promoting transparent and accountable governance through regular community engagements and effective administration                |  | <b>x</b> | <b>x</b> | <b>x</b> |  |
|   |                                       |  |                 |                                                                                                                             | <b>SO 4.1.3</b> | Monitor, review and improve community satisfaction through quality of life surveys                                                 |  |          | <b>x</b> |          |  |

|   |                                                       |  |                 |                                                                               |                 |                                                                                                                                                                                |  |          |          |          |
|---|-------------------------------------------------------|--|-----------------|-------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------|----------|----------|
| 5 |                                                       |  | <b>SOOG 4.2</b> | Statutory compliance is achieved                                              | <b>SO 4.2.1</b> | Systematic development and or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation |  | <b>x</b> | <b>x</b> | <b>x</b> |
|   |                                                       |  | <b>SOOG 4.3</b> | Culture of fraud and corruption is eliminated                                 | <b>SO 4.2.2</b> | To discourage fraud and corruption through effective enforcement of fraud and corruption policy as well as monitoring and implementation of consequence management             |  | <b>x</b> | <b>x</b> | <b>x</b> |
|   | Municipal Transformation & Organizational Development |  | <b>SOOG 5.1</b> | Strong career pathing is achieved                                             | <b>SO 5.1.1</b> | Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement                                                 |  | <b>x</b> | <b>x</b> | <b>x</b> |
|   |                                                       |  |                 |                                                                               | <b>SO 5.1.2</b> | Promoting sound labour relations through promoting effective human resource practises                                                                                          |  | <b>x</b> | <b>x</b> | <b>x</b> |
|   |                                                       |  | <b>SOOG 5.2</b> | Ethical governance and leadership that effectively optimises service delivery | <b>SO 5.2.1</b> | Optimise workforce productivity by enforcing a sound organizational culture                                                                                                    |  | <b>x</b> | <b>x</b> | <b>x</b> |

|   |                                             |          |                                                      |  |          |                                                                                                                                                                                      |   |   |   |  |
|---|---------------------------------------------|----------|------------------------------------------------------|--|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|--|
|   |                                             |          |                                                      |  | 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 |  |
|   |                                             |          |                                                      |  | SO 5.2.5 | Monitor and enhance compliance with health and safety standards to improve employee working conditions and the public                                                                | x | x | x |  |
|   |                                             |          |                                                      |  | SO 6.1.1 | Promoting integrated human settlements using spatial development strategies, frameworks and policies                                                                                 | x | x | x |  |
| 6 | Spatial Planning & Environmental Management | SOOG 6.1 | Compact human settlements that are socially cohesive |  |          |                                                                                                                                                                                      |   |   |   |  |

|  |  |                 |                                      |                     |                                                                                                             |          |          |          |
|--|--|-----------------|--------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------|----------|----------|----------|
|  |  | <b>SOOG 6.2</b> | The natural environment is preserved | <b>SO<br/>6.2.1</b> | Promoting and conserving the natural environment through land use management policies, plans and frameworks | <b>x</b> | <b>x</b> | <b>x</b> |
|--|--|-----------------|--------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------|----------|----------|----------|



## **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.

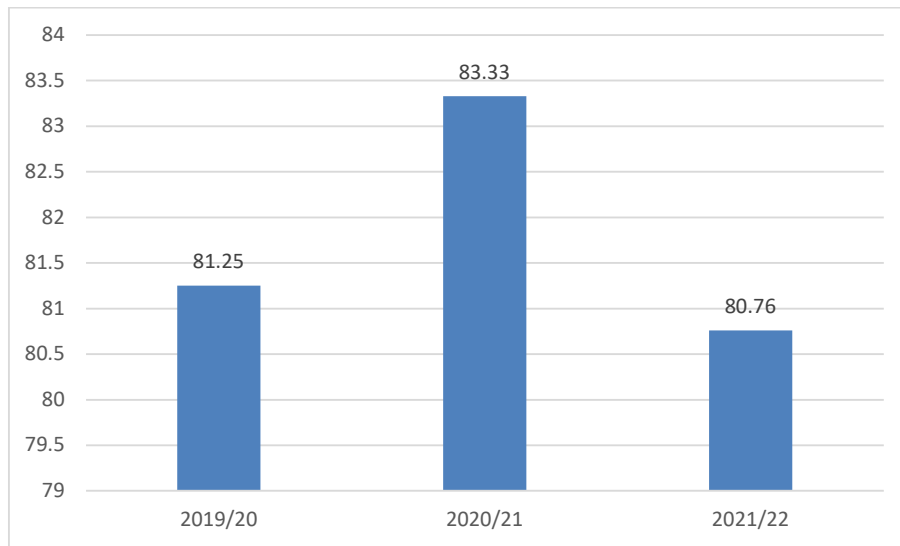
Against all difficulties, Zululand District Municipality was able maintain to its performance from the 2020/2021 and 2021/2022 financial years. The performance of the municipality was 82.69% in the previous financial cycle and 80.76% in the year ending on June 30, 2022. These are great results remembering 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

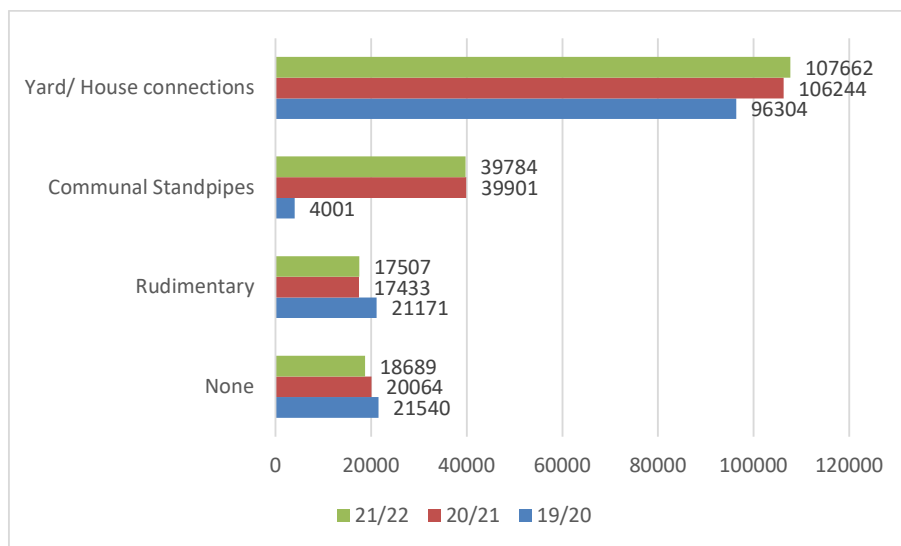
Each regional scheme footprint has a sustainable water source from where infrastructure is progressively being rolled out to all households within the supply area. The supply footprints have been identified in such a way that water can be provided to all households within the area in a sustainable manner 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.

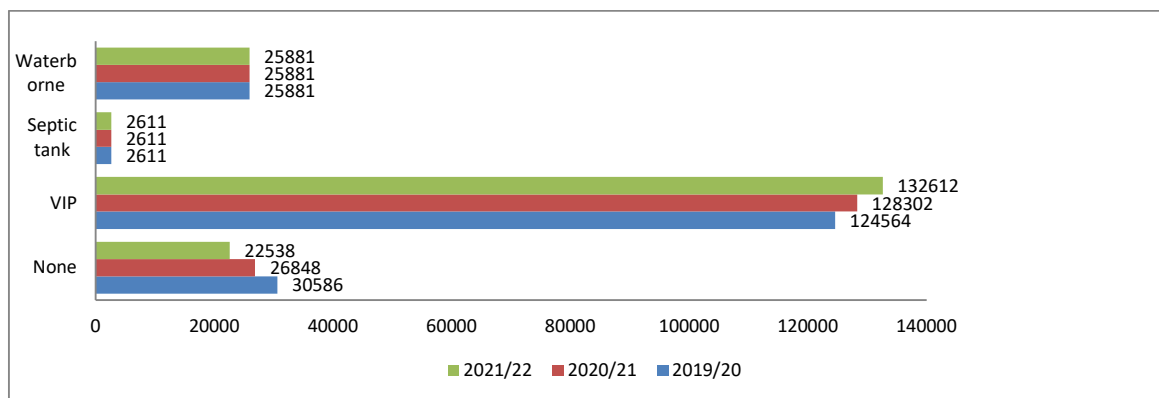
The backlog is defined by households receiving less than RDP level of services. If one looks at the figure above, this is a combination of none + rudimentary.

### 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<br>& 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:<br/>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, Ezizaqeni 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 Supply: 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 23 Prince Mangosuthu Airport Flights and passenger statistics**

| Item               | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--------------------|---------|---------|---------|---------|
| Passenger Arrivals | 574     | 564     | 758     | 611     |
| Flights            | 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.

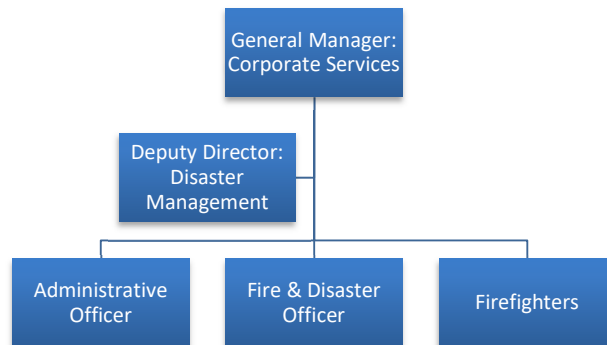


### 7.3. Disaster Management

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

Figure 16 High Level Disaster Management Organogram



The Disaster Management Centre operates 24/7.

#### 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.

#### 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 24 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**

|                                  |                                        |
|----------------------------------|----------------------------------------|
| <b>600 Blankets was procured</b> | <b>190 Plastic Sheets was procured</b> |
|----------------------------------|----------------------------------------|



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 25 Disaster Occurrences by type**

| MUNI<br>CI<br>PALI<br>TY | HEA<br>VY<br>RAI<br>NS | FI<br>RE   | STRONG<br>WINDS | LIG<br>HT<br>NIN<br>GS | POI<br>S<br>ONI<br>NG | HAIL<br>STOR<br>MS | LO<br>OT<br>IN<br>G | DR<br>OW<br>NE<br>D; | SN<br>OW  | MOTO<br>R<br>VEHIC<br>LE<br>ACCID<br>ENT<br>(MVA) | TOTAL<br>NO OF<br>INCIDE<br>NTS<br>OCCUR<br>RED |
|--------------------------|------------------------|------------|-----------------|------------------------|-----------------------|--------------------|---------------------|----------------------|-----------|---------------------------------------------------|-------------------------------------------------|
| <b>Abaqu<br/>lusi</b>    | 42                     | 45         | 12              | 5                      | 00                    | 19                 | 00                  | 01                   | 01        | 03                                                | 129                                             |
| <b>Edum<br/>be</b>       | 17                     | 32         | 05              | 4                      | 00                    | 09                 | 01                  | 00                   | 00        | 00                                                | 68                                              |
| <b>uPhon<br/>golo</b>    | 44                     | 33         | 05              | 3                      | 00                    | 01                 | 00                  | 01                   | 00        | 28                                                | 115                                             |
| <b>Nongo<br/>ma</b>      | 12                     | 49         | 09              | 4                      | 00                    | 05                 | 00                  | 00                   | 00        | 01                                                | 80                                              |
| <b>Ulundi</b>            | 13                     | 31         | 03              | 10                     | 01                    | 00                 | 00                  | 01                   | 00        | 01                                                | 60                                              |
| <b>TOTA<br/>L</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 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.

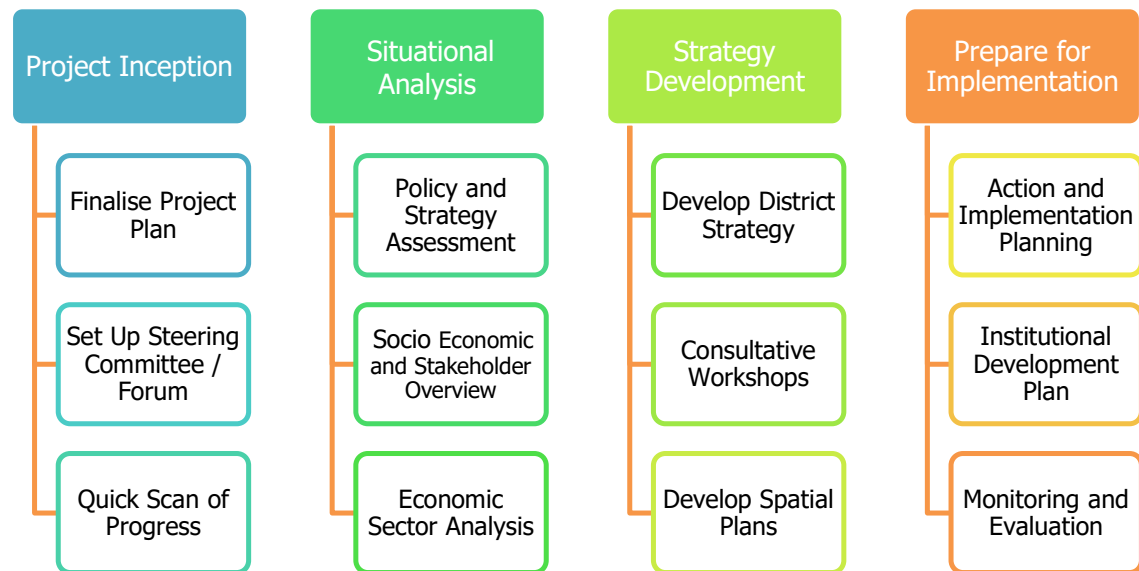
### **Project Design and Process**

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:

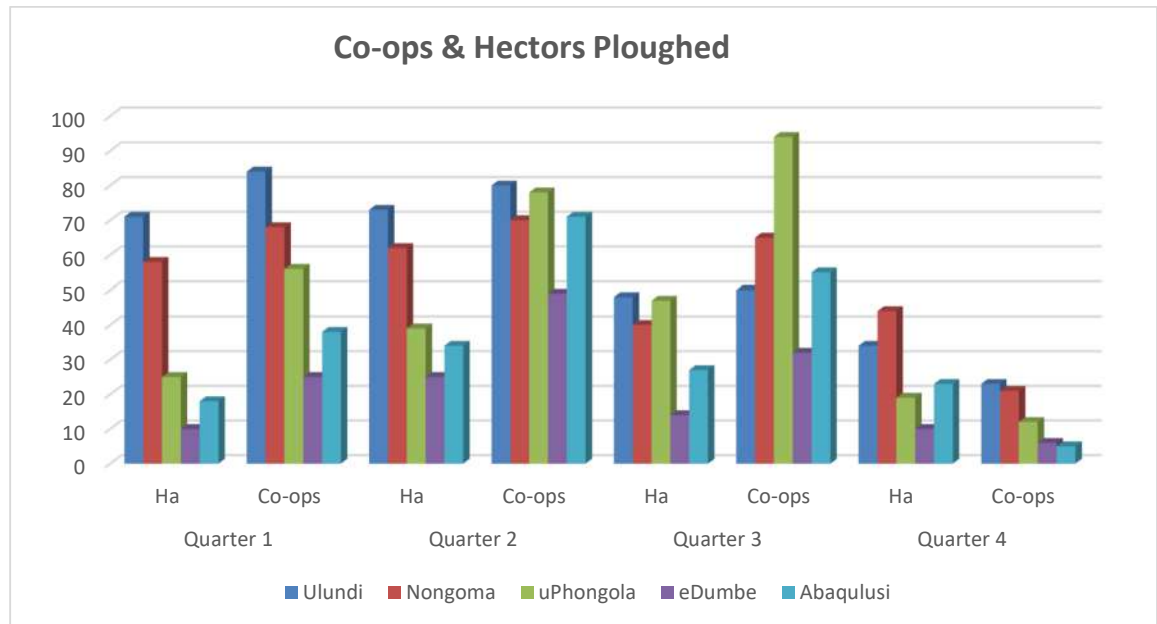
- Exploit the potential of the agricultural sector through Ukulima.
- Effective utilization of available, yet limited resources.

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**

| <b>Local Municipality</b> | <b>Quarter 1</b> |                | <b>Quarter 2</b> |                | <b>Quarter 3</b> |                | <b>Quarter 4</b> |                |
|---------------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
|                           | <b>Co-ops</b>    | <b>Hectors</b> | <b>Co-ops</b>    | <b>Hectors</b> | <b>Co-ops</b>    | <b>Hectors</b> | <b>Co-ops</b>    | <b>Hectors</b> |
| <b>Ulundi</b>             | 71               | 84             | 73               | 80             | 48               | 50             | 23               | 34             |
| <b>Nongoma</b>            | 58               | 68             | 62               | 70             | 40               | 65             | 21               | 44             |
| <b>uPhongolo</b>          | 25               | 56             | 39               | 78             | 47               | 94             | 12               | 19             |
| <b>eDumbe</b>             | 10               | 25             | 25               | 49             | 14               | 32             | 6                | 10             |
| <b>Abaqulusi</b>          | 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 hectares 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 farmers 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:

| <b>Beneficiary</b>                                | <b>Funder</b>                  | <b>Role played by ZDM</b> |
|---------------------------------------------------|--------------------------------|---------------------------|
| <b>Aber Jetz Guesthouse</b>                       | National Department of Tourism | Coordination              |
| <b>Black Horse lodge</b>                          | 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.

| <b>No.</b> | <b>Work Items</b>                                            | <b>No. of inspections/Attendance</b> | <b>Action</b>                                                                                                                                                               |
|------------|--------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b>   | Number of food premises inspected                            | 446                                  | Those who complied were issued with COA, health education was done on non-compliance.                                                                                       |
| <b>2</b>   | 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.                                                                      |
| <b>3</b>   | Number of food samples taken                                 | 23                                   | Non-compliance was addressed with the people concerned.                                                                                                                     |
| <b>4</b>   | Number of people educated on food safety                     | 455                                  | Education was conducted to impart knowledge to the food handlers and minimization of food poisoning                                                                         |
| <b>5</b>   | Complaints received                                          | 07                                   | All complaint received were attended to and resolved.                                                                                                                       |
| <b>6</b>   | Crèche inspection and Senior Citizen Clubs                   | 33                                   | Health education was given to those who were not complying, notices with recommendations were written.                                                                      |
| <b>7</b>   | Mortuary Inspection                                          | 36                                   | Health education was given to those who were not complying, notices with recommendations were written.                                                                      |
| <b>8</b>   | Business license application                                 | 21                                   | 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 |
| <b>9</b>   | School inspection                                            | 12                                   | Most school sanitation facilities were not complying, written notices were issued to the school.                                                                            |
| <b>10</b>  | Funeral Parlors issued with COC                              | 04                                   | Most funeral Parlors COC were still valid.                                                                                                                                  |

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

### **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:**

| <b>MUNICIPALITY</b> | <b>Quarter 1</b> | <b>Quarter 2</b> | <b>Quarter 3</b> | <b>Quarter 4</b> | <b>TOTAL</b> |
|---------------------|------------------|------------------|------------------|------------------|--------------|
| <b>UPHONGOLO</b>    | 1                | 2                | 0                | 2                | <b>18</b>    |
| <b>ULUNDI</b>       | 1                | 3                | 0                | 2                | <b>15</b>    |
| <b>EDUMBE</b>       | 0                | 1                | 0                | 2                | <b>9</b>     |
| <b>NONGOMA</b>      | 0                | 1                | 0                | 2                | <b>5</b>     |
| <b>TOTAL</b>        | <b>2</b>         | <b>17</b>        | <b>0</b>         | <b>8</b>         | <b>47</b>    |

### **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 26 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 27 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        |
| RBIG                                     | 222 531 000          | 113 798 000          | 163 774 000        |
| WSIG                                     | 110 000 000          | 105 500 000          | 87 828 000         |
| RRAMS                                    | 1 647 023            | 2 383 000            | 2 364 000          |
| KZN KWAMAJOMELA PROJECT                  | 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 an 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 28 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 29 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 30 Current ratio on performance**

| Financial Year | 2021-22 | 2020-21 | 2019-20 |
|----------------|---------|---------|---------|
| Current ratio  | 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 31 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 32 Revenue collection performance by vote**

| Vote Description             | 2020/21<br>Audited<br>Outcome | Budget Year 2021/22  |                      |                      |                     |                    |
|------------------------------|-------------------------------|----------------------|----------------------|----------------------|---------------------|--------------------|
|                              |                               | Original<br>Budget   | Adjusted<br>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 33 Total revenue**

| Description                                                          | 2020/21<br>Audited<br>Outcome | Budget Year 2021/22 |                    |                    | Variance           |                    |
|----------------------------------------------------------------------|-------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                      |                               | Original<br>Budget  | Adjusted<br>Budget | YearTD<br>actual   | Original<br>Budget | Adjusted<br>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         | 12 512 859         | - 1 512 859        | - 208 230          |
| Rental of facilities and equipment                                   | 179 242                       | 210 000             | 183 486            | 195 241            | 14 759             | - 11 755           |
| Interest earned - external investments                               | 3 225 646                     | 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                     | 638 000             | 48 000             | 208 784            | 429 216            | - 160 784          |
| Licences and permits                                                 | 10 000                        | 10 000              | 10 000             | -                  | 10 000             | 10 000             |
| Transfers and subsidies                                              | 577 832 876                   | 541 399 000         | 542 010 124        | 537 979 124        | 3 419 876          | 4 031 000          |
| Other revenue                                                        | 661 929                       | 500 000             | 625 489            | 1 084 947          | - 584 947          | - 459 458          |
| Gains                                                                | 20 175 010                    | -                   | -                  | 40 000             | - 40 000           | - 40 000           |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>662 421 964</b>            | <b>602 842 000</b>  | <b>603 453 124</b> | <b>594 500 564</b> | <b>8 341 436</b>   | <b>8 952 560</b>   |

**Table 34 Debtors age analysis**

| Description                                                     | Duration              |                      |                      |                      |                       |                        |                        |
|-----------------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|------------------------|
|                                                                 | 0-30<br>Days          | 31-60<br>Days        | 61-90<br>Days        | 91-<br>120<br>Days   | 121-<br>365<br>Days   | >365Day<br>s           | Total                  |
| R thousands                                                     |                       |                      |                      |                      |                       |                        |                        |
| 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

**A. AUDITED ANNUAL FINANCIAL STATEMENTS**

The attached 2021/22 audited annual financial statements will be as per the *Departmental Financial Reporting Framework* as issued by National Treasury.

## **B. REPORT AND OPINION OF THE AUDITOR GENERAL**

This is the audit opinion for the 2021/22 financial year issued by AGSA.

### **C. AUDIT ACTION PLAN**

This is the Audit Action Plan for the 2021/2022 Financial Year in response to the AGs Report for the same period.

**D. ANNUAL PERFORMANCE REPORT**

Refers to the Annual Performance Report for the 2021/2022 financial year.

**E. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY**

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by COGTA and National Treasury.

The Annual Financial Statements have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines including GRAP.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 30 June 2021.

Yours faithfully

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**Accounting Officer**

**Name:**

**Date:**

## **F. REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of Zululand District Municipality (hereinafter referred to as “The Committee”) has pleasure in submitting this annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 (“the MFMA”) and covers the financial period from 1 July 2021 to 30 June 2022.

### **AUDIT COMMITTEE MANDATE**

The Zululand District Municipality has established the Committee in accordance with section 166 of the 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).

### **ROLE OF THE AUDIT COMMITTEE**

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

The Committee must review and assess the qualitative aspects of financial reporting, the Municipality’s processes to manage business and financial risks, governance processes and compliance with applicable legal, ethical, and regulatory requirements. The Committee operates in terms of the approved charter.

### **AUDIT COMMITTEE MEMBERS AND ATTENDANCE**

The Committee consists of five independent members and meets as a minimum, four times a year as per the approved Audit Committee Charter. The committee members consist as follows.



- Ms Z Dlamini (Audit and Performance Audit Committee Chairperson)
- Mr R Nhleko (Chairperson of Risk Management Committee)
- Mr EN Sithole (Performance Committee Chairperson)
- Mr MA Ngcobo
- Ms N Thungo

## **OVERVIEW OF ACTIVITIES**

The Committee held four (4) meetings during the year under review on the following dates:

- 21 October 2020
- 04 December 2020
- 31 March 2021
- 18 June 2021

The Committee chairperson also availed herself for MPAC Meetings to provide support and feedback on the audit environment and guidance on how MPAC members should conduct their activities.

## **INTERNAL AUDIT FUNCTION**

The Internal Audit Charter, as adopted by the Committee, regulates the work of the Internal Audit Activities. The Committee also noted the Annual Performance Plan, Audit Committee Charter, Internal Audit Plan as well as the Audit Action Plan for 2021/2022.

The internal audit function was outsourced to Bonakude Assurance Inc. for the Financial Year 2021/2022. The Internal Audit team carried out internal audits based on the Annual Internal Audit Plan, which was approved by the Committee at its meeting on the 04<sup>th</sup> MAY/JUNE 2022, and concluded all the planned internal audits for the 2021/2022 financial year. All completed internal audit reports were presented at the Committee meetings during this financial year. Issues raised were deliberated in the meetings of the Committee, and recommendations were recorded.

Based on the internal audit findings, the effectiveness of the general control environment still needs attention as various findings were rated as “significant”.

## **RISK MANAGEMENT**

The Committee is responsible for oversight of the internal and external auditor as well as oversight over financial reporting. Because the assessment of internal controls over financial reporting is risk-based, and further overseeing management’s risk framework and policies and review the Municipality’s key risk exposures and assess the adequacy of the planned risk-mitigating measures. During the period, the Municipality established a Risk Management Committee and developed a risk register with the assistance of internal audit. The 2021/2022 internal audit plan has been developed based on this risk register.

The internal audit function provides independent assurance in relation to the management’s assertions surrounding the robustness and effectiveness of risk management maturity.

## **PERFORMANCE MANAGEMENT**

The Committee also serves as the Performance Audit Committee. The Committee reviewed the Municipality’s performance for quarters 1 to 4, and noted that the Municipality had made an improvement on the quarterly reports. In addition, The Committee also reviewed and provided comments to the Annual Performance Report prior to the submission to the Auditor General.

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The Committee reviewed the Annual Financial Statements for the year ending 30 June 2021, the Committee and Internal Audit noted errors which the Chief Financial Officer subsequently rectified, but the Committee satisfied itself that all required changes were implemented before the submission to the Auditor-General. As required, these financial statements were submitted to the Auditor-General by the 31 August 2021.

The report of the Auditor-General on the above Annual Financial Statements was unqualified with other matters. This outcome represents a significant achievement for the Municipality.

## **GOVERNANCE**

The Committee fulfils an oversight role regarding the Municipality's governance process. The Committee is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing, and authority to discharge its duties. Furthermore, it oversees cooperation between the internal and external auditors, and serves as a link between the Council and these functions.

The internal and external auditors have unlimited direct communication to the Committee, primarily through its chairperson. The Mayor and the Chairperson of MPAC have a standing invitation to attend the Committee meetings.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Committee is not satisfied that the system for monitoring compliance with laws and regulations is effective. A revised checklist should be developed and presented to all Audit Committee meetings to report compliance, and non-compliance to laws and regulations, as a matter of urgency.

## **CONCLUSION**

The Committee wishes to express its sincere gratitude to the Council and all stakeholders for their support during the financial year.

**Yours Truly**

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**Chairperson of the Audit Committee**

**G. KEY WATER AND SANITATION PROJECTS**

| <b>PROJECT NAME</b>                                                                                                                                      | <b>MUNICIPALITY &amp;<br/>WARD/ VILLAGE</b> | <b>EXPENDITURE</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------|
| Simdlangentsha West Regional Water Supply Scheme - Construction of Raising Main from Frischgewaagd Abstraction Works to Bilanyoni Terminal Reservoir     | Bilanyoni – eDumbe,<br>Ward 4               | 3 275 421.04       |
| Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation. | Bilanyoni – eDumbe,<br>ward 4               | 29 272 306.33      |
| Reticulation Upgrade Ward 14 Nongoma                                                                                                                     | Ward 14 Nongoma                             | 8 702 648.46       |
| Upgrade of Ulundi Water Treatment Works and Refurbishment: Mechanical and Electrical Works – Stage 1                                                     | Ulundi                                      | 28 983 524.94      |
| Usuthu Raw Water Extraction Mechanical Installation                                                                                                      | Nongoma                                     | 20 738 926.96      |
| Usuthu Holinyoka Pump Station Mechanical Installation                                                                                                    | Kwaholinyoka -<br>Nongoma                   | 28 893 937.00      |
| Usuthu Lindizwe Pump Station Mechanical Installation                                                                                                     | Lindizwe - Nongoma                          | 33 893 937.00      |

|                                                                                                                                                                |                                   |                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|
| Replacement of the Existing 600mm NB Steel Pipeline: Ulundi Terminal Reservoir to Site Valve House                                                             | Ulundi                            | 47 491 654.65      |
| Nkonjeni WSS: Water Demand Management:                                                                                                                         | Nkonjeni - Ulundi                 | 3 148 658.66       |
| Provision for Drilling and Testing Of 50 Boreholes in North Of ZDM                                                                                             |                                   | 11 519 596.00      |
| Usuthu Raw Water Extraction Mechanical Installation                                                                                                            | Nongoma                           | 20 738 926.96      |
| Esiphiva: Nqulwane Reticulation                                                                                                                                | Amaphiva - Ulundi                 | 17 800 000.00      |
| <b>PROJECT NAME</b>                                                                                                                                            | <b>MUNICIPALITY &amp; VILLAGE</b> | <b>EXPENDITURE</b> |
| Nkonjeni Borehole Augmentation                                                                                                                                 | Ulundi - Nkonjeni                 | 15 467 967.21      |
| Construction of his Majesty the King Goodwill Zwelithini's Monument                                                                                            | Ulundi                            | 6 822 163.80       |
| Mandlakazi Phase 5.1 Bulk Water Supply : Construction of 3km Bulk Gravity Mains, Completion on commissioning of 9km Bulk Gravity Mains and Three RC Reservoirs | Nongoma                           | 26 361 664.47      |

|                                                                                                                                                   |                                   |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|
| Kwamajomela Small Scale Manufacturing Value Add Centre in Nongoma                                                                                 | KwaMajomela                       | 12 306 910.23      |
| The Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs within Zululand District Municipality - North   |                                   | 21 934 759.08      |
| The Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs within Zululand District Municipality - South   |                                   | 36 858 838.83      |
| Ceza Stand Alone Water Supply Pipeline                                                                                                            | Ulundi                            | 27 779 645.70      |
| Ceza Stand Alone Water Supply Phase 4: Nhlonga Bulk Pipeline                                                                                      | Nhlonga                           | 25 670 500.00      |
| Ceza Stand Alone Water Supply Phase 4: Nhlonga Reticulation and Weir                                                                              | Nhlonga                           | 31 793 638.22      |
| <b>PROJECT NAME</b>                                                                                                                               | <b>MUNICIPALITY &amp; VILLAGE</b> | <b>EXPENDITURE</b> |
| Construction of Rising Main from Ulundi Water Treatment Works to Mabedlane Reservoir                                                              | Mabedlane - Ulundi                | 59 899 046.25      |
| Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs – South : Project previous reference : ZDM 002/2016 |                                   | 212,365,184.85     |

| PROJECT NAME                                                                                                                                             | MUNICIPALITY &<br>WARD/ VILLAGE | EXPENDITURE   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|
| Simdlangentsha West Regional Water Supply Scheme - Construction of Raising Main from Frischgewaagd Abstraction Works to Bilanyoni Terminal Reservoir     | Bilanyoni – eDumbe,<br>Ward 4   | 3 275 421.04  |
| Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation. | Bilanyoni – eDumbe,<br>ward 4   | 29 272 306.33 |
| Reticulation Upgrade Ward 14 Nongoma                                                                                                                     | Ward 14 Nongoma                 | 8 702 648.46  |
| Upgrade of Ulundi Water Treatment Works and Refurbishment: Mechanical and Electrical Works – Stage 1                                                     | Ulundi                          | 28 983 524.94 |
| Usuthu Raw Water Extraction Mechanical Installation                                                                                                      | Nongoma                         | 20 738 926.96 |
| Usuthu Holinyoka Pump Station Mechanical Installation                                                                                                    | Kwaholinyoka -<br>Nongoma       | 28 893 937.00 |
| Usuthu Lindizwe Pump Station Mechanical Installation                                                                                                     | Lindizwe - Nongoma              | 33 893 937.00 |
| Replacement of the Existing 600mm NB Steel Pipeline: Ulundi Terminal Reservoir to Site Valve House                                                       | Ulundi                          | 47 491 654.65 |

| Nkonjeni WSS: Water Demand Management:                                                                                                                         | Nkonjeni - Ulundi      | 3 148 658.66  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------|
| Provision for Drilling and Testing Of 50 Boreholes in North Of ZDM                                                                                             |                        | 11 519 596.00 |
| Usuthu Raw Water Extraction Mechanical Installation                                                                                                            | Nongoma                | 20 738 926.96 |
| Esiphiva: Nqulwane Reticulation                                                                                                                                | Amaphiva - Ulundi      | 17 800 000.00 |
| PROJECT NAME                                                                                                                                                   | MUNICIPALITY & VILLAGE | EXPENDITURE   |
| Nkonjeni Borehole Augmentation                                                                                                                                 | Ulundi - Nkonjeni      | 15 467 967.21 |
| Construction of his Majesty the King Goodwill Zwelithini's Monument                                                                                            | Ulundi                 | 6 822 163.80  |
| Mandlakazi Phase 5.1 Bulk Water Supply : Construction of 3km Bulk Gravity Mains, Completion on commissioning of 9km Bulk Gravity Mains and Three RC Reservoirs | Nongoma                | 26 361 664.47 |
| Kwamajomela Small Scale Manufacturing Value Add Centre in Nongoma                                                                                              | KwaMajomela            | 12 306 910.23 |



|                                                                                                                                                   |                                   |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|
| The Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs within Zululand District Municipality - North   |                                   | 21 934 759.08      |
| The Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs within Zululand District Municipality - South   |                                   | 36 858 838.83      |
| Ceza Stand Alone Water Supply Pipeline                                                                                                            | Ulundi                            | 27 779 645.70      |
| Ceza Stand Alone Water Supply Phase 4: Nhlunga Bulk Pipeline                                                                                      | Nhlunga                           | 25 670 500.00      |
| Ceza Stand Alone Water Supply Phase 4: Nhlunga Reticulation and Weir                                                                              | Nhlunga                           | 31 793 638.22      |
| <b>PROJECT NAME</b>                                                                                                                               | <b>MUNICIPALITY &amp; VILLAGE</b> | <b>EXPENDITURE</b> |
| Construction of Rising Main from Ulundi Water Treatment Works to Mabedlane Reservoir                                                              | Mabedlane - Ulundi                | 59 899 046.25      |
| Manufacturing and Supply of pre-cast concrete VIP Toilets Top Structures and Supporting Slabs – South : Project previous reference : ZDM 002/2016 |                                   | 212,365,184.85     |

**H. DISASTER AWARENESS CAMPAIGNS:**

| <b>NO</b>  | <b>AREA/LOCAL<br/>MUNICIPALITY</b> | <b>SCHOOL'S NAME</b>               | <b>DATE VISIT</b> | <b>REMARKS</b> |
|------------|------------------------------------|------------------------------------|-------------------|----------------|
| <b>1.</b>  | Nongoma                            | KwaDlamahlahla Royal<br>Palace     | 14 July 2020      | Successful     |
| <b>2.</b>  | Nongoma                            | KwaKhethomthandayo<br>Royal Palace | 22 July 2020      | Successful     |
| <b>3.</b>  | Nongoma                            | Enyokeni Royal Palace              | 30 July 2020      | Successful     |
| <b>4.</b>  | Nongoma                            | Osuthu Royal Palace                | 05 August 2020    | Successful     |
| <b>5.</b>  | Ulundu                             | Ondini Royal Palace                | 18 August 2020    | Successful     |
| <b>6.</b>  | Ulundu                             | ZDM Offices                        | 21 August 2020    | Successful     |
| <b>7.</b>  | Ulundu                             | Prince Mangosuthu<br>Airport       | 28 August 2020    | Successful     |
| <b>8.</b>  | Ulundu                             | ZDM Offices                        | 29 August 2020    | Successful     |
| <b>9.</b>  | Ulundu                             | Zwelonke High School               | 15 September 2020 | Successful     |
| <b>10.</b> | Ulundu                             | Ntiningwe Primary<br>School        | 15 September 2020 | Successful     |
| <b>11.</b> | Ulundu                             | Ezilulwane High School             | 16 September 2020 | Successful     |
| <b>12.</b> | Ulundu                             | Nhlungwane High<br>School          | 16 September 2020 | Successful     |

|            |                 |                                                |                  |            |
|------------|-----------------|------------------------------------------------|------------------|------------|
| <b>13.</b> | UPhongolo       | Mavuso Traditional Council                     | 04 October 2020  | Successful |
| <b>14.</b> | Paulpietersburg | Mbuthumo Primary School                        | 19 October 2020  | Successful |
| <b>15.</b> | Paulpietersburg | KwaMyayiza Primary School                      | 20 October 2020  | Successful |
| <b>16.</b> | Paulpietersburg | Nklangozi Primary School                       | 21 October 2020  | Successful |
| <b>17.</b> | Paulpietersburg | Emagovini Public School                        | 23 October 2020  | Successful |
| <b>18.</b> | Paulpietersburg | Dlamini Traditional Council – Inkosi L Dlamini | 30 October 2020  | Successful |
| <b>19.</b> | Paulpietersburg | Nkosi Traditional Council – Inkosi MJ Nkosi    | 31 October 2020  | Successful |
| <b>20.</b> | Vryheid         | Mseri Primary School                           | 23 November 2020 | Successful |
| <b>21.</b> | Nongoma         | Kwanokutshelwa High School                     | 23 February 2021 | Successful |
| <b>22.</b> | Paulpietersburg | Muziwesizwe High School                        | 25 February 2021 | Successful |
| <b>23.</b> | Pongola         | Sigqamise School                               | 26 February 2021 | Successful |
| <b>24.</b> | Paulpietersburg | Bilanyoni Primary School                       | 01 March 2021    | Successful |
| <b>25.</b> | Paulpietersburg | Khanyanjalo High School                        | 02 March 2021    | Successful |

|            |                 |                               |               |            |
|------------|-----------------|-------------------------------|---------------|------------|
| <b>26.</b> | Paulpietersburg | Bambanani High School         | 02 March 2021 | Successful |
| <b>27.</b> | Pongola         | Celulwazi Primary School      | 03 March 2021 | Successful |
| <b>28.</b> | Pongola         | Vukanimazulu Secondary School | 04 March 2021 | Successful |
| <b>29.</b> | Nongoma         | Gedla Primary School          | 06 April 2021 | Successful |
| <b>30.</b> | Nongoma         | Bhangonoma Primary School     | 06 April 2021 | Successful |
| <b>31.</b> | Vryheid         | Konfoor Combined School       | 07 April 2021 | Successful |
| <b>32.</b> | Vryheid         | Mpofini Secondary School      | 07 April 2021 | Successful |
| <b>33.</b> | Ulundi          | Landulwazi Primary School     | 08 April 2021 | Successful |
| <b>34.</b> | Ulundi          | Senzangakhona Primary School  | 08 April 2021 | Successful |
| <b>35.</b> | Nongoma         | Obane Primary School          | 08 April 2021 | Successful |
| <b>36.</b> | Nongoma         | Sikhuthwane Primary School    | 08 April 2021 | Successful |

## I. LONG TERM CONTRACTS

**Zululand District Municipality**

| <b>N o.</b> | <b>CONTRACT NUMBER</b>  | <b>BID/ QUOTATION NUMBER</b> | <b>APPOINTED BIDDER</b>     | <b>MUNICIPALITY VOTE/DEPARTMENT</b> | <b>DESCRIPTION OF GOODS/SERVICES/PROJECTS</b>  | <b>CATEGORY</b>                   | <b>CONTRACT VALUE AS PER CONTRACT</b> | <b>CONTRACT START DATE</b> | <b>CONTRACT STATUS</b> |
|-------------|-------------------------|------------------------------|-----------------------------|-------------------------------------|------------------------------------------------|-----------------------------------|---------------------------------------|----------------------------|------------------------|
| 191         | <a href="#">8/3/292</a> | ZDM 009/2017                 | WSSA                        | TECHNICAL SERVICES                  | Operation & Maintenance of Bulk Infrastructure | CONSULTING & ENGINEERING SERVICES | R -                                   | 2017/04/13                 | EXPIRED                |
| 195         | 8/3/296                 | ZDM 037/2015                 | Maswidi Construction        | TECHNICAL SERVICES                  | Reticulation: Kwaminyanya and Shosamase        | CONSULTING & ENGINEERING SERVICES | R 873 555.99                          | 2017/10/30                 | CURRENT                |
| 196         | 8/3/297                 | ZDM 068/2015                 | Sisonke Phambili Trading cc | TECHNICAL SERVICES                  | Usuthu RWSS: Reticulation Nongoma South PH3    | CONSULTING & ENGINEERING SERVICES | R 5050 435.00                         | 2017/10/23                 | CURRENT                |

|         |         |                 |                                           |                       |                                                                                                                                             |                                              |                       |                |         |
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| 19<br>7 | 8/3/298 | ZDM<br>065/2015 | Pipe Jack & Mageba<br>Capital Projects JV | TECHNICAL<br>SERVICES | Construction of Mandlakazi<br>Bulk Gravity Mains and<br>Associates Reservoirs                                                               | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 32<br>408<br>444.94 | 2017/11/2<br>2 | CURRENT |
| 19<br>8 | 8/3/299 | ZDM<br>051/2015 | Khalipha Projects and<br>Consultancy      | TECHNICAL<br>SERVICES | Usuthu RWSS: Reticulation<br>Nongoma South PH1                                                                                              | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 2<br>963<br>197.99  | 2018/01/2<br>9 | CURRENT |
| 19<br>9 | 8/3/300 | ZDM<br>031/2017 | Setshabelo Trading 647<br>JV BBT Constr   | TECHNICAL<br>SERVICES | Simdlangentsha Central RWSS:<br>The construction of bulk water<br>pipeline from Mozana Weir to<br>Ombimbini Reservoir PH2                   | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 13 103<br>142.81    | 2018/02/0<br>1 | EXPIRED |
| 20<br>0 | 8/3/300 | ZDM<br>057/2017 | A1 Electrical                             | TECHNICAL<br>SERVICES | Usuthu RWSS: Construction<br>and commissioning of a new<br>20KM, 22KV overhead line<br>from Nyokeni Sub station to<br>Mahlombe Pump Station | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 7<br>458<br>176.41  | 2018/02/2<br>8 | CURRENT |

|         |         |                 |                                             |                    |                                                                                                               |                                   |                |         |           |         |
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| 20<br>1 | 8/3/301 | ZDM<br>029/2017 | Zuri Exclusive and Trading JV Asatiko Civil | TECHNICAL SERVICES | Usuthu RWSS PH2: Nongoma Concrete Reservoir 7ML with access roads and Usuthu Reservoir B (3ml)                | CONSULTING & ENGINEERING SERVICES | R 308 & 733.46 | 39<br>2 | 2018/03/0 | CURRENT |
| 20<br>2 | 8/3/302 | ZDM<br>030/2017 | Town and Around Civils cc                   | TECHNICAL SERVICES | Usuthu RWSS PH2: Construction of Nongoma RESERVOIRS AND Access Roads: GB5 (400KL): GB4 (1ML) AND GB 2 (600KL) | CONSULTING & ENGINEERING SERVICES | R 498 & 618.50 | 17<br>2 | 2018/03/0 | CURRENT |
| 20<br>3 | 8/3/303 | ZDM<br>028/2017 | Novubu Construction                         | TECHNICAL SERVICES | Usuthu RWSS PH2: Completion of Holinyoka and Lindizwe Pumpstations                                            | CONSULTING & ENGINEERING SERVICES | R 813 & 746.78 | 18<br>2 | 2018/03/0 | CURRENT |
| 20<br>4 | 8/3/304 | ZDM006/2<br>018 | INGOSI TRADING CC                           | TECHNICAL SERVICES | CONSTRUCTION -ESIPHIVA STAND ALONE WATER SUPPLY PHASE 3: AMAPHIVA BULK RETICULATION                           | CONSULTING & ENGINEERING SERVICES | R 841 & 877.21 | 1<br>5  | 2019/05/1 | EXPIRED |



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| 20<br>5 | 8/3/305                 | ZDM004/2<br>017 | FAKUDE BUILDING<br>CONTRACTORS | TECHNICAL<br>SERVICES         | ESIPHIVA STAND ALONE<br>WATER SUPPLY PHASE 3:<br>AMAPHIVA RESERVOIRS | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 3 205<br>669.11     | 2018/05/0<br>7 | CURRENT |
| 20<br>6 | 8/3/306                 | ZDM010/2<br>018 | UMZULU TRADING<br>ENTERPRISE   | TECHNICAL<br>SERVICES         | ESIKHUMBENI PROJECT<br>WATER SUPPLY                                  | CONSTRUCT<br>ION                             | R 3<br>987<br>554.51  | 2019/08/0<br>2 | EXPIRED |
| 20<br>7 | <a href="#">8/3/307</a> | ZDM094/2<br>018 | FAKUDE BUILDING<br>CONTRACTORS | TECHNICAL<br>SERVICES         | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RESERVOIRS AND WEIR     | CONSTRUCT<br>ION                             | R 5<br>629<br>172.84  | 2019/01/1<br>8 | CURRENT |
| 20<br>8 | <a href="#">8/3/308</a> | ZDM009/2<br>018 | AZISHE<br>CONSULTING           | PLANNING &<br>DEVELOPMEN<br>T | PMU CONSULTANT                                                       | CONSULTIN<br>G &<br>ENGINEERIN<br>G SERVICES | R 17<br>967<br>312.00 |                |         |

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| 21<br>1 | 8/3/311                 | ZDM065/2<br>018 | SEINDEILE<br>CONSTRUCTION             | TECHNICAL<br>SERVICES | RUDIMENTARY SUPPLY<br>AND INSTALLATION OF<br>HAND PUMP                                                          | CONSTRUCT<br>ION     | R<br>033<br>295.43 | 2018/11/1<br>3 | EXPIRED |
| 21<br>2 | <a href="#">8/3/312</a> | ZDM056/2<br>018 | HAHN COLLECTION                       | FINANCE               | PROVISION OF DEBT<br>COLLECTION                                                                                 | ADMINISTR<br>ATION   | R<br>-             | 2018/08/2<br>1 |         |
| 21<br>3 | 8/3/313                 | ZDM054/2<br>018 | DLV Engineers and<br>Project Managers | TECHNICAL<br>SERVICES | CIVIL ENGINEERING<br>SUPPORT FOR THE NEXT<br>PHASE OF<br>SIMDLANGENTSHA WEST<br>REGIONAL WATER SUPPLY<br>SCHEME | CONSTRUCT<br>ION     | R<br>667<br>161.40 | 2018/06/2<br>6 | CURRENT |
| 21<br>6 | 8/3/316                 | ZDM099/2<br>018 | HYENA PROJECTS<br>(PTY)LTD            | CORPORATE<br>SERVICES | CALL OF EXPRESSION OF<br>INTEREST FOR CO-<br>ORDINATION AND<br>STAGING OF A SPORTING<br>TOURNAMENT              | EVENTS<br>MANAGEMENT | R<br>-             |                |         |

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| 21<br>7 | <a href="#">8/3/317</a> | ZDM077/2<br>018 | SKYSTAR TRADING<br>ENTERPRISE<br>(PTY)LTD | CORPORATE<br>SERVICES | COORDINATION,<br>MANAGEMENT<br>AND<br>OTHER SUPPORT SERVICES                                                                                                                              | EVENTS<br>MANAGEMENT | R<br>- | 2018/11/0<br>1 | CURRENT |
| 21<br>8 | 8/3/318                 | ZDM074/2<br>018 | ZOTO TRADING<br>ENTERPRISE<br>(PTY)LTD    | CORPORATE<br>SERVICES | DESIGN<br>INSTALLATION<br>COMMISSIONING<br>AND<br>MAINTENANCE<br>AND<br>GENERAL SUPPORT FOR A<br>BIOMETRIC SECURITY<br>SYSTEM OF BUILDINGS<br>AND ASSETS BELONGING<br>TO THE MUNICIPALITY | ADMINISTRATION       | R<br>- |                |         |

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| 21<br>9 | <a href="#">8/3/319</a> | ZDM070/2<br>018 | MTHUTHUKISWA<br>CONSTRUCTION        | TECHNICAL<br>SERVICES | THE MANUFACTURING/<br>SUPPLY OF PRECAST<br>TOILET TOP STRUCTURES<br>AND SUPPORTING SLAB<br>WITHIN ZULULAND<br>DISTRICT MUNICIPALITY-<br>NORTH ABAQULUSI,<br>EDUMBE AND<br>UPHONGOLO | CONSTRUCT<br>ION   | R 10<br>000<br>000.00 |                |                          |
| 22<br>0 | <a href="#">8/3/320</a> | ZDM070/2<br>018 | CONCAST<br>CONSULTING<br>CONRITE JV | TECHNICAL<br>SERVICES | THE MANUFACTURING/<br>SUPPLY OF PRECAST<br>TOILET                                                                                                                                   | CONSTRUCT<br>ION   | R 10<br>000<br>000.00 |                |                          |
| 22<br>1 | <a href="#">8/3/321</a> | ZDM069/2<br>018 | BRAND PARTNERS<br>COMPANY           | FINANCE               | PROVISION OF PUBLICITY,<br>BRANDING AND<br>ADVERTISING FOR THE<br>ZULULAND District<br>Municipality                                                                                 | ADMINISTR<br>ATION | R -                   | 2018/07/2<br>5 | EARLY<br>TERMINA<br>TION |

|         |         |                 |                                    |                       |                                                                                                                                                                                                                           |                         |  |  |
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| 22<br>2 | 8/3/322 | ZDM068/2<br>018 | PHIRIPHIRI<br>SECURITY<br>SERVICES | CORPORATE<br>SERVICES | PROVISION OF GUARDING<br>SECURITY SERVICES OF<br>PROPERTIES AND<br>INFRASTRUCTURE ASSETS<br>BELONGING TO THE<br>ZULULAND DISTRICT<br>MUNICIPALITY AND<br>LOCATED IN ABAQULUSI<br>AND DUMBE AREA FOR A<br>PERIOD OF 3YEARS | ADMINISTR<br>ATION<br>- |  |  |
| 22<br>3 | 8/3/323 | ZDM067/2<br>018 | GLOBAL<br>TECHNOLOGY<br>SECURITY   | CORPORATE<br>SERVICES | PROVISION OF GUARDING<br>SECURITY SERVICES OF<br>PROPERTIES AND<br>INFRASTRUCTURE ASSETS<br>BELONGING TO THE<br>ZULULAND DISTRICT<br>MUNICIPALITY AND<br>LOCATED IN NONGOMA<br>AND PONGOLA AREA FOR<br>A PERIOD OF 3YEARS | ADMINISTR<br>ATION<br>- |  |  |

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| 22<br>4 | 8/3/324                 | ZDM093/2<br>018 | DOSHULU TRADING<br>AND PROJECT                         | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 13 | CONSTRUCT<br>ION | R 4 325<br>612.74     | 2019/01/1<br>8 | EXPIRED |
| 22<br>5 | <a href="#">8/3/325</a> | ZDM096/2<br>018 | SAB SMART<br>SERVICES (PTY)LTD                         | TECHNICAL<br>SERVICES | Water Demand Management                                      | CONSTRUCT<br>ION | R 12<br>281<br>967.46 | 2018/12/1<br>4 | CURRENT |
| 22<br>6 | 8/3/326                 | ZDM089/2<br>018 | MAKHOSWE<br>CONSTRUCTION<br>AND ELECTRICAL<br>(PTY)LTD | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 09 | CONSTRUCT<br>ION | R 4<br>214<br>756.10  | 2019/07/0<br>1 | EXPIRED |
| 22<br>7 | 8/3/327                 | ZDM088/2<br>018 | GREAT EFFORTS<br>CONTRACTORS                           | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 08 | CONSTRUCT<br>ION | R 4<br>526<br>958.88  | 2019/01/1<br>8 | EXPIRED |

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| 22<br>8 | 8/3/328                 | ZDM086/2<br>018 | SETSHABELO<br>TRADING 647 (PTY<br>LTD | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 06 | CONSTRUCT<br>ION | R<br>659<br>743.44 | 4<br>8 | 2019/01/1 | EXPIRED |
| 22<br>9 | 8/3/329                 | ZDM085/2<br>018 | KULU CUVILS PTY<br>LTD                | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 06 | CONSTRUCT<br>ION | R<br>688<br>223.32 | 5<br>8 | 2019/01/1 | EXPIRED |
| 23<br>0 | 8/3/330                 | ZDM081/2<br>018 | COUNTER POINT<br>TRADING 156 CC       | TECHNICAL<br>SERVICES | KWAMFEMFENI<br>RETICULATION                                  | CONSTRUCT<br>ION | R<br>198<br>818.00 | 6<br>1 | 2019/02/2 | EXPIRED |
| 23<br>1 | <a href="#">8/3/331</a> | ZDM080/2<br>018 | QAMBOTHI<br>DEVELOPMENT CC            | TECHNICAL<br>SERVICES | EMGODI<br>RETICULATION                                       | CONSTRUCT<br>ION | R<br>263<br>362.58 | 7<br>1 | 2019/02/2 | EXPIRED |

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|---------|-------------------------|-----------------|-------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|--------------------|--------|-----------|---------|
| 23<br>2 | <a href="#">8/3/332</a> | ZDM079/2<br>018 | MELA<br>TRADING<br>ENTERPRISE | TECHNICAL<br>SERVICES | KWANKULU<br>KWANKULU<br>WATER SUPPLY                                                                                                                                     | SAWSS-<br>PHASE 2 | CONSTRUCT<br>ION | R<br>835<br>284.77 | 4<br>1 | 2019/02/2 | CURRENT |
| 23<br>3 | 8/3/33                  | ZDM076/2<br>018 | KHETHA CLEANING<br>SERVICES   | TECHNICAL<br>SERVICES | CONTRACT FOR THE<br>PROVISION OF LANDSCAPE<br>MAINTENANCE,<br>PEST CONTROL AND<br>GENERAL SUPPORT TO THE<br>ZULULAND<br>DISTRICT MUNICIPALITY<br>FOR A PERIOD OF 3 YEARS | THE               | CONSTRUCT<br>ION | R<br>674<br>999.97 | 4<br>7 | 2018/12/0 | CURRENT |
| 23<br>4 | 8/3/334                 | ZDM007/2<br>018 | INGOSI TRADING CC             | TECHNICAL<br>SERVICES | THE INSTALLATION OF 289<br>PRE-CAST CONCRETE VIP<br>TOILETS UNITS IN<br>SINQANDE, MTHICONGO<br>AND EZIDWADWENI IN<br>NONGOMA                                             | 289               | CONSTRUCT<br>ION | R<br>655<br>428.50 | 2<br>5 | 2019/05/1 | EXPIRED |



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| 23<br>5 | 8/3/335 | ZDM0006/<br>2018 | THARVESTER<br>DRILLING          | TECHNICAL<br>SERVICES | THE INSTALLATION OF 201<br>PRE-CAST CONCRETE VIP<br>TOILETS UNITS IN<br>NEWTOWN AND<br>KHETHANKOMO IN<br>NONGOMA | Rural Roads Assets<br>Management system | CONSTRUCT<br>ION | R 1 841<br>877.21    | 2018/12/1<br>4 | CURRENT |
| 23<br>6 | 8/3/336 | ZDM095/2<br>018  | Aganang Consulting<br>Engineers | TECHNICAL<br>SERVICES |                                                                                                                  |                                         | CONSTRUCT<br>ION | R 7 670<br>923.04    | 2018/11/2<br>0 | EXPIRED |
| 23<br>7 | 8/3/338 | ZDM091/2<br>018  | GABADE BUILDING                 | TECHNICAL<br>SERVICES |                                                                                                                  |                                         | CONSTRUCT<br>ION | R 3<br>674<br>477.13 |                | CURRENT |
| 23<br>8 | 8/3/338 | ZDM092/2<br>018  | GABADE BUILDING                 | TECHNICAL<br>SERVICES |                                                                                                                  |                                         | CONSTRUCT<br>ION | R 2<br>958<br>803.38 | 2019/01/1<br>8 | CURRENT |

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| 23<br>9 | 8/3/339                 | ZDM090/2<br>018 | MK NJABS TRADING       | TECHNICAL<br>SERVICES | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 10                                                                                                | CONSTRUCT<br>ION | R 267<br>276.10        | 3<br>2019/01/1<br>8 | CURRENT |
| 24<br>0 | 8/3/340                 | ZDM055/2<br>018 | WK CONSTRUCTION<br>S A | TECHNICAL<br>SERVICES | CONSTRUCTION OF<br>MANDLAKAZI PHASE 5.5<br>BULK WATER SUPPLY:<br>44KM OF BULK GRAVITY<br>MAINS, ASSOCIATED<br>RESERVOIRS,<br>PUMPSTATION AND RISING<br>MAIN | CONSTRUCT<br>ION | R 100<br>400<br>000.00 | 8<br>2019/02/2<br>8 | CURRENT |
| 24<br>1 | <a href="#">8/3/341</a> | ZDM043/2<br>018 | UZAMILE TRADING<br>CC  | TECHNICAL<br>SERVICES | MANDLAKAZI RWSS:<br>CONSTRUCTION OF 19.8KM<br>WATER RETICULATION<br>NETWORK – PACKAGE 3C                                                                    | CONSTRUCT<br>ION | R 965<br>673.95        | 8<br>2018/11/2<br>7 | EXPIRED |

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| 24<br>2 | <a href="#">8/3/342</a> | ZDM008/2<br>018 | ACTUS<br>INTERGRATED<br>MANAGEMENT           | TECHNICAL<br>SERVICES | INSTALLATION OF 175 VIP<br>TOILETS IN NDIMHLANA<br>AND KWAFAKUDE IN<br>NONGOMA           | CONSTRUCT<br>ION | R<br>697<br>682.92 | 1<br>5         | 2019/05/1 | CURRENT |
| 24<br>3 | <a href="#">8/3/343</a> | ZDM001/2<br>016 | PREMIER<br>ATTRACTION 217 CC                 | TECHNICAL<br>SERVICES | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS OVER<br>THREE YEAR PERIOD | CONSTRUCT<br>ION | R<br>-             | 2016/07/1<br>2 | 2016/07/1 | EXPIRED |
| 24<br>4 | <a href="#">8/3/344</a> | ZDM001/2<br>016 | AQUA TRANSPORT<br>AND PLANT HIRE<br>(PTY)LTD | TECHNICAL<br>SERVICES | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS OVER<br>THREE YEAR PERIOD | CONSTRUCT<br>ION | R<br>-             | 2016/07/1<br>2 | 2016/07/1 | EXPIRED |
| 24<br>5 | <a href="#">8/3/345</a> | ZDM001/2<br>016 | ZIBULA<br>NGETHOKAZI<br>TRADING              | TECHNICAL<br>SERVICES | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS OVER<br>THREE YEAR PERIOD | CONSTRUCT<br>ION | R<br>-             | 2016/07/1<br>2 | 2016/07/1 | EXPIRED |

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| 24<br>6 | <a href="#">8/3/346</a> | ZDM006/2<br>016 | TMS<br>CC                         | TECHNICAL<br>SERVICES | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS OVER<br>THREE YEAR PERIOD | CONSTRUCT<br>ION | R<br>-             | 2016/07/1<br>2 | EXPIRED |
| 24<br>7 | <a href="#">8/3/347</a> | ZDM011/2<br>018 | SETSHABELO<br>TRADING<br>(PTY)LTD | TECHNICAL<br>SERVICES | CONSTRUCTION OF<br>USUTHU WATER<br>RETICULATION NETWORK<br>PHASE 1A                      | CONSTRUCT<br>ION | R<br>632<br>426.65 | 2019/07/1<br>5 | EXPIRED |
| 24<br>8 | <a href="#">8/3/348</a> | ZDM045/2<br>018 | SINDEILE<br>CONSTRUCTION          | TECHNICAL<br>SERVICES | RUDIMENTARY WATER<br>SUPPLY :BETHELA<br>DEKVILLE                                         | CONSTRUCT<br>ION | R<br>187<br>500.20 | 2018/10/0<br>1 | EXPIRED |
| 24<br>9 | <a href="#">8/3/349</a> | ZDM049/2<br>018 | TRAVEL WITH<br>FLAIR (PTY)LTD     | FINANCE               | PROVISION OF<br>TRAVELLING AGENTS<br>SERVICE                                             | OTHER            | R<br>1 577 938     | 2018/08/1<br>6 | CURRENT |

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| 25<br>0 | <a href="#">8/3/350</a> | ZDM105/2<br>018 | 27 YEARS<br>ISLAND<br>CONSTRUCTION           | TECHNICAL<br>SERVICES | WATER<br>MANAGEMENT-NKONJENI<br>WATER SUPPLY SCHEME                                                                                          | CONSTRUCT<br>ION | R<br>3 148 654<br>2           | 2019/09/0 | CURRENT |
| 25<br>1 | <a href="#">8/3/351</a> | ZDM110/2<br>018 | AFROSTRUCTURES(<br>PTY)LTD                   | TECHNICAL<br>SERVICES | EMONDLO BULK WATER<br>SUPPLY : REFURBISHMENT<br>AND ADDITIONS                                                                                | CONSTRUCT<br>ION | R<br>55 815<br>700<br>2       | 2019/08/1 | CURRENT |
| 25<br>2 | <a href="#">8/3/352</a> | ZDM010/2<br>019 | COUNTERPOINT/CH<br>ARLIES<br>CONSTRUCTION JV | TECHNICAL<br>SERVICES | SIMDLANGENTSHA WEST<br>RWSS-CONSTRUCTION OF<br>RASING MAIN FROM<br>FRISCHGEWAAAGD<br>ABSTRACTION WORKS TO<br>BILANYONI TERMINAL<br>RESERVOIR | CONSTRUCT<br>ION | R<br>33<br>275<br>421.04<br>2 | 2019/10/2 | CURRENT |

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| 25<br>3 | <a href="#">8/3/353</a> | ZDM011/2<br>019 | MAGNACORP485 t/a<br>KZS<br>CONSTRUCTION<br>AFRICA | TECHNICAL<br>SERVICES | SIMDLANGENTSHA WEST<br>RWSS-CONSTRUCTION OF<br>FRISCHGEWAAGD<br>ABSTRACTION WORKS<br>STAFF ACCOMMODATION<br>AND BILANYONI BOOSTER<br>PUMPSTATION | CONSTRUCT<br>ION      | R 29<br>272<br>306.33 | 2019/09/2<br>3 | CURRENT |
| 25<br>4 | <a href="#">8/3/354</a> | ZDM014/2<br>019 | KUNENE MAKOPO<br>RISK SOLUTIONS<br>(PTY)LTD       | FINANCE               | INSURANCE COVER FOR<br>MUNICIPAL ASSESTS                                                                                                         | INSURANCE<br>SERVICES | R 50 000              | 2019/08/0<br>5 | CURRENT |
| 25<br>5 | <a href="#">8/3/355</a> | ZDM015/2<br>019 | PK FINANCIAL<br>CONSULTANTS                       | FINANCE               | PROPOSAL FOR VAT<br>REVIEW                                                                                                                       | FINANCIAL<br>LEASES   | R -                   | 2019/08/0<br>2 | CURRENT |

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| 25<br>6 | <a href="#">8/3/356</a> | ZDM016/2<br>019 | AFRICA MAYIBUYE<br>LEADERSHIP<br>(PTY)LTD                           | FINANCE               | IMPLEMENTATION OF<br>FINANCIAL RECOVERY<br>PLAN | FINANCIAL<br>LEASES | R 2<br>652<br>912.00  | 2019/08/1<br>6 | CURRENT |
| 25<br>7 | <a href="#">8/3/357</a> | ZDM025/2<br>019 | EGXENI<br>ENGINEERING CC                                            | TECHNICAL<br>SERVICES | NQULWANE<br>RETICULATION                        | CONSTRUCT<br>ION    | R 17<br>800<br>000.00 | 2019/09/3<br>0 | CURRENT |
| 25<br>8 | <a href="#">8/3/358</a> | ZDM004/2<br>020 | ISIPHIWO TRADING<br>CC JV THAVESTER<br>DRILLING TESTING<br>(PTY)LTD | TECHNICAL<br>SERVICES | DRILLING AND TESTING OF<br>70 BOREHOLES SOUTH   | CONSTRUCT<br>ION    | R 12<br>810<br>528.50 | 2019/09/1<br>9 | CURRENT |
| 25<br>9 | <a href="#">8/3/359</a> | ZDM068/2<br>015 | SISONKE PHAMBILI<br>TRADING CC                                      | TECHNICAL<br>SERVICES | USUTHU<br>RETICULATION NONGOMA<br>SOUTH         | CONSTRUCT<br>ION    | R 67<br>454<br>000.00 | 2017/10/3<br>0 | CURRENT |

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| 26<br>0 | <a href="#">8/3/360</a> | ZDM102/2<br>018 | AFRISCAN<br>CONSTRUCTION<br>(PTY)LTD           | TECHNICAL<br>SERVICES | CONSTRUCTION OF<br>MANDLAKAZI PHASE 5.5B<br>BULK WATER SUPPLY<br>24KM OF BULK GRAVITY<br>MAINS AND ASSOCIATEDS<br>RESEVOIRS | CONSTRUCT<br>ION | R 403<br>871.92 | 2019/05/1<br>3 | CURRENT |
| 26<br>1 | <a href="#">8/3/361</a> | ZDM107/2<br>018 | MAKHELENI<br>CONSTRUCTION JV<br>MCEBOS TRADING | TECHNICAL<br>SERVICES | BHOBOZANI RESERVOIRS<br>AND SOUTHERN<br>RETICULATION                                                                        | CONSTRUCT<br>ION | R 403<br>871.92 | 2019/05/1<br>3 | CURRENT |
| 26<br>2 | <a href="#">8/3/362</a> | ZDM101/2<br>018 | SIZABONKE CIVILS<br>/PILCON PROJECTS           | TECHNICAL<br>SERVICES | REPLACEMENT OF THE<br>EXISTING 600MM NB<br>STEEELPIPELINE ULUNDI<br>TERMINALRESERVOIR TO<br>SITE 1 VALVE HOUSE              | CONSTRUCT<br>ION | R 491<br>654.65 | 2019/07/2<br>2 | CURRENT |



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| 26<br>3 | <a href="#">8/3/363</a> | ZDM025/2<br>017 | VI SECURITY SERVICES                         | CORPORATE SERVICES     | ROSTER FOR THE PROVISION OF VIP SECURITY TO THE ZDM FOR THE PERIOD OF 1 YEAR(WITH AN OPTION OF EXTEND FOR ANOTHER 2 MORE YEARS | SECURITY SERVICES | R -                  | 2018/05/14 | CURRENT |
| 26<br>4 | <a href="#">8/3/364</a> | ZDM007/2<br>020 | AMALONDOH CONSTRUCTION AND EVENTS MANAGEMENT | PLANNING & DEVELOPMENT | ZDM WATER TANKS - SUPPLY AND INSTALLATION OF WATER DISTRIBUTION POINTS                                                         | CONSTRUCTION      | R 555<br>061.70      | 2019/07/29 | EXPIRED |
| 26<br>5 | <a href="#">8/3/365</a> | ZDM108/2<br>018 | UMTHUNZA TRADING                             | PLANNING & DEVELOPMENT | BHOBHOZANI: BULK AND RETICULATION NORTH                                                                                        | CONSTRUCTION      | R 8<br>363<br>667.10 | 2019/04/23 | EXPIRED |
| 26<br>6 | 8/3/366                 | ZDM051/2<br>018 | WJ BOU & SIVIELE                             | PLANNING & DEVELOPMENT | RUDIMENTARY SOUTH WATER SUPPLY: NKONJENI EAST RETIC AND RESERVOIRS                                                             | CONSTRUCTION      | R 9<br>504<br>790.63 | 2018/10/19 | EXPIRED |

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| 26<br>7 | 8/3/367                 | ZDM087/2<br>018 | MELA<br>TRADING<br>ENTERPRISE                  | PLANNING &<br>DEVELOPMENT | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2:<br>RETICULATION 07                                                       | CONSTRUCT<br>ION | R 4<br>178<br>358.25   | 2019/05/0<br>6 | CURRENT |
| 26<br>8 | 8/3/368                 | ZDM005/2<br>017 | JABU<br>BUILDING<br>CONSTRUCTION<br>AND CIVILS | PLANNING &<br>DEVELOPMENT | ESPHIVA STAND ALONE<br>WATER SUPPLY PHASE 3:<br>AMAPHIVA RETICULATION                                              | CONSTRUCT<br>ION | R 6<br>567<br>602.13   | 2019/02/1<br>1 | CURRENT |
| 26<br>9 | <a href="#">8/3/369</a> | ZDM005/2<br>020 | PHINDILE<br>CIVIL<br>BUILDING<br>PROJECTS      | PLANNING &<br>DEVELOPMENT | PROVISION FOR DRILLING<br>AND TESTING OF 50<br>BOREHOLES IN NORTH OF<br>ZDM                                        | CONSTRUCT<br>ION | R 11<br>519<br>596.00  | 2019/09/1<br>9 | CURRENT |
| 27<br>0 | 8/3/370                 | ZDM005/2<br>019 | SIVEST SA                                      | PLANNING &<br>DEVELOPMENT | CIVOL ENGINEERING<br>SUPPORT FOR THE DESIGN<br>AND CONSTRUCTION<br>MONITORING FOR THE<br>GLUCKSTAD WATER<br>SUPPLY | CONSTRUCT<br>ION | R 100<br>000<br>000.00 |                | CURRENT |

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| 27<br>1 | 8/3/371 | ZDM084/2<br>018 | MELA<br>TRADING<br>ENTERPRISE     | PLANNING &<br>DEVELOPMENT | CEZA STAND ALONE<br>WATER SUPPLY PHASE 2<br>RETICULATION 4                                                                                                                                                        | CONSTRUCT<br>ION | R<br>528<br>988.00 | 2<br>5 | 2019/05/1 | EXPIRED |
| 27<br>2 | 8/3/372 | ZDM013/2<br>016 | AKSHAN<br>ENGINEERING<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT | PROVISION OF THE CIVIL<br>ENGINEERING SUPPORT<br>SERVICES FOR THE<br>IMPLEMENTATION OF<br>RURAL SANITATION<br>PROGRAMME                                                                                           | CONSTRUCT<br>ION | R<br>750<br>000.00 | 4      |           |         |
| 27<br>3 | 8/3/373 | ZDM024/2<br>017 | SCN CONSULTING<br>(PTY)LTD        | PLANNING &<br>DEVELOPMENT | Provision of Professional Geo-<br>Hydrological Services and<br>Related Support for a period of<br>three years to the Zululand<br>District Municipality                                                            | CONSTRUCT<br>ION | R<br>099<br>265.00 | 1      |           |         |
| 27<br>4 | 8/3/374 | ZDM026/2<br>017 | ZAI CONSULTING                    | PLANNING &<br>DEVELOPMENT | Civil Engineering Support for<br>the Design and Construction<br>Monitoring for: Re-Lining /<br>Rehabilitation / Replacement of<br>the Existing 600 mm Ø NB Steel<br>Pipeline: Ulundi WTW to Site 1<br>Valve House | CONSTRUCT<br>ION | R<br>352<br>518.73 | 5      |           |         |

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| 27<br>5 | 8/3/375 | ZDM052/2<br>015  | INGWEMABALA<br>CONSTRUCTION CC | PLANNING &<br>DEVELOPMENT | Reticulation Nongoma South<br>Phase 2                                                                                                                                                          | CONSTRUCTION | R<br>799<br>655.69 | 2 |  |  |
| 27<br>6 | 8/3/376 | ZDM0055/<br>2017 | MFM<br>CONSULTING CC           | PLANNING &<br>DEVELOPMENT | CIVIL ENGINEERING<br>SUPPORT FOR THE<br>PREPARATION OF<br>FEASIBILITY<br>STUDY/BUSINESS PLAN,<br>DESIGN AND<br>CONSTRUCTION<br>MONITORING FOR<br>MANDLAKAZI<br>AUGMENTATION OF<br>WATER SUPPLY | CONSTRUCTION | R<br>850<br>000.00 | 7 |  |  |

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| 27<br>7 | 8/3/377 | ZDM059/2<br>017 | SKYV CONSULTING<br>ENGINEERS        | PLANNING &<br>DEVELOPMENT | CIVIL ENGINEERING<br>SUPPORT FOR THE NEXT<br>PHASE OF<br>SIMDLANGENTSHA<br>CENTRAL REGIONAL<br>WATER SUPPLY SCHEME –<br>WATER TREATMENT<br>WORKS AND WATER<br>RETICULATION<br>NETWORKS | CONSTRUCTION | R 50<br>000<br>000.00 |                |         |
| 27<br>8 | 8/3/378 | ZDM046/2<br>018 | MDIMA CIVILS CC                     | PLANNING &<br>DEVELOPMENT | RUDIMENTARY<br>MAHLABATHINI WATER<br>SUPPLY                                                                                                                                            | CONSTRUCTION | R 4<br>929<br>101.85  | 2018/10/1<br>9 | CURRENT |
| 27<br>9 | 8/3/379 | ZDM047/2<br>018 | BLESSED MASTER<br>PROJECTS (PTY)LTD | PLANNING &<br>DEVELOPMENT | RUDIMENTARY NORTH:<br>GOLELA AND DEKVILLE                                                                                                                                              | CONSTRUCTION | R 17<br>477<br>475.81 |                |         |

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| 28<br>0 | 8/3/380 | ZDM048/2<br>018 | 27 YEARS ROBE<br>ISLAND<br>CONSTRUCTION JV<br>FUNKWANE TRADE | PLANNING &<br>DEVELOPMEN<br>T | RUDIMENTARY<br>MPUNGAMHLOPHE WATER<br>SUPPLY | CONSTRUCT<br>ION | R<br>132<br>727.34 | 2018/10/1<br>9 | CURRENT |
| 28<br>1 | 8/3/381 | ZDM034/2<br>017 | TK GUTTERS<br>PLUMBERS AND<br>PLANT HIRE                     | PLANNING &<br>DEVELOPMEN<br>T | USUTHU<br>RETICULATION:<br>SINGANGENI:       | CONSTRUCT<br>ION | R<br>921<br>662.76 | 2018/10/1<br>0 | EXPIRED |
| 28<br>2 | 8/3/382 | ZDM035/2<br>017 | AKWANDE CIVILS<br>CC                                         | PLANNING &<br>DEVELOPMEN<br>T | USUTHU<br>RETICULATION:<br>KWADLABE          | CONSTRUCT<br>ION | R<br>162<br>203.37 | 2018/01/2<br>2 | EXPIRED |
| 28<br>3 | 8/3/383 | ZDM036/2<br>017 | ASAKHENE SONKE<br>TRADING CC                                 | PLANNING &<br>DEVELOPMEN<br>T | USUTHU<br>RETICULATION:<br>Phase 1           | CONSTRUCT<br>ION | R<br>465<br>164.11 |                |         |

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| 28<br>4 | 8/3/384 | ZDM038/2<br>017  | GREAT EFFORTS<br>CONTRACTORS               | PLANNING &<br>DEVELOPMEN<br>T | USUTHU<br>RETICULATION:<br>ETHOKOZA                                        | RWSS:<br><br>ION | CONSTRUCT<br>ION | R<br>061<br>988.37 | 4<br>2018/10/1<br>0 | EXPIRED |
| 28<br>5 | 8/3/385 | ZDM039/2<br>017  | GREAT EFFORTS<br>CONTRACTORS               | PLANNING &<br>DEVELOPMEN<br>T | USUTHU<br>RETICULATION:<br>SGODIPHOLA                                      | RWSS:<br><br>ION | CONSTRUCT<br>ION | R<br>338<br>000.02 | 3                   |         |
| 28<br>6 | 8/3/386 | ZDM006/2<br>017  | THARVESTER<br>DRILLING TESTING<br>(PTY)LTD | PLANNING &<br>DEVELOPMEN<br>T | ESPHIVA STAND ALONE<br>WATER SUPPLY PHASE 3:<br>AMAPHIVA RETICULATION<br>B | RWSS:<br><br>ION | CONSTRUCT<br>ION | R<br>021<br>456.59 | 4                   | EXPIRED |
| 28<br>7 | 8/3/387 | ZDM1289/<br>2012 | GIBB ENGINEERING<br>AND<br>ARCHITECTURE    | TECHNICAL<br>SERVICES         | MANDLAKAZIR RWSS                                                           | RWSS:<br><br>ION | CONSTRUCT<br>ION | R<br>031<br>947.37 | 7                   | EXPIRED |

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| 28<br>8 | 8/3/388 | ZDM1290/<br>2012 | SANOQWABE<br>TRADING                        | TECHNICAL<br>SERVICES     | "Provision of consulting support services for a three year period to oversee the implementation of the sanitation backlog at abaqulusi, edumbe and opongolo" | CONSTRUCT<br>ION | R 500<br>000.00 | 12 |  | EXPIRED |
| 28<br>9 | 8/3/389 | ZDM073/2<br>015  | SANOQWABE<br>TRADING                        | PLANNING &<br>DEVELOPMENT | CIVIL ENGINEERING<br>SUPPORT FOR THE DESIGN<br>AND CONSTRUCTION<br>MONITORING FOR<br>RUDIMENTARY NORTH<br>WATER SUPPLY SCHEMES                               | CONSTRUCT<br>ION | R 000<br>000.00 | 10 |  | EXPIRED |
| 29<br>0 | 8/3/389 | ZDM1086/<br>2012 | ERNST CLOETE AND<br>ASSOCIATES (PTY)<br>LTD | PLANNING &<br>DEVELOPMENT | CIVIL ENGINEERING<br>SERVICES FOR THE<br>IMPLEMENTATION OF THE<br>ESPHIVA STAND-ALONE<br>WATER SUPPLY SCHEME                                                 | CONSTRUCT<br>ION | R 138<br>000.00 | 7  |  | EXPIRED |



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| 29<br>1 | 8/3/390  | ZDM1364/<br>2012 | SIKOTI<br>INVESTMENTS CC | PLANNING &<br>DEVELOPMENT | NKONKENI RWSS                                                                                      | CONSTRUCT<br>ION | R<br>974<br>882.22 | 6 | EXPIRED |
| 29<br>2 | 8/3/3100 | ZDM1368/<br>2012 | MSW CONSULTING           | PLANNING &<br>DEVELOPMENT | CIVIL ENGINEERING<br>SERVICES MANDHLAKAZI<br>PHASE                                                 | CONSTRUCT<br>ION | R<br>800<br>000.00 | 6 | EXPIRED |
| 29<br>3 | 8/3/3101 | ZDM1400/<br>2013 | ENVIROEDGE CC            | PLANNING &<br>DEVELOPMENT | PROCUREMENT OF AN<br>ENVIRONMENTAL<br>CONSULTANT FOR THE<br>USUTHU REGIONAL<br>WATER SUPPLY SCHEME | CONSTRUCT<br>ION | R<br>610<br>526.32 | 1 | EXPIRED |
| 29<br>4 | 8/3/3102 | ZDM1409/<br>2013 | SITAMELA<br>TRADING CC   | PLANNING &<br>DEVELOPMENT | sIMLANGENTSHA<br>CENTRAL RWSS:<br>CONSTRUCTION OF BULK                                             | CONSTRUCT<br>ION | R<br>512<br>223.42 | 8 | EXPIRED |

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| 29<br>5 | 8/3/3103 | ZDM1545/<br>2014 | DLAMINDLOVU<br>CONSULTING<br>ENGINEERS AND<br>PROJECT       | PLANNING &<br>DEVELOPMENT | Civil engineering support for the<br>design and construction<br>monitoring of Frischegewagt<br>water treatment works | CONSTRUCT<br>ION | R 955<br>127.10       | 9        |           | EXPIRED |
| 29<br>6 | 8/3/3104 | ZDM1546/<br>2014 | VEOLIA WATER<br>SOLUTION AND<br>TECHNOLOGIES<br>SOUTH AFRIC | PLANNING &<br>DEVELOPMENT | Construction of Mandlakazi<br>Phase 5 water treatment works                                                          | CONSTRUCT<br>ION | R 98 060<br>584.04    | 060<br>4 | 2016/01/0 | EXPIRED |
| 29<br>7 | 8/3/3105 | ZDM1546/<br>2014 | SUNSET BEACH<br>TRADING 529CC                               | PLANNING &<br>DEVELOPMENT | Construction of Mandlakazi<br>Phase 5 water treatment works                                                          | CONSTRUCT<br>ION | R 98 060<br>584.04    | 060<br>4 | 2016/01/0 | EXPIRED |
| 29<br>8 | 8/3/3106 | ZDM1558/<br>2014 | E AND R<br>MAINTENANCE<br>AND ERECTION CC                   | PLANNING &<br>DEVELOPMENT | Usuthu main pump station<br>mechanical and electrical<br>installation                                                | CONSTRUCT<br>ION | R 79<br>439<br>545.62 | 79<br>0  | 2015/02/1 | EXPIRED |

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| 29<br>9 | 8/3/3107 | ZDM384/2<br>009 | CONRITE<br>PTY LTD                            | WALLS | PLANNING &<br>DEVELOPMENT | ESTABLISHMENT<br>MANAGEMENT OF<br>PRECAST CONCRETE                                                                                      | CONSTRUCT<br>ION | R 41<br>605<br>814.05  |                | EXPIRED |
| 30<br>0 | 8/3/3108 | ZDM567/2<br>007 | RAWS CONSULTING<br>ENGINEERS                  |       | PLANNING &<br>DEVELOPMENT | PROCUREMENT<br>OF<br>PROFESSIONAL SERVICES                                                                                              | CONSTRUCT<br>ION | R 85<br>500<br>000.00  |                | EXPIRED |
| 30<br>1 | 8/3/3109 | ZDM580/2<br>007 | DLV ENGINEERING<br>AMD<br>PROJECT<br>MANAGERS |       | PLANNING &<br>DEVELOPMENT | PROCUREMENT<br>OF<br>PROFESSIONAL SERVICE                                                                                               | CONSTRUCT<br>ION | R 71<br>472<br>587.04  |                | EXPIRED |
| 30<br>2 | 8/3/3200 | ZDM<br>053/2015 | ZAMAHLOBO DEZO<br>JV BPB SINDI CIVILS         |       | PLANNING &<br>DEVELOPMENT | Simdlangentsha West Regional<br>Water Supply Scheme:<br>Frischgewaard WTW-<br>construction of a water treatment<br>works - civils works | CONSTRUCT<br>ION | R 150<br>000<br>000.00 | 2016/04/0<br>7 | EXPIRED |

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| 30<br>3 | 8/3/3201 | ZDM<br>054/2015 | WSSA Mzingazi                | PLANNING &<br>DEVELOPMENT<br>T | Simdlangentsha West Regional<br>Water Supply Scheme:<br>Frischgewaard<br>Installation of Mechanical and<br>Electrical equipment              | CONSTRUCT<br>ION | R<br>037<br>396.76 | 22<br>2               | 2017/02/0 | EXPIRED |
| 30<br>4 | 8/3/3202 | ZDM003/2<br>016 | UZAMILE TRADING<br>CC        | PLANNING &<br>DEVELOPMENT<br>T | Esikhumbeni Stand Alone<br>Water Supply Scheme :<br>Construction of R7<br>pumpstation(okhalweni)                                             | CONSTRUCT<br>ION | R<br>176<br>308.95 | 4<br>2017-05-<br>2017 | 2017/02/0 | EXPIRED |
| 30<br>5 | 8/3/3203 | ZDM029/2<br>017 | TOWN AND<br>AROUND CIVILS CC | PLANNING &<br>DEVELOPMENT<br>T | Completion of Concrete<br>Reservoir 7ML with Access<br>roads and Usuthu Reservoir B:<br>Constuction of a 7ML reservoir<br>and 3 ML reservoir | CONSTRUCT<br>ION | R<br>308<br>733.46 | 39<br>0               | 1900/01/0 | EXPIRED |
| 30<br>6 | 8/3/3204 | ZDM030/2<br>017 | TOWN AND<br>AROUND CIVILS CC | PLANNING &<br>DEVELOPMENT<br>T | NONGOMA RESERVOIRS<br>AND ACCESS ROADS:<br>NONGOMA RESERVOIRS<br>AND ACCESS ROADS: GB5<br>(400KL) GB4 (1ML) and GB2<br>(600KL).              | CONSTRUCT<br>ION | R<br>498<br>618.50 | 17<br>7               | 2018/04/1 | EXPIRED |

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| 30<br>7 | 8/3/3205                 | ZDM061/2<br>015 | INDUNA LOGISTICS                             | PLANNING &<br>DEVELOPMENT | Concrete reservoir Nongoma<br>CBD IX 2,4ML: Concrete<br>reservoir Nongoma CBD IX<br>2,4ML                                        | CONSTRUCT<br>ION | R 995<br>008.51    | 18<br>4        | 2016/01/0 | EXPIRED |
| 30<br>8 | <a href="#">8/3/3206</a> | ZDM009/2<br>019 | ZANA MANZI<br>SERVICES (PTY)LTD              | PLANNING &<br>DEVELOPMENT | UPGRADE OF ULUNDI<br>WATER TREATMENT<br>WORK MECHANICAL AND<br>ELECTRICAL WORK STAGE<br>1A                                       | CONSTRUCT<br>ION | R 28 989<br>524.94 | 2019/11/1<br>5 | 2019/11/1 | EXPIRED |
| 30<br>9 | <a href="#">8/3/3207</a> | ZDM008/2<br>019 | COUNTERPOINT/CH<br>ARLIES<br>CONSTRUCTION JV | PLANNING &<br>DEVELOPMENT | UPGRADE OF ULUNDI<br>WATER TREATMENT<br>WORK AND<br>REFURBISHMENT/<br>UPGRADE OF THE<br>NKONJENI REGIONAL<br>WATER SUPPLY SCHEME | CONSTRUCT<br>ION | R 14 052<br>792.47 | 2019/11/1<br>5 | 2019/11/1 | CURRENT |
| 31<br>0 | <a href="#">8/3/3208</a> | ZDM007/2<br>016 | ZANA MANZI<br>SERVICES (PTY)LTD              | PLANNING &<br>DEVELOPMENT | USUTHU LINDIZWE PUMP<br>STATION MECHANICAL<br>INSTALLATION                                                                       | CONSTRUCT<br>ION | R 850<br>149.04    | 2019/12/0<br>4 | 2019/12/0 | EXPIRED |

|         |                          |                 |                                               |       |                           |                                                                                                                                                                                             |                      |                      |                    |         |           |         |
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| 31<br>1 | <a href="#">8/3/3209</a> | ZDM049/2<br>015 | ZANA<br>SERVICES (PTY)LTD                     | MANZI | PLANNING &<br>DEVELOPMENT | USUTHU<br>PUMP<br>MECHANICAL<br>INSTALLATION                                                                                                                                                | HOLINYOKA<br>STATION | CONSTRUCT<br>ION     | R<br>893<br>937.70 | 28<br>4 | 2019/12/0 | EXPIRED |
| 31<br>2 | <a href="#">8/3/3210</a> | ZDM019/2<br>019 | THAVESTER<br>DRILLING AND<br>TESTING (PTY)LTD |       | PLANNING &<br>DEVELOPMENT | RETICULATION UPGRADE<br>WARD 14 NONGOMA                                                                                                                                                     |                      | CONSTRUCT<br>ION     | R<br>702<br>648.46 | 8<br>3  | 2019/12/2 | CURRENT |
| 31<br>3 | <a href="#">8/3/3211</a> | ZDM012/2<br>020 | AK<br>SECURITY<br>SERVICES                    |       | CORPORATE<br>SERVICES     | PROVISION OF GURDING<br>SECURITY SERVICES TO<br>THE ZULULAND DISTRICT<br>MUNICIPALITY<br>PROPERTIES AND<br>INFRASTRUCTURE<br>LOCATED IN NONGOMA<br>AND UPHONGOLO FOR A<br>PERIOD OF 3 YEARS |                      | SECURITY<br>SERVICES | R<br>-             |         | 2020/03/2 | CURRENT |

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| 31<br>4 | <a href="#">8/3/3212</a> | ZDM013/2<br>020 | MSENGE<br>PROTECTION<br>(PTY)LTD             | CORPORATE<br>SERVICES     | PROVISION OF GURDING<br>SECURITY SERVICES TO<br>THE ZULULAND DISTRICT<br>MUNICIPALITY<br>PROPERTIES AND<br>INFRASTRUCTURE<br>LOCATED IN ABAQULUSI<br>AND EDUMBE FOR A<br>PERIOD OF 3 YEARS | SECURITY<br>SERVICES | R<br>- | 2020/03/2<br>5 | CURRENT |
| 31<br>5 | 8/3/3213                 | ZDM014/2<br>020 | Aros Protection service                      | CORPORATE<br>SERVICES     | PROVISION OF GURDING<br>SECURITY SERVICES TO<br>THE ZULULAND DISTRICT<br>MUNICIPALITY<br>PROPERTIES AND<br>INFRASTRUCTURE<br>LOCATED IN ULUNDI FOR A<br>PERIOD OF 3 YEARS                  | SECURITY<br>SERVICES | R<br>- | 2020/03/2<br>5 | CURRENT |
| 31<br>6 | <a href="#">8/3/3214</a> | ZDM033/2<br>020 | AQUA TRANSPORT<br>AND PLANT HIRE<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS                                                                                                                             | CONSTRUCT<br>ION     |        | 2020/05/0<br>8 | CURRENT |

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| 31<br>7 | <a href="#">8/3/3215</a> | ZDM033/2<br>020 | KADULELE<br>TRADING CC              | PLANNING &<br>DEVELOPMENT<br>T | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS | CONSTRUCT<br>ION | R<br>- | 2020/05/0<br>8 | CURRENT |
| 31<br>8 | <a href="#">8/3/3216</a> | ZDM033/2<br>020 | MULTI SOLUTIONS<br>TRADING (PTY)LTD | PLANNING &<br>DEVELOPMENT<br>T | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS | CONSTRUCT<br>ION | R<br>- | 2020/05/0<br>8 | CURRENT |
| 31<br>9 | <a href="#">8/3/3217</a> | ZDM033/2<br>020 | KHABENI PROJECT<br>ENTERPRISE       | PLANNING &<br>DEVELOPMENT<br>T | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS | CONSTRUCT<br>ION | R<br>- | 2020/05/0<br>8 | CURRENT |
| 32<br>0 | <a href="#">8/3/3218</a> | ZDM033/2<br>020 | ZIBULA<br>NGETHOKAZI<br>TRADING     | PLANNING &<br>DEVELOPMENT<br>T | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS | CONSTRUCT<br>ION | R<br>- | 2020/05/0<br>8 | CURRENT |

BBB



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| 32<br>1 | <a href="#">8/3/3219</a> | ZDM033/2<br>020 | UHAQANE<br>CONTRACTORS CC   | PLANNING &<br>DEVELOPMENT | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS                                                                  | CONSTRUCT<br>ION | R<br>-                  | 2020/05/0<br>8 | CURRENT |
| 32<br>2 | <a href="#">8/3/3220</a> | ZDM033/2<br>020 | XMOOR<br>TRANSPORT          | PLANNING &<br>DEVELOPMENT | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS                                                                  | CONSTRUCT<br>ION | R<br>-                  | 2020/05/0<br>8 | CURRENT |
| 32<br>3 | <a href="#">8/3/3221</a> | ZDM033/2<br>020 | FIRST WORKS 119<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT | DELIVERY OF POTABLE<br>WATER IN THE ZDM USING<br>WATER TANKERS                                                                  | CONSTRUCT<br>ION | R<br>-                  | 2020/05/0<br>8 | CURRENT |
| 32<br>4 | <a href="#">8/3/3222</a> | ZDM002/2<br>020 | Dieketseng Trading          | PLANNING &<br>DEVELOPMENT | PROVISION OF ISD<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NOTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES       | R<br>1<br>822<br>370.00 | 2019/12/1<br>3 | CURRENT |

CCC

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|---------|--------------------------|-----------------|---------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------|----------------------|----------------|---------|
| 32<br>5 | <a href="#">8/3/3223</a> | ZDM002/2<br>020 | IQETHU<br>COMMUNITY<br>DEVELOPMENT<br>AND PROJECT | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NOTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 1<br>671<br>450.00 | 2019/12/1<br>3 | CURRENT |
| 32<br>6 | <a href="#">8/3/3224</a> | ZDM002/2<br>020 | VEZINGCEBO<br>(PTY)LTD                            | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NOTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>617<br>917.50 | 2019/12/1<br>3 | CURRENT |
| 32<br>7 | <a href="#">8/3/3225</a> | ZDM002/2<br>020 | Sabusiswa<br>Social<br>Facilitators               | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NOTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 3<br>024<br>741.50 | 2019/12/1<br>3 | CURRENT |
| 32<br>8 | <a href="#">8/3/3226</a> | ZDM002/2<br>020 | WONDERTWINS<br>TRADING AND<br>ENTERPRISE          | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NOTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>561<br>693.20 | 2019/12/1<br>3 | CURRENT |

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|---------|--------------------------|-----------------|---------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------|------------|----------------------|----------------|---------|
| 32<br>9 | <a href="#">8/3/3227</a> | ZDM002/2<br>020 | MABHANGE<br>TRADING AND<br>PRODUCTION<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>616<br>350.00 | 2019/12/1<br>3 | CURRENT |
| 33<br>0 | <a href="#">8/3/3228</a> | ZDM002/2<br>020 | Mbono trading &<br>developments<br>consultants    | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 3<br>006<br>297.80 | 2019/12/1<br>3 | CURRENT |
| 33<br>1 | <a href="#">8/3/3229</a> | ZDM002/2<br>020 | NTOMBINGESWELI<br>TRADING                         | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>310<br>218.90 | 2019/12/1<br>3 | CURRENT |
| 33<br>2 | <a href="#">8/3/3230</a> | ZDM002/2<br>020 | Black Titanium (pty)ltd                           | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>610<br>410.00 | 2019/12/1<br>3 | CURRENT |

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|----|--------------------------|-----------------|--------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------|------------|----------------------|-----------------|---------|
| 33 | <a href="#">8/3/3231</a> | ZDM002/2<br>020 | BONGWATI<br>TRADING (PTY)LTD                     | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>545<br>598.00 | 2019/12/1<br>3  | CURRENT |
| 33 | <a href="#">8/3/3232</a> | ZDM002/2<br>020 | NOMASA<br>CORPORATION<br>(PTY)LTD                | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>839<br>545.50 | 2019/12/1<br>3  | CURRENT |
| 33 | <a href="#">8/3/3233</a> | ZDM002/2<br>020 | UMTAPO<br>DEVELOPMENT<br>CORPORATION<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 1<br>141<br>030.00 | 2019/12/1<br>3  | CURRENT |
| 33 | <a href="#">8/3/2334</a> | ZDM002/2<br>020 | Lwazi Community<br>Facilitators                  | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>914<br>686.50 | 2019--12-<br>13 | CURRENT |

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| 33<br>7 | <a href="#">8/3/2335</a> | ZDM002/2<br>020 | AMASU<br>CONSULTING                    | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>606<br>411.06 | 2019/12/1<br>3  | CURRENT |
| 33<br>8 | <a href="#">8/3/2336</a> | ZDM002/2<br>020 | THOLUNZULU<br>TRADING                  | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 990.00             | 2019/12/1<br>3  | CURRENT |
| 33<br>9 | <a href="#">8/3/2337</a> | ZDM002/2<br>020 | SOMOKHOZI<br>DEVELOPMENT<br>ENTERPRISE | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>484<br>333.50 | 2019/12/1<br>3  | CURRENT |
| 34<br>0 | <a href="#">8/3/2338</a> | ZDM002/2<br>020 | Ndandali Investments                   | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>606<br>532.50 | 2019-12-<br>13- | CURRENT |

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|---------|--------------------------|-----------------|----------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------|----------------------|----------------|---------|
| 34<br>1 | <a href="#">8/3/2339</a> | ZDM002/2<br>020 | ZG Training and<br>Developments        | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>265<br>741.50 | 2019/12/1<br>3 | CURRENT |
| 34<br>2 | <a href="#">8/3/2340</a> | ZDM002/2<br>020 | SHALOM<br>TRADING                      | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 2<br>600<br>510.00 | 2019/12/1<br>3 | CURRENT |
| 34<br>3 | <a href="#">8/3/2341</a> | ZDM002/2<br>020 | UZUKO<br>DEVELOPMENT                   | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 1<br>849<br>809.50 | 2019/12/1<br>3 | CURRENT |
| 34<br>4 | <a href="#">8/3/3342</a> | ZDM002/2<br>020 | KJN BUSINESS<br>ENTERPRISE<br>(PTY)LTD | PLANNING &<br>DEVELOPMENT<br>T | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES | R 1<br>650<br>000.00 | 2019/12/1<br>3 | CURRENT |

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| 34<br>5 | <a href="#">8/3/3343</a> | ZDM002/2<br>020 | THE MVULA TRUST                                | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES   | R 3<br>280<br>170.30  | 2019/12/1<br>3 | CURRENT |
| 34<br>6 | <a href="#">8/3/3344</a> | ZDM002/2<br>020 | FAKALINTULI<br>CONSTRUCTION<br>AND SERVICES CC | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SUPPORT SERVICES FOR<br>THE THREE YEAR PERIOD<br>NORTHERN REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES   | R 2<br>689<br>263.50  | 2019/12/1<br>3 | CURRENT |
| 34<br>7 | <a href="#">8/3/3345</a> | ZDM018/2<br>019 | JADE<br>TRADING<br>STAR                        | PLANNING &<br>DEVELOPMENT | USUTHU RWSS: RAW<br>WATER EXTRACTION<br>MECHANICAL<br>INSTALLATION                                                           | CONSTRUCTION | R 23<br>239<br>438.14 | 2019/10/1<br>8 | CURRENT |
| 34<br>8 | <a href="#">8/3/3346</a> | ZDM16/20<br>20  | ZIMASANANI<br>PROJECTS                         | PLANNING &<br>DEVELOPMENT | INSTALLATION +-1800 PRE<br>CAST TOILET UNIT AT ZDM<br>NORTH                                                                  | CONSTRUCTION | R 13<br>649<br>557.63 | 2020/04/1<br>4 | CURRENT |

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| 34<br>9 | <a href="#">8/3/3347</a> | ZDM017/2<br>020 | ELDAH N SHALOM<br>TRADING AND<br>PROJECT       | PLANNING &<br>DEVELOPMENT | INSTALLATION +-1800 PRE<br>CAST TOILET UNIT AT ZDM<br>SOUTH                                                      | CONSTRUCTION   | R 16<br>759<br>003.36 | 2020/04/1<br>4 | CURRENT |
| 35<br>0 | <a href="#">8/3/3348</a> | ZDM032/2<br>020 | MQHELE TRADING<br>AND PROJECT/<br>SITAMELASIVE | PLANNING &<br>DEVELOPMENT | KWAMAJOMELA SCALE<br>MANUFACTURING VALUE<br>ADD IN NONGOMA                                                       | OTHER          | R 13<br>421<br>000.00 | 2020/06/1<br>1 | CURRENT |
| 35<br>1 | <a href="#">8/3/3349</a> | ZDM002/2<br>020 | Indhlovu Development<br>Consultant cc          | PLANNING &<br>DEVELOPMENT | PROVISION OF<br>SERVICES THREE YEAR<br>CONTRACT : NORTHERN<br>REGION OF THE<br>ZULULAND DISTRICT<br>MUNICIPALITY | FACILITIES     | R<br>-                | 2019/12/1<br>3 | CURRENT |
| 35<br>2 | <a href="#">8/3/3350</a> | ZDM001/2<br>020 | QUARTEX<br>TECHNOLOGIES                        | PLANNING &<br>DEVELOPMENT | SPECIALIST SOFTWARE<br>AND DATA MANAGEMENT<br>SUPPORT                                                            | ADMINISTRATION | R<br>-                | 2020/01/0<br>1 | CURRENT |



|         |                          |                 |                                                |                                           |                                                                                                                                                |                                            |        |                |         |
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| 35<br>3 | <a href="#">8/3/3351</a> | ZDM113/2<br>018 | ISIBUKO<br>DEVELOPMENT<br>PLANNERS             | PLANNING &<br>DEVELOPMENT                 | INTERGRATED<br>DEVELOPMENT PLANNING<br>AND GENERAL SUPPORT                                                                                     | OTHER                                      | R<br>- | 2020/10/0<br>1 | CURRENT |
| 35<br>4 | <a href="#">8/3/3352</a> | ZDM042/2<br>020 | NTUTHATHA<br>SOLUTIONS<br>(PTY)LTD             | FINANCE                                   | SOURCING OF<br>GRANTS/LOANS FUNDING<br>FOR IMPLEMENTATION OF<br>WATER INFRASTRUCTURE<br>PROJECTS, SANITATION<br>AND WATER DEMAND<br>MANAGEMENT | FINANCIAL<br>LEASES                        | R<br>- | 2020/10/2<br>6 | CURRENT |
| 35<br>5 | <a href="#">8/3/3353</a> | ZDM003/2<br>020 | SIYAMBONGA<br>UMENZI<br>CONSULTING<br>(PTY)LTD | TECHNICAL &<br>INFRASTRUCTURE<br>SERVICES | CIVIL ENGINEERING<br>CONSULTANT LIST OF<br>APPROVED SERVICE<br>PROVIDER TO UNDERTAKE<br>INFRASTRUCTURE<br>PROJECTS.                            | CONSULTING<br>&<br>ENGINEERING<br>SERVICES | R<br>- | 2020/12/0<br>1 | CURRENT |
| 35<br>6 | 8/3/3354                 | ZDM053/2<br>020 | SETSHABELO<br>TRADING<br>(PTY)LTD              | PLANNING &<br>DEVELOPMENT                 | NKONJENI BOREHOLE<br>AUGMENTATION                                                                                                              | CONSTRUCTION                               | R<br>- | 2021/02/0<br>3 | CURRENT |

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| 35<br>7 | 8/3/3355 | ZDM052/2<br>020 | SIZABONKE CIVILS<br>/PILCON PROJECTS | PLANNING &<br>DEVELOPMENT | CONSTRUCTION OF<br>RASING MAIN FROM<br>ULUNDI WTW TO FROM<br>ULUNDI MABEDLANE<br>RESERVOIR | CONSTRUCTION          | R<br>- |                |  |
| 35<br>8 | 8/3/3356 | ZDM021/2<br>021 | BONAKUDE<br>CONSULTING<br>(PTY)LTD   | FINANCE                   | PROVISION OF INTERNAL<br>AUDIT                                                             | MUNICIPAL<br>SERVICES | R<br>- | 2021/02/1<br>8 |  |
| 35<br>9 | 8/3/3357 | ZDM006/2<br>021 | MAQAQA TRADING<br>CC                 | PLANNING &<br>DEVELOPMENT | CONSTRUCTION OF HI<br>MAJESTY THE KING<br>GODWILL ZWELITHINIS<br>MONUMENT                  | CONSTRUCTION          | R<br>- | 2021/03/1<br>7 |  |

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| 36 | 8/3/3358 | ZDM007/2 | AKWANDE CIVILS<br>CC | PLANNING &<br>DEVELOPMENT | MANDLAKAZI PHASE 5,1<br>BULK WATER SUPPLY<br>CONSTRUCTION OF 3KM<br>BULK GRAVITY MAINS<br>COMPLETION AND<br>COMMISSIONING OF 9KM<br>OF BULK GRAVITY MAINS<br>AND THREE RESERVOIRS | CONSTRUCT<br>ION | R 26<br>361<br>664.00 | 2021/03/2<br>3 |  |
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**Zululand District Municipality  
Annual Financial Statements  
for the year ended 30 June 2022**

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Nature of business and principal activities

Water provision as per Water services Act and Schedule B of Municipal Structures Act

### Newly elected Mayoral committee - 01-11-2021

Mayor

Cllr. Buthelezi TD

Speaker

Cllr. Memela DT

Deputy Mayor

Cllr. Ndlovu TD

Member of the Executive Committee

Cllr. Hadebe ISM

Member of the Executive Committee

Cllr. Khumalo BK

Member of the Executive Committee

Cllr. Ndlela NP

### Newly elected Councillors - 01-11-2021

Member

Cllr. Dlamini FM

Member

Cllr. Dlamini VV

Member

Cllr. Dubazane MR

Member

Cllr. Magagula NS

Member

Cllr. Masondo ND

Member

Cllr. Mavundla CN

Member

Cllr. Mavuso NP

Member

Cllr. Mbatha SI

Member

Cllr. Mdlalose SM

Member

Cllr. Mdletshe AT

Member

Cllr. Mncwango BJ

Member

Cllr. Mngomezulu ND

Member

Cllr. Mtambo M

Member

Cllr. Ndwandwe TM

Member

Cllr. Nhlabathi BC

Member

Cllr. Nkwanyana SE

Member

Cllr. Ntombela SS

Member

Cllr. Ntshangase TA

Member

Cllr. Nxumalo B

Member

Cllr. Nxumalo SV

Member

Cllr. Nxumalo-Sibiya CM

Member

Cllr. Selepe PP

Member

Cllr. Shelembe S

Member

Cllr. Sibiya AM

Member

Cllr. Sithole BH

Member

Cllr. Williams MP

Member

Cllr. Zulu Prince MMM

Member

Cllr. Zulu RM

Member

Cllr. Zulu SM

Member

Cllr. Zungu NF

Member

Cllr. Zungu ZH

### Previous Mayoral committee - last day in office 01-11-2021

Mayor

Cllr. Buthelezi TD

Speaker

Cllr. Mncwango BJ

Deputy Mayor

Cllr. Kunene MM

Member of the Executive Committee

Cllr. Nkwanyana SE

Member of the Executive Committee

Cllr. Khumalo BK

Member of the Executive Committee

Cllr. Ndlela NP

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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Member of the Executive Committee

Cllr. Mhlungu MM

Member of the Executive Committee

Cllr. Qwabe SE

### Previous term Councillors - last day in office 01-11-2021

Member

Cllr. Buthelezi SN

Member

Cllr. Buthelezi Z

Member

Cllr. Khumalo ME

Member

Cllr. Mashabane SP

Member

Cllr. Mavuso NP

Member

Cllr. Mazibuko MA

Member

Cllr. Mbatha SM

Member

Cllr. Mkhize TK

Member

Cllr. Mkhwanazi SB

Member

Cllr. Mncwango AM

Member

Cllr. Mncwango SA

Member

Cllr. Mthethwa JB

Member

Cllr. Ndlela NP

Member

Cllr. Ndlovu TD

Member

Cllr. Ngema JB

Member

Cllr. Nhlabathi BC

Member

Cllr. Nsele TJ

Member

Cllr. Nyawo D

Member

Cllr. Shabalala B

Member

Cllr. Sikhakhane MZ

Member

Cllr. Sithole ZN

Member

Cllr. Siyaya SS

Member

Cllr. Siyaya Z

Member

Cllr. Tembe NH

Member

Cllr. Victor M

Member

Cllr. Ximba SP

Member

Cllr. Zulu RM

Member

Cllr. Zulu MMM

Member

Cllr. Zungu JZ

### Grading of local authority

Grade 4, Category 3 in terms of the Upper limit of Office bearers Act

### Chief Finance Officer (CFO)

Acting Chief Financial Officer - Ms Msibi NS

Chief Operations Officer - Mr Mosia SP

### Accounting Officer

Mr RN Hlongwa

### Registered office

B-400 GAGANE STREET

ULUNDI

3838

### Business address

B-400 GAGANE STREET

ULUNDI

SOUTH AFRICA

3838

### Postal address

PRIVATE BAG X76

ULUNDI

3838

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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|                      |                                                 |
|----------------------|-------------------------------------------------|
| <b>Bankers</b>       | ABSA Bank Limited                               |
| <b>Auditors</b>      | Auditor-General South Africa                    |
| <b>Attorneys</b>     | Stowels & Co. Inc.<br>Garlicke & Bousfield Inc. |
| <b>Telephone</b>     | 035 874 5500                                    |
| <b>Fax Number</b>    | 035-874 5589/91                                 |
| <b>Email address</b> | mm@zululand.org.za                              |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

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

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### **Abbreviations used:**

|         |                                                                       |
|---------|-----------------------------------------------------------------------|
| CIGFARO | Chartered Institute of Government Finance, Auditing and Risk Officers |
| GRAP    | Generally Recognised Accounting Practice                              |
| RBIG    | Regional Bulk Infrastructure Grant                                    |
| WSIG    | Water Services Infrastructure Grant                                   |
| MIG     | Municipal Infrastructure Grant (Previously CMIP)                      |
| MFMA    | Municipal Finance Management Act                                      |
| mSCOA   | Municipal Standard Chart of Accounts                                  |
| MEC     | Member of the Executive Council                                       |



# **Zululand District Municipality**

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Officer's Responsibilities and Approval**

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

The management has concluded that the financial statements present fairly the municipality's financial position, financial performance and the cash flows.

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

I am responsible for the preparation of these annual financial statements, which are set out on page 6 in terms of Section 126(1) of the Municipal Finance Management Act and which I signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

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**Mr RN Hlongwa**  
**Accounting Officer**

**Wednesday, 31 August 2022**

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

|                                                  |         | 2022                 | 2021<br>Restated*    |
|--------------------------------------------------|---------|----------------------|----------------------|
|                                                  | Note(s) |                      |                      |
| <b>Assets</b>                                    |         |                      |                      |
| <b>Current Assets</b>                            |         |                      |                      |
| Cash and cash equivalents                        | 3       | 20 468 193           | 20 058 248           |
| Trade Receivables from exchange transactions     | 4       | 32 888 635           | 38 045 390           |
| Receivables from exchange transactions           | 5       | 719 310              | 1 181 823            |
| Receivables from non-exchange transactions       | 6       | 12 865 472           | 8 205 453            |
| VAT Receivable                                   | 7       | 45 551 086           | 24 312 640           |
| Inventories                                      | 8       | 2 556 479            | 4 140 345            |
|                                                  |         | <b>115 049 175</b>   | <b>95 943 899</b>    |
| <b>Non-Current Assets</b>                        |         |                      |                      |
| Receivables from non-exchange transactions       | 6       | 17 334 576           | 16 302 248           |
| Property, plant and equipment                    | 9       | 4 593 488 173        | 4 192 079 054        |
| Heritage assets                                  | 10      | 7 806 633            | 1 212 635            |
| Intangible assets                                | 11      | 14 860               | 31 999               |
|                                                  |         | <b>4 618 644 242</b> | <b>4 209 625 936</b> |
| <b>Total Assets</b>                              |         | <b>4 733 693 417</b> | <b>4 305 569 835</b> |
| <b>Liabilities</b>                               |         |                      |                      |
| <b>Current Liabilities</b>                       |         |                      |                      |
| Finance lease obligation                         | 12      | 901 761              | -                    |
| Payables from exchange transactions              | 13      | 328 369 652          | 252 392 929          |
| Consumer deposits                                | 14      | 3 621 245            | 3 633 124            |
| Taxes and transfers payable (non-exchange)       | 15      | -                    | 81 137               |
| Unspent conditional grants and receipts          | 16      | 2 410 794            | 2 290 444            |
| Employee benefit obligation (Medical Aid)        | 18      | 405 000              | 249 000              |
| Employee benefit obligation (Long Service Award) | 18      | 1 973 000            | 1 506 000            |
|                                                  |         | <b>337 681 452</b>   | <b>260 152 634</b>   |
| <b>Non-Current Liabilities</b>                   |         |                      |                      |
| Finance lease obligation                         | 12      | 1 091 760            | -                    |
| Payables from exchange transactions              | 17      | 13 357 945           | 21 757 945           |
| Employee benefit obligation (Medical Aid)        | 18      | 27 166 000           | 22 289 000           |
| Employee benefit obligation (Long Service Award) | 18      | 13 552 000           | 11 615 000           |
|                                                  |         | <b>55 167 705</b>    | <b>55 661 945</b>    |
| <b>Total Liabilities</b>                         |         | <b>392 849 157</b>   | <b>315 814 579</b>   |
| <b>Net Assets</b>                                |         | <b>4 340 844 260</b> | <b>3 989 755 256</b> |
| Accumulated surplus                              |         | 4 340 844 253        | 3 989 755 248        |
| <b>Total Net Assets</b>                          |         | <b>4 340 844 253</b> | <b>3 989 755 248</b> |

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

|                                                     |         | 2022                 | 2021<br>Restated*    |
|-----------------------------------------------------|---------|----------------------|----------------------|
|                                                     | Note(s) |                      |                      |
| <b>Revenue</b>                                      |         |                      |                      |
| <b>Revenue from exchange transactions</b>           |         |                      |                      |
| Service charges                                     | 19      | 50 999 303           | 52 852 833           |
| Rental of facilities                                | 20      | 195 241              | 179 242              |
| Interest on receivables                             | 21      | 287 762              | 29 451               |
| Other income                                        | 22      | 1 084 948            | 671 929              |
| Interest received - (investment)                    | 23      | 3 705 403            | 3 225 646            |
| <b>Total revenue from exchange transactions</b>     |         | <b>56 272 657</b>    | <b>56 959 101</b>    |
| <b>Revenue from non-exchange transactions</b>       |         |                      |                      |
| <b>Transfer revenue</b>                             |         |                      |                      |
| Government grants and subsidies                     | 24      | 1 149 226 650        | 1 024 569 556        |
| Public contributions and donations                  | 25      | 24 307 385           | -                    |
| Fines, Penalties and Forfeits                       | 26      | 208 783              | 7 542 893            |
| <b>Total revenue from non-exchange transactions</b> |         | <b>1 173 742 818</b> | <b>1 032 112 449</b> |
| <b>Total revenue</b>                                |         | <b>1 230 015 475</b> | <b>1 089 071 550</b> |
| <b>Expenditure</b>                                  |         |                      |                      |
| Employee related costs                              | 27      | (263 669 250)        | (241 953 339)        |
| Remuneration of councillors                         | 28      | (8 616 470)          | (8 488 687)          |
| Depreciation and amortisation                       | 29      | (94 341 781)         | (79 273 851)         |
| Finance costs                                       | 30      | (398 515)            | -                    |
| Debt Impairment                                     | 31      | (19 677 454)         | 5 452 078            |
| Bad debts written off                               | 32      | (323 376)            | (4 634 983)          |
| Bulk purchases                                      |         | (13 988 438)         | (35 095 237)         |
| Contracted services                                 | 33      | (318 039 519)        | (319 756 921)        |
| Transfers and Subsidies                             | 34      | (11 295 134)         | (12 890 845)         |
| Inventory consumed                                  | 35      | (8 034 212)          | (10 268 195)         |
| General expenses                                    | 36      | (131 177 686)        | (113 881 953)        |
| <b>Total expenditure</b>                            |         | <b>(869 561 835)</b> | <b>(820 791 933)</b> |
| <b>Operating surplus</b>                            |         | <b>360 453 640</b>   | <b>268 279 617</b>   |
| (Loss) gain on disposal                             | 9       | (95 073)             | 47 017               |
| Actuarial (losses) gains                            | 18      | (2 532 143)          | 19 621 325           |
| Impairment loss                                     | 37      | (6 777 432)          | (656 322)            |
| Inventories losses/write-downs                      | 8       | -                    | (2 111 495)          |
| Gain from non-exchange transactions                 | 9       | 40 000               | 201 670              |
|                                                     |         | <b>(9 364 648)</b>   | <b>17 102 195</b>    |
| <b>Surplus for the year</b>                         |         | <b>351 088 992</b>   | <b>285 381 812</b>   |

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

|                                          | Accumulated<br>surplus / deficit | Total net<br>assets  |
|------------------------------------------|----------------------------------|----------------------|
| <b>Balance at 01 July 2020</b>           | <b>3 704 373 436</b>             | <b>3 704 373 436</b> |
| Changes in net assets                    |                                  |                      |
| Surplus for the year                     | 285 381 812                      | 285 381 812          |
| Total changes                            | 285 381 812                      | 285 381 812          |
| <b>Restated* Balance at 01 July 2021</b> | <b>3 989 755 261</b>             | <b>3 989 755 261</b> |
| Changes in net assets                    |                                  |                      |
| Surplus for the year                     | 351 088 992                      | 351 088 992          |
| Total changes                            | 351 088 992                      | 351 088 992          |
| <b>Balance at 30 June 2022</b>           | <b>4 340 844 253</b>             | <b>4 340 844 253</b> |
| Note(s)                                  |                                  |                      |

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

|                                                             |         | 2022                        | 2021<br>Restated*           |
|-------------------------------------------------------------|---------|-----------------------------|-----------------------------|
|                                                             | Note(s) |                             |                             |
| <b>Cash flows from operating activities</b>                 |         |                             |                             |
| <b>Receipts</b>                                             |         |                             |                             |
| Sale of goods and services                                  |         | 30 768 037                  | 38 946 367                  |
| Grants                                                      |         | 1 149 347 000               | 1 022 104 500               |
| Interest income (investments)                               |         | 3 701 500                   | 3 202 595                   |
| Rental Income                                               |         | 195 241                     | 179 242                     |
| Interest on Receivables                                     |         | 287 762                     | 29 451                      |
| Other Income                                                |         | 1 073 069                   | 685 186                     |
| Fines and penalties                                         |         | 208 783                     | 7 542 893                   |
|                                                             |         | <u>1 185 581 392</u>        | <u>1 072 690 234</u>        |
| <b>Payments</b>                                             |         |                             |                             |
| Employee costs                                              |         | (265 635 981)               | (238 567 634)               |
| Suppliers                                                   |         | (424 982 471)               | (472 153 704)               |
| Finance costs                                               |         | (303 721)                   | -                           |
| Transfers and Subsidies                                     |         | (11 295 134)                | (12 890 845)                |
|                                                             |         | <u>(702 217 307)</u>        | <u>(723 612 183)</u>        |
| <b>Net cash flows from operating activities</b>             | 39      | <b><u>483 364 085</u></b>   | <b><u>349 078 051</u></b>   |
| <b>Cash flows from investing activities</b>                 |         |                             |                             |
| Purchase of property, plant and equipment                   | 9       | (478 258 880)               | (341 455 840)               |
| Proceeds from sale of property, plant and equipment         | 9       | -                           | 146 000                     |
| Purchase of heritage assets                                 | 10      | (6 593 998)                 | -                           |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(484 852 878)</u></b> | <b><u>(341 309 840)</u></b> |
| <b>Cash flows from financing activities</b>                 |         |                             |                             |
| Finance lease movement                                      |         | 1 898 727                   | -                           |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>409 934</b>              | <b>7 768 211</b>            |
| Cash and cash equivalents at the beginning of the year      |         | 20 058 248                  | 12 290 031                  |
| <b>Cash and cash equivalents at the end of the year</b>     | 3       | <b><u>20 468 182</u></b>    | <b><u>20 058 242</u></b>    |

The accounting policies on pages 18 to 33 and the notes on pages 34 to 76 form an integral part of the annual financial statements.

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

|                                                 |                   |                |                   |                   |                    |
|-------------------------------------------------|-------------------|----------------|-------------------|-------------------|--------------------|
| Service charges                                 | 54 000 000        | 491 025        | <b>54 491 025</b> | 50 999 303        | <b>(3 491 722)</b> |
| Rental of facilities                            | 210 000           | (26 514)       | <b>183 486</b>    | 195 241           | <b>11 755</b>      |
| Interest on receivables                         | 85 000            | -              | <b>85 000</b>     | 287 762           | <b>202 762</b>     |
| Other income                                    | 500 000           | 125 489        | <b>625 489</b>    | 1 084 948         | <b>459 459</b>     |
| Licences and permits                            | 10 000            | -              | <b>10 000</b>     | -                 | <b>(10 000)</b>    |
| Investment revenue                              | 6 000 000         | -              | <b>6 000 000</b>  | 3 705 403         | <b>(2 294 597)</b> |
| <b>Total revenue from exchange transactions</b> | <b>60 805 000</b> | <b>590 000</b> | <b>61 395 000</b> | <b>56 272 657</b> | <b>(5 122 343)</b> |

##### Revenue from non-exchange transactions

##### Transfer revenue

|                                    |               |            |                      |               |                    |
|------------------------------------|---------------|------------|----------------------|---------------|--------------------|
| Government grants and subsidies    | 1 115 457 000 | 40 211 444 | <b>1 155 668 444</b> | 1 149 226 650 | <b>(6 441 794)</b> |
| Public contributions and donations | -             | -          | -                    | 24 307 385    | <b>24 307 385</b>  |
| Fines, penalties and forfeits      | 638 000       | (590 000)  | <b>48 000</b>        | 208 783       | <b>160 783</b>     |

|                                                     |                      |                   |                      |                      |                   |
|-----------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| <b>Total revenue from non-exchange transactions</b> | <b>1 116 095 000</b> | <b>39 621 444</b> | <b>1 155 716 444</b> | <b>1 173 742 818</b> | <b>18 026 374</b> |
|-----------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|

|                      |                      |                   |                      |                      |                   |
|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| <b>Total revenue</b> | <b>1 176 900 000</b> | <b>40 211 444</b> | <b>1 217 111 444</b> | <b>1 230 015 475</b> | <b>12 904 031</b> |
|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------|

#### Expenditure

|                               |               |              |                      |               |                      |
|-------------------------------|---------------|--------------|----------------------|---------------|----------------------|
| Employee related costs        | (255 269 182) | -            | <b>(255 269 182)</b> | (263 669 250) | <b>(8 400 068)</b>   |
| Remuneration of councillors   | (8 537 323)   | (500 000)    | <b>(9 037 323)</b>   | (8 616 470)   | <b>420 853</b>       |
| Depreciation and amortisation | (71 619 628)  | 1 016 419    | <b>(70 603 209)</b>  | (94 341 781)  | <b>(23 738 572)</b>  |
| Finance costs                 | -             | -            | -                    | (398 515)     | <b>(398 515)</b>     |
| Debt Impairment               | (9 000 000)   | -            | <b>(9 000 000)</b>   | (19 677 454)  | <b>(10 677 454)</b>  |
| Bad debts written-off         | -             | -            | -                    | (323 376)     | <b>(323 376)</b>     |
| Bulk purchases                | -             | -            | -                    | (13 988 438)  | <b>(13 988 438)</b>  |
| Contracted services           | (139 336 143) | (57 884 598) | <b>(197 220 741)</b> | (318 039 519) | <b>(120 818 778)</b> |
| Transfers and subsidies       | (11 950 000)  | 454 366      | <b>(11 495 634)</b>  | (11 295 134)  | <b>200 500</b>       |
| Inventory consumed            | (24 194 227)  | (1 948 141)  | <b>(26 142 368)</b>  | (8 034 212)   | <b>18 108 156</b>    |
| General expenses              | (76 716 496)  | (33 725 520) | <b>(110 442 016)</b> | (131 177 686) | <b>(20 735 670)</b>  |

|                          |                      |                     |                      |                      |                      |
|--------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Total expenditure</b> | <b>(596 622 999)</b> | <b>(92 587 474)</b> | <b>(689 210 473)</b> | <b>(869 561 835)</b> | <b>(180 351 362)</b> |
|--------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|

|                          |                    |                     |                    |                    |                      |
|--------------------------|--------------------|---------------------|--------------------|--------------------|----------------------|
| <b>Operating surplus</b> | <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>360 453 640</b> | <b>(167 447 331)</b> |
|--------------------------|--------------------|---------------------|--------------------|--------------------|----------------------|

|                         |   |   |   |          |                 |
|-------------------------|---|---|---|----------|-----------------|
| (Loss) gain on disposal | - | - | - | (95 073) | <b>(95 073)</b> |
|-------------------------|---|---|---|----------|-----------------|

|                          |   |   |   |             |                    |
|--------------------------|---|---|---|-------------|--------------------|
| Actuarial (losses) gains | - | - | - | (2 532 143) | <b>(2 532 143)</b> |
|--------------------------|---|---|---|-------------|--------------------|

|                                           |   |   |   |             |                    |
|-------------------------------------------|---|---|---|-------------|--------------------|
| Impairment loss / Reversal of impairments | - | - | - | (6 777 432) | <b>(6 777 432)</b> |
|-------------------------------------------|---|---|---|-------------|--------------------|

|                                     |   |   |   |        |               |
|-------------------------------------|---|---|---|--------|---------------|
| Gain from non-exchange transactions | - | - | - | 40 000 | <b>40 000</b> |
|-------------------------------------|---|---|---|--------|---------------|

|  |   |   |   |                    |                    |
|--|---|---|---|--------------------|--------------------|
|  | - | - | - | <b>(9 364 648)</b> | <b>(9 364 648)</b> |
|--|---|---|---|--------------------|--------------------|

|                                |                    |                     |                    |                    |                      |
|--------------------------------|--------------------|---------------------|--------------------|--------------------|----------------------|
| <b>Surplus before taxation</b> | <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>351 088 992</b> | <b>(176 811 979)</b> |
|--------------------------------|--------------------|---------------------|--------------------|--------------------|----------------------|

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                              | Approved<br>budget | Adjustments         | Final Budget       | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|----------------------------------------------|--------------------|---------------------|--------------------|------------------------------------------|-----------------------------------------------------|-----------|
| <b>Actual Amount on Comparable<br/>Basis</b> | <b>580 277 001</b> | <b>(52 376 030)</b> | <b>527 900 971</b> | <b>351 088 992</b>                       | <b>(176 811 979)</b>                                |           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                                  | Approved budget      | Adjustments         | Final Budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--------------------------------------------------|----------------------|---------------------|----------------------|------------------------------------|--------------------------------------------|-----------|
| <b>Statement of Financial Position</b>           |                      |                     |                      |                                    |                                            |           |
| <b>Assets</b>                                    |                      |                     |                      |                                    |                                            |           |
| <b>Current Assets</b>                            |                      |                     |                      |                                    |                                            |           |
| Cash and cash equivalents                        | 134 210 510          | (61 534 079)        | <b>72 676 431</b>    | 20 468 193                         | <b>(52 208 238)</b>                        |           |
| Consumer debtors                                 | 37 620 000           | 2 543 516           | <b>40 163 516</b>    | 32 888 635                         | <b>(7 274 881)</b>                         |           |
| Receivables from exchange transactions           | -                    | 1 152 321           | <b>1 152 321</b>     | 719 310                            | <b>(433 011)</b>                           |           |
| Receivables from non-exchange transactions       | 80 488               | 8 124 965           | <b>8 205 453</b>     | 12 865 472                         | <b>4 660 019</b>                           |           |
| VAT Receivable                                   | 22 000 000           | (19 600 000)        | <b>2 400 000</b>     | 45 551 086                         | <b>43 151 086</b>                          |           |
| Inventories                                      | 4 324 357            | -                   | <b>4 324 357</b>     | 2 556 479                          | <b>(1 767 878)</b>                         |           |
|                                                  | <b>198 235 355</b>   | <b>(69 313 277)</b> | <b>128 922 078</b>   | <b>115 049 175</b>                 | <b>(13 872 903)</b>                        |           |
| <b>Non-Current Assets</b>                        |                      |                     |                      |                                    |                                            |           |
| Receivables from non-exchange transactions       | 15 687 642           | 408 562             | <b>16 096 204</b>    | 17 334 576                         | <b>1 238 372</b>                           |           |
| Property, plant and equipment                    | 5 147 397 893        | 270 855 459         | <b>5 418 253 352</b> | 4 593 488 173                      | <b>(824 765 179)</b>                       |           |
| Heritage assets                                  | 3 500 000            | 3 200 000           | <b>6 700 000</b>     | 7 806 633                          | <b>1 106 633</b>                           |           |
| Intangible assets                                | -                    | 46 391              | <b>46 391</b>        | 14 860                             | <b>(31 531)</b>                            |           |
|                                                  | <b>5 166 585 535</b> | <b>274 510 412</b>  | <b>5 441 095 947</b> | <b>4 618 644 242</b>               | <b>(822 451 705)</b>                       |           |
| <b>Total Assets</b>                              | <b>5 364 820 890</b> | <b>205 197 135</b>  | <b>5 570 018 025</b> | <b>4 733 693 417</b>               | <b>(836 324 608)</b>                       |           |
| <b>Liabilities</b>                               |                      |                     |                      |                                    |                                            |           |
| <b>Current Liabilities</b>                       |                      |                     |                      |                                    |                                            |           |
| Finance lease obligation                         | -                    | -                   | -                    | 901 761                            | <b>901 761</b>                             |           |
| Payables from exchange transactions              | 180 517 539          | 34 570 919          | <b>215 088 458</b>   | 328 369 652                        | <b>113 281 194</b>                         |           |
| Consumer deposits                                | 3 619 867            | 13 257              | <b>3 633 124</b>     | 3 621 245                          | <b>(11 879)</b>                            |           |
| Unspent conditional grants and receipts          | -                    | -                   | -                    | 2 410 794                          | <b>2 410 794</b>                           |           |
| Employee benefit obligation (Medical Aid)        | 329 897              | (80 897)            | <b>249 000</b>       | 405 000                            | <b>156 000</b>                             |           |
| Employee benefit obligation (Long Service Award) | 947 913              | 558 087             | <b>1 506 000</b>     | 1 973 000                          | <b>467 000</b>                             |           |
|                                                  | <b>185 415 216</b>   | <b>35 061 366</b>   | <b>220 476 582</b>   | <b>337 681 452</b>                 | <b>117 204 870</b>                         |           |
| <b>Non-Current Liabilities</b>                   |                      |                     |                      |                                    |                                            |           |
| Finance lease obligation                         | -                    | -                   | -                    | 1 091 760                          | <b>1 091 760</b>                           |           |
| Payables from exchange transactions              | -                    | -                   | -                    | 13 357 945                         | <b>13 357 945</b>                          |           |
| Employee benefit obligation (Medical Aid)        | 36 099 216           | (13 810 216)        | <b>22 289 000</b>    | 27 166 000                         | <b>4 877 000</b>                           |           |
| Employee benefit obligation (Long Service Award) | 10 947 702           | 667 298             | <b>11 615 000</b>    | 13 552 000                         | <b>1 937 000</b>                           |           |
|                                                  | <b>47 046 918</b>    | <b>(13 142 918)</b> | <b>33 904 000</b>    | <b>55 167 705</b>                  | <b>21 263 705</b>                          |           |
| <b>Total Liabilities</b>                         | <b>232 462 134</b>   | <b>21 918 448</b>   | <b>254 380 582</b>   | <b>392 849 157</b>                 | <b>138 468 575</b>                         |           |
| <b>Net Assets</b>                                | <b>5 132 358 756</b> | <b>183 278 687</b>  | <b>5 315 637 443</b> | <b>4 340 844 260</b>               | <b>(974 793 183)</b>                       |           |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                                                                    | Approved<br>budget | Adjustments | Final Budget         | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|--------------------------------------------------------------------|--------------------|-------------|----------------------|------------------------------------------|-----------------------------------------------------|-----------|
| <b>Net Assets</b>                                                  |                    |             |                      |                                          |                                                     |           |
| <b>Net Assets Attributable to<br/>Owners of Controlling Entity</b> |                    |             |                      |                                          |                                                     |           |
| <b>Reserves</b>                                                    |                    |             |                      |                                          |                                                     |           |
| Accumulated surplus                                                | 5 132 358 756      | 183 278 687 | <b>5 315 637 443</b> | 4 340 844 260                            | <b>(974 793 183)</b>                                |           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

|                            |                      |                    |                      |                      |                      |
|----------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|
| Sale of goods and services | 32 800 000           | 17 731 743         | 50 531 743           | 30 768 037           | (19 763 706)         |
| Grants                     | 1 115 457 000        | 37 821 000         | 1 153 278 000        | 1 149 347 000        | (3 931 000)          |
| Interest income            | 6 000 000            | -                  | 6 000 000            | 3 701 500            | (2 298 500)          |
| Other receipts             | 1 358 000            | 125 707 888        | 127 065 888          | 1 764 855            | (125 301 033)        |
|                            | <b>1 155 615 000</b> | <b>181 260 631</b> | <b>1 336 875 631</b> | <b>1 185 581 392</b> | <b>(151 294 239)</b> |

##### Payments

|                 |                      |                      |                      |                      |                     |
|-----------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Employee costs  | (264 136 402)        | -                    | (264 136 402)        | (265 635 981)        | (1 499 579)         |
| Suppliers       | (252 196 866)        | (107 607 952)        | (359 804 818)        | (424 982 471)        | (65 177 653)        |
| Finance costs   | -                    | -                    | -                    | (303 721)            | (303 721)           |
| Other cash item | -                    | -                    | -                    | (11 295 134)         | (11 295 134)        |
|                 | <b>(516 333 268)</b> | <b>(107 607 952)</b> | <b>(623 941 220)</b> | <b>(702 217 307)</b> | <b>(78 276 087)</b> |

|                                                 |                    |                   |                    |                    |                      |
|-------------------------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------|
| <b>Net cash flows from operating activities</b> | <b>639 281 732</b> | <b>73 652 679</b> | <b>712 934 411</b> | <b>483 364 085</b> | <b>(229 570 326)</b> |
|-------------------------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------|

#### Cash flows from investing activities

|                                                 |                      |                   |                      |                      |                   |
|-------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|
| Purchase of property, plant and equipment       | (580 277 001)        | 38 658 853        | (541 618 148)        | (478 258 880)        | 63 359 268        |
| Purchases of heritage assets                    | -                    | -                 | -                    | (6 593 998)          | (6 593 998)       |
| <b>Net cash flows from investing activities</b> | <b>(580 277 001)</b> | <b>38 658 853</b> | <b>(541 618 148)</b> | <b>(484 852 878)</b> | <b>56 765 270</b> |

#### Cash flows from financing activities

|                                          |       |   |       |           |           |
|------------------------------------------|-------|---|-------|-----------|-----------|
| Finance lease movement                   | -     | - | -     | 1 898 727 | 1 898 727 |
| Increase (decrease) in consumer deposits | 7 813 | - | 7 813 | -         | (7 813)   |

|                                                 |          |          |          |                  |                  |
|-------------------------------------------------|----------|----------|----------|------------------|------------------|
| <b>Net cash flows from financing activities</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>1 898 727</b> | <b>1 898 727</b> |
|-------------------------------------------------|----------|----------|----------|------------------|------------------|

|                                                        |            |              |             |            |               |
|--------------------------------------------------------|------------|--------------|-------------|------------|---------------|
| Net increase/(decrease) in cash and cash equivalents   | 59 004 731 | 112 311 532  | 171 316 263 | 409 934    | (170 906 329) |
| Cash and cash equivalents at the beginning of the year | 75 197 968 | (55 133 920) | 20 064 048  | 20 058 248 | (5 800)       |

|                                                         |                    |                   |                    |                   |                      |
|---------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|----------------------|
| <b>Cash and cash equivalents at the end of the year</b> | <b>134 202 699</b> | <b>57 177 612</b> | <b>191 380 311</b> | <b>20 468 182</b> | <b>(170 912 129)</b> |
|---------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|----------------------|

### Reconciliation

The accounting policies on pages 18 to 33 and the notes on pages 34 to 76 form an integral part of the annual financial statements.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

2022

### Financial Performance

|                                                                      | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments (i.t.o. s28 and s31 of the MFMA) | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|----------------------------------------------------------------------|----------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------|-------------------------------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| Service charges                                                      | 54 000 000           | 491 025                                             | 54 491 025                                         | -                               | -                                         | 54 491 025           | 50 999 303           |                          | (3 491 722)          | 94 %                                | 94 %                                   |
| Investment revenue                                                   | 6 000 000            | -                                                   | 6 000 000                                          | -                               | -                                         | 6 000 000            | 3 705 403            |                          | (2 294 597)          | 62 %                                | 62 %                                   |
| Transfers recognised - operational                                   | 541 399 000          | 611 124                                             | 542 010 124                                        | -                               | -                                         | 542 010 124          | 537 979 124          |                          | (4 031 000)          | 99 %                                | 99 %                                   |
| Other own revenue                                                    | 1 443 000            | (491 025)                                           | 951 975                                            | -                               | -                                         | 951 975              | 1 776 734            |                          | 824 759              | 187 %                               | 123 %                                  |
| <b>Total revenue (excluding capital transfers and contributions)</b> | <b>602 842 000</b>   | <b>611 124</b>                                      | <b>603 453 124</b>                                 | -                               | -                                         | <b>603 453 124</b>   | <b>594 460 564</b>   |                          | <b>(8 992 560)</b>   | <b>99 %</b>                         | <b>99 %</b>                            |
| Employee costs                                                       | (255 269 182)        | -                                                   | (255 269 182)                                      | -                               | -                                         | (255 269 182)        | (263 669 250)        | -                        | (8 400 068)          | 103 %                               | 103 %                                  |
| Remuneration of councillors                                          | (8 537 323)          | (500 000)                                           | (9 037 323)                                        | -                               | -                                         | (9 037 323)          | (8 616 470)          | -                        | 420 853              | 95 %                                | 101 %                                  |
| Debt impairment                                                      | (9 000 000)          | -                                                   | (9 000 000)                                        |                                 |                                           | (9 000 000)          | (19 677 454)         | -                        | (10 677 454)         | 219 %                               | 219 %                                  |
| Depreciation and asset impairment                                    | (71 619 628)         | 1 016 419                                           | (70 603 209)                                       |                                 |                                           | (70 603 209)         | (101 119 213)        | -                        | (30 516 004)         | 143 %                               | 141 %                                  |
| Finance charges                                                      | -                    | -                                                   | -                                                  | -                               | -                                         | -                    | (398 515)            | -                        | (398 515)            | DIV/0 %                             | DIV/0 %                                |
| Materials and bulk purchases                                         | (24 194 227)         | (1 948 141)                                         | (26 142 368)                                       | -                               | -                                         | (26 142 368)         | (13 988 438)         | -                        | 12 153 930           | 54 %                                | 58 %                                   |
| Transfers and grants                                                 | (11 950 000)         | 454 366                                             | (11 495 634)                                       | -                               | -                                         | (11 495 634)         | (11 295 134)         | -                        | 200 500              | 98 %                                | 95 %                                   |
| Other expenditure                                                    | (216 052 639)        | (91 610 118)                                        | (307 662 757)                                      | -                               | -                                         | (307 662 757)        | (460 202 009)        | -                        | (152 539 252)        | 150 %                               | 213 %                                  |
| <b>Total expenditure</b>                                             | <b>(596 622 999)</b> | <b>(92 587 474)</b>                                 | <b>(689 210 473)</b>                               | -                               | -                                         | <b>(689 210 473)</b> | <b>(878 966 483)</b> | -                        | <b>(189 756 010)</b> | <b>128 %</b>                        | <b>147 %</b>                           |
| <b>Surplus/(Deficit)</b>                                             | <b>6 219 001</b>     | <b>(91 976 350)</b>                                 | <b>(85 757 349)</b>                                | -                               | -                                         | <b>(85 757 349)</b>  | <b>(284 505 919)</b> |                          | <b>(198 748 570)</b> | <b>332 %</b>                        | <b>(4 575)%</b>                        |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

|                                                                    | Original budget    | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome     | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--------------------------------------------------------------------|--------------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------------|--------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| Transfers recognised - capital Contributions                       | 574 058 000        | 39 600 320                                          | 613 658 320              | -                                          | -                                         | 613 658 320        | 611 247 526        |                          | (2 410 794)          | 100 %                               | 106 %                                  |
| Transfers recognised - capital Contributions                       | -                  | -                                                   | -                        | -                                          | -                                         | -                  | 24 307 385         |                          | 24 307 385           | DIV/0 %                             | DIV/0 %                                |
| <b>Surplus (Deficit) after capital transfers and contributions</b> | <b>580 277 001</b> | <b>(52 376 030)</b>                                 | <b>527 900 971</b>       | <b>-</b>                                   | <b>-</b>                                  | <b>527 900 971</b> | <b>351 048 992</b> |                          | <b>(176 851 979)</b> | <b>66 %</b>                         | <b>60 %</b>                            |
| <b>Surplus/(Deficit) for the year</b>                              | <b>580 277 001</b> | <b>(52 376 030)</b>                                 | <b>527 900 971</b>       | <b>-</b>                                   | <b>-</b>                                  | <b>527 900 971</b> | <b>351 048 992</b> |                          | <b>(176 851 979)</b> | <b>66 %</b>                         | <b>60 %</b>                            |
| <b>Capital expenditure and funds sources</b>                       |                    |                                                     |                          |                                            |                                           |                    |                    |                          |                      |                                     |                                        |
| Total capital expenditure                                          | -                  | -                                                   | -                        | -                                          | -                                         | -                  | 478 258 880        |                          | 478 258 880          | DIV/0 %                             | DIV/0 %                                |
| <b>Sources of capital funds</b>                                    |                    |                                                     |                          |                                            |                                           |                    |                    |                          |                      |                                     |                                        |
| Transfers recognised - capital                                     | 574 058 000        | 39 600 320                                          | 613 658 320              | -                                          | -                                         | 613 658 320        | -                  |                          | (613 658 320)        | - %                                 | - %                                    |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appropriation Statement

|                                                             | Original budget   | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome    | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|-------------------------------------------------------------|-------------------|-----------------------------------------------------|--------------------------|---------------------------------|-------------------------------------------|--------------------|-------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| <b>Cash flows</b>                                           |                   |                                                     |                          |                                 |                                           |                    |                   |                          |                      |                                     |                                        |
| Net cash from (used) operating                              | 639 281 730       | 73 652 679                                          | 712 934 409              | -                               | -                                         | 712 934 409        | 483 364 085       |                          | (229 570 324)        | 68 %                                | 76 %                                   |
| Net cash from (used) investing                              | (580 277 000)     | 38 658 853                                          | (541 618 147)            | -                               | -                                         | (541 618 147)      | (484 852 878)     |                          | 56 765 269           | 90 %                                | 84 %                                   |
| Net cash from (used) financing                              | -                 | -                                                   | -                        | -                               | -                                         | -                  | 1 898 727         |                          | 1 898 727            | DIV/0 %                             | DIV/0 %                                |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>59 004 730</b> | <b>112 311 532</b>                                  | <b>171 316 262</b>       | <b>-</b>                        | <b>-</b>                                  | <b>171 316 262</b> | <b>409 934</b>    |                          | <b>(170 906 328)</b> | <b>- %</b>                          | <b>1 %</b>                             |
| Cash and cash equivalents at the beginning of the year      | -                 | -                                                   | -                        | -                               | -                                         | -                  | 20 058 248        |                          | 20 058 248           | DIV/0 %                             | DIV/0 %                                |
| <b>Cash and cash equivalents at year end</b>                | <b>59 004 730</b> | <b>112 311 532</b>                                  | <b>171 316 262</b>       | <b>-</b>                        | <b>-</b>                                  | <b>171 316 262</b> | <b>20 468 182</b> |                          | <b>150 848 080</b>   | <b>12 %</b>                         | <b>35 %</b>                            |

The budget variances are explained in note 46

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded to the nearest Rand.

#### 1.2 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

In assessing the recoverability of trade receivables the assumption is that all organisations are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.

##### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Contingent provisions on entity combinations

Contingencies recognised in the current year required estimates and judgments, refer to note 42 on entity combinations.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post retirement benefits and Other long term obligations

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

### 1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is done as per note 44.

### 1.4 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.5 Property, plant and equipment

#### Initial Recognition

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

#### Subsequent measurement - cost model

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

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

#### Depreciation and impairment

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

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

Assets to be Impaired are identified and recognised after considering internal and external indicators, Impairment is measured at carrying amount of the asset which exceeds its recoverable service amount.

Impairment (loss) gain is recorded on the statement of financial performance and accumulated impairment is recorded in the statement of financial position.

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| Item           | Depreciation method | Average useful life |
|----------------|---------------------|---------------------|
| Infrastructure | Straight line       |                     |
| • Water        |                     | 7-70 years          |
| • Sewerage     |                     | 7-70 years          |

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

|                                     |               |             |
|-------------------------------------|---------------|-------------|
| Community                           | Straight line |             |
| • Buildings                         |               | 15-70 years |
| • Recreational Facilities           |               | 15-70 years |
| Other property, plant and equipment | Straight line |             |
| • Buildings                         |               | 10-50 years |
| • Specialist vehicles               |               | 4-15 years  |
| • Other vehicles                    |               | 4-15 years  |
| • Office equipment                  |               | 3-25 years  |
| • Furniture and fittings            |               | 3-5 years   |
| • Emergency equipment               |               | 10-30 years |
| • Computer equipment                |               | 3-11 years  |
| • Office equipment                  |               | 5 years     |

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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

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

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

#### Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### Repairs and maintenance

The municipality separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the annual financial statements. The disclosure categorises expenditure over all classes of property, plant and equipment.

### 1.6 Heritage assets

#### Initial recognition

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

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### 1.6 Heritage assets (continued)

#### Measurement at recognition

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

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

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

#### Subsequent measurement

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

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

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

#### Derecognition

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

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

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

### 1.7 Intangible assets

#### Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

After initial recognition, intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that at the reporting date the carrying amount of the asset does not differ materially from its fair value.

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### 1.7 Intangible assets (continued)

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Intangible assets are initially recognised at cost.

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

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

#### Subsequent measurement - Cost model

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

#### Amortisation and impairment

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

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

| Item              | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line       | 5-7 years           |

#### Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.8 Inventories

#### Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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## Accounting Policies

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### 1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### Subsequent measurement

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

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

### 1.9 Financial instruments

#### Initial recognition

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

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

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

#### Classification

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

| Class                             | Category                                   |
|-----------------------------------|--------------------------------------------|
| Cash at bank                      | Financial asset measured at amortised cost |
| Accounts receivables and payables | Financial asset measured at amortised cost |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.9 Financial instruments (continued)

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

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

- Financial instruments at amortised cost.

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

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

#### Impairment and uncollectibility of financial assets

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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

### 1.10 Trade and other receivables

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

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

### 1.11 Trade payables

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

# Zululand District Municipality

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### 1.12 Cash and cash equivalents

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

### 1.13 Unauthorised expenditure

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

### 1.14 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.16 Leases

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

#### Finance leases - lessor

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

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

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

#### Operating leases - lessor

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

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### 1.16 Leases (continued)

#### Operating leases - lessee

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

### 1.17 Provisions and contingencies

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

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

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

### 1.18 Revenue from exchange transactions

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

#### Sale of goods

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

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

# Zululand District Municipality

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### 1.18 Revenue from exchange transactions (continued)

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

### 1.19 Revenue from non-exchange transactions

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



# Zululand District Municipality

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### 1.19 Revenue from non-exchange transactions (continued)

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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

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

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

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### 1.20 Grants, transfer and donations

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

### 1.21 Borrowing costs

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

# Zululand District Municipality

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### 1.22 Employee benefits

#### Short-term employee benefits

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

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

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### Defined Contribution Plans

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

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

#### Pension obligations

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

#### Municipal Councillors

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

#### Post-retirement Health Care Benefits

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

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

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

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

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### 1.23 VAT

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

### 1.24 Budget information

The approved budget covers the financial period from 2021/07/01 to 2022/06/30.

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

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

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2021 to 30 June 2022.

### 1.25 Commitments

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

### 1.26 Non-cash-generating assets

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

The municipality determines present value of the remaining service potential of non-generating assets (value in use) through depreciated replacement cost model

### 1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

All cash generating assets are measured at amortised cost, or cost, these assets are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a cash generating asset or group of cash generating assets is impaired.

Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period

#### Designation

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

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

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

#### Identification

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### Statutory receivables (continued)

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### Recognition

The municipality recognises statutory receivables as follows:

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

### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

## 1.28 Segment information

A segment is an activity of an entity:

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

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

## 1.29 Related parties

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

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

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.29 Related parties (continued)

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

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

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

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

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

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

### 1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

| Standard/ Interpretation:                                                                                  | Effective date:<br>Years beginning on or after | Expected impact:                         |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------|
| • Guideline: Guideline on Accounting for Landfill Sites                                                    | Still to be determined                         | Unlikely there will be a material impact |
| • GRAP 25 (as revised): Employee Benefits                                                                  | Still to be determined                         | Unlikely there will be a material impact |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | Still to be determined                         | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements                           | Still to be determined                         | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments                                                             | 01 April 2025                                  | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality                                                    | 01 April 2023                                  | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020                                                    | 01 April 2023                                  | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements                                                   | 01 April 2023                                  | Unlikely there will be a material impact |

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Cash on hand                    | 800               | 800               |
| Other cash and cash equivalents | 20 467 393        | 20 057 448        |
|                                 | <b>20 468 193</b> | <b>20 058 248</b> |

#### The municipality had the following bank accounts

| Account number /<br>description                         | Bank statement balances |              |              | Cash book balances |              |              |
|---------------------------------------------------------|-------------------------|--------------|--------------|--------------------|--------------|--------------|
|                                                         | 30 June 2022            | 30 June 2021 | 30 June 2020 | 30 June 2022       | 30 June 2021 | 30 June 2020 |
| ABSA BANK - Primary<br>Account Type - 4047-716-<br>2045 | 20 467 393              | 20 057 448   | 13 106 989   | 20 466 912         | 20 057 448   | 12 290 231   |

### 4. Trade receivable from exchange transaction

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| <b>Gross balances</b> |                    |                    |
| Water                 | 133 201 541        | 120 254 527        |
| Waste water           | 38 205 887         | 33 072 256         |
| Housing rental        | 71 396             | 67 276             |
| Other (specify)       | 23 961             | 249 829            |
|                       | <b>171 502 785</b> | <b>153 643 888</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                  | 2022                 | 2021                 |
|------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b> |                      |                      |
| <b>Less: Allowance for impairment</b>                            |                      |                      |
| Water                                                            | (105 892 521)        | (87 480 057)         |
| Waste water                                                      | (32 709 633)         | (28 109 095)         |
| Other (specify)                                                  | (11 996)             | (9 346)              |
|                                                                  | <b>(138 614 150)</b> | <b>(115 598 498)</b> |
| <b>Net balance</b>                                               |                      |                      |
| Water                                                            | 27 309 020           | 32 774 470           |
| Waste water                                                      | 5 496 254            | 4 963 161            |
| Housing rental                                                   | 71 396               | 67 276               |
| Other (specify)                                                  | 11 965               | 240 483              |
|                                                                  | <b>32 888 635</b>    | <b>38 045 390</b>    |
| <b>Water</b>                                                     |                      |                      |
| Current (0 -30 days)                                             | 8 036 564            | 17 270 117           |
| 31 - 60 days                                                     | 3 036 284            | 2 290 620            |
| 61 - 90 days                                                     | 2 960 924            | 2 551 305            |
| 91 - 120 days                                                    | 2 329 341            | 2 640 155            |
| 121 - 365 days                                                   | 20 039 273           | 21 557 378           |
| > 365 days                                                       | 96 799 155           | 73 944 952           |
| Impairment                                                       | (105 892 521)        | (87 480 057)         |
|                                                                  | <b>27 309 020</b>    | <b>32 774 470</b>    |
| <b>Waste water</b>                                               |                      |                      |
| Current (0 -30 days)                                             | 2 210 274            | 1 654 191            |
| 31 - 60 days                                                     | 764 571              | 644 526              |
| 61 - 90 days                                                     | 693 310              | 656 606              |
| 91 - 120 days                                                    | 611 899              | 583 974              |
| 121 - 365 days                                                   | 4 382 423            | 3 797 668            |
| > 365 days                                                       | 29 543 411           | 25 735 291           |
| Impairment                                                       | (32 709 634)         | (28 109 095)         |
|                                                                  | <b>5 496 254</b>     | <b>4 963 161</b>     |
| <b>Housing rental</b>                                            |                      |                      |
| Current (0 -30 days)                                             | 39 267               | 17 846               |
| 31 - 60 days                                                     | 8 346                | 17 469               |
| 61 - 90 days                                                     | 8 346                | 5 225                |
| 91 - 120 days                                                    | 5 518                | 4 751                |
| 121 - 365 days                                                   | 9 919                | 21 985               |
| > 365 days                                                       | -                    | -                    |
|                                                                  | <b>71 396</b>        | <b>67 276</b>        |
| <b>Other (specify)</b>                                           |                      |                      |
| Current (0 -30 days)                                             | 558                  | 45 851               |
| 31 - 60 days                                                     | 7 236                | 8 182                |
| 61 - 90 days                                                     | -                    | 3 238                |
| 91 - 120 days                                                    | 2 940                | 5 257                |
| 121 - 365 days                                                   | 12 438               | 30 458               |
| > 365 days                                                       | 250                  | 156 842              |
| Impairment                                                       | (11 457)             | (9 345)              |
|                                                                  | <b>11 965</b>        | <b>240 483</b>       |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                  | 2022                 | 2021                 |
|------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b> |                      |                      |
| <b>Summary of debtors by customer classification</b>             |                      |                      |
| <b>Consumers</b>                                                 |                      |                      |
| Current (0 -30 days)                                             | 5 444 127            | 10 491 774           |
| 31 - 60 days                                                     | 2 751 905            | 1 943 585            |
| 61 - 90 days                                                     | 2 523 381            | 2 104 333            |
| 91 - 120 days                                                    | 2 277 972            | 2 387 491            |
| 121 - 365 days                                                   | 18 963 765           | 19 779 063           |
| > 365 days                                                       | 116 183 742          | 88 304 509           |
|                                                                  | <u>148 144 892</u>   | <u>125 010 755</u>   |
| Less: Allowance for impairment                                   | <u>(138 614 151)</u> | <u>(115 598 497)</u> |
|                                                                  | <b>9 530 741</b>     | <b>9 412 258</b>     |
| <b>Industrial/ commercial</b>                                    |                      |                      |
| Current (0 -30 days)                                             | 1 794 752            | 1 226 570            |
| 31 - 60 days                                                     | 453 245              | 336 825              |
| 61 - 90 days                                                     | 570 560              | 317 742              |
| 91 - 120 days                                                    | 300 711              | 201 231              |
| 121 - 365 days                                                   | 2 739 456            | 2 104 773            |
| > 365 days                                                       | 9 446 344            | 6 401 000            |
|                                                                  | <u>15 305 068</u>    | <u>10 588 141</u>    |
| <b>National and provincial government</b>                        |                      |                      |
| Current (0 -30 days)                                             | 3 245 698            | 7 287 131            |
| 31 - 60 days                                                     | 622 448              | 662 917              |
| 61 - 90 days                                                     | 579 616              | 794 300              |
| 91 - 120 days                                                    | 371 015              | 645 416              |
| 121 - 365 days                                                   | 2 847 902            | 3 501 669            |
| > 365 days                                                       | 195 574              | 4 906 233            |
|                                                                  | <u>7 862 253</u>     | <u>17 797 666</u>    |
| <b>Total</b>                                                     |                      |                      |
| Current (0 -30 days)                                             | 10 985 087           | 19 005 475           |
| 31 - 60 days                                                     | 3 840 073            | 2 943 327            |
| 61 - 90 days                                                     | 3 761 267            | 3 216 375            |
| 91 - 120 days                                                    | 3 599 382            | 3 234 137            |
| 121 - 365 days                                                   | 28 075 892           | 25 385 505           |
| > 365 days                                                       | 121 241 084          | 99 859 068           |
|                                                                  | <u>171 502 785</u>   | <u>153 643 887</u>   |
| Less: Allowance for impairment                                   | <u>(138 614 150)</u> | <u>(115 598 497)</u> |
|                                                                  | <b>32 888 635</b>    | <b>38 045 390</b>    |
| <b>Less: Allowance for impairment</b>                            |                      |                      |
| Current (0 -30 days)                                             | (4 233 896)          | (8 348 064)          |
| 31 - 60 days                                                     | (2 271 574)          | (1 406 781)          |
| 61 - 90 days                                                     | (2 084 087)          | (1 663 957)          |
| 91 - 120 days                                                    | (1 968 361)          | (1 810 886)          |
| 121 - 365 days                                                   | (16 978 899)         | (17 482 411)         |
| > 365 days                                                       | (111 077 333)        | (84 886 399)         |
|                                                                  | <u>(138 614 150)</u> | <u>(115 598 498)</u> |
| <b>Total debtor past due but not impaired</b>                    |                      |                      |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                                                                                                          | 2022                 | 2021                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>4. Trade receivable from exchange transaction (continued)</b>                                                                                                                                                                                                                                                                                                                                                         |                      |                      |
| Current (0 -30 days)                                                                                                                                                                                                                                                                                                                                                                                                     | 5 070 563            | 8 513 701            |
| 31 - 60 days                                                                                                                                                                                                                                                                                                                                                                                                             | 949 949              | 999 742              |
| 61 - 90 days                                                                                                                                                                                                                                                                                                                                                                                                             | 934 584              | 1 112 042            |
| 91 - 120 days                                                                                                                                                                                                                                                                                                                                                                                                            | 684 402              | 846 647              |
| 121 - 365 days                                                                                                                                                                                                                                                                                                                                                                                                           | 5 281 188            | 5 606 442            |
| > 365 days                                                                                                                                                                                                                                                                                                                                                                                                               | 5 097 521            | 11 307 233           |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>18 018 207</b>    | <b>28 385 807</b>    |
| <b>Reconciliation of allowance for impairment</b>                                                                                                                                                                                                                                                                                                                                                                        |                      |                      |
| Balance at beginning of the year                                                                                                                                                                                                                                                                                                                                                                                         | (115 598 498)        | (107 419 108)        |
| Contributions to allowance                                                                                                                                                                                                                                                                                                                                                                                               | (23 015 652)         | (8 179 390)          |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>(138 614 150)</b> | <b>(115 598 498)</b> |
| <b>Consumer debtors pledged as security</b>                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| There are no debtors pledged as security.                                                                                                                                                                                                                                                                                                                                                                                |                      |                      |
| <b>Credit quality of consumer debtors</b>                                                                                                                                                                                                                                                                                                                                                                                |                      |                      |
| Based on historical information debtors that are past due nor impaired do pay within a period of 12 months.                                                                                                                                                                                                                                                                                                              |                      |                      |
| <b>Trade receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                      |
| In assessing the recoverability of trade receivables the assumption is that all organisations(e.g. government departments, businesses and churches) are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt. |                      |                      |
| Trade receivables are recognised as financial instruments since the customer willingly enters into a contractual arrangement with the municipality for the supply of services. The transaction arises as a result of billing revenue for the use of water and sewer.                                                                                                                                                     |                      |                      |
| <b>5. Receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                                                                         |                      |                      |
| Employee costs in advance                                                                                                                                                                                                                                                                                                                                                                                                | 125 799              | -                    |
| Prepaid expenses                                                                                                                                                                                                                                                                                                                                                                                                         | 564 009              | 1 152 321            |
| Debtor: Recoveries from Employees                                                                                                                                                                                                                                                                                                                                                                                        | -                    | 323 376              |
| Other debtors                                                                                                                                                                                                                                                                                                                                                                                                            | 29 502               | 29 502               |
| Less: Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                           | -                    | (323 376)            |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>719 310</b>       | <b>1 181 823</b>     |
| <b>Reconciliation of provision for impairment of Receivables from exchange transactions</b>                                                                                                                                                                                                                                                                                                                              |                      |                      |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                          | (323 376)            | -                    |
| Provision for impairment                                                                                                                                                                                                                                                                                                                                                                                                 | -                    | (323 376)            |
| Provision for impairment reversal                                                                                                                                                                                                                                                                                                                                                                                        | 323 376              | -                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>-</b>             | <b>(323 376)</b>     |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                 | 2022              | 2021              |
|-------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>6. Receivables from non-exchange transactions</b>                                            |                   |                   |
| Debtors: Deposits Made                                                                          | 17 334 576        | 16 302 248        |
| Debtor: Department of Art and Culture                                                           | 955 500           | 955 500           |
| Debtor: Department of Water and Sanitation                                                      | 2 717 840         | 2 717 840         |
| Debtor: Abaqulusi Municipality                                                                  | 1 293 313         | 1 163 046         |
| Debtor: Ulundi Municipality                                                                     | 1 041 662         | 818 554           |
| Debtor: Nongoma Municipality                                                                    | 1 061 547         | 862 811           |
| Debtor: eDumbe Municipality                                                                     | 622 412           | 1 307 657         |
| Debtor: Upongola Municipality                                                                   | 792 275           | 558 556           |
| Debtor: Enduneni Constructors                                                                   | 783 423           | 783 423           |
| Debtor: World Focus                                                                             | 284 241           | 284 241           |
| Debtor: Amanzi Ichweba                                                                          | 1 431 988         | 1 431 988         |
| Debtor:BP Drakensburg                                                                           | 136 888           | 136 888           |
| Debtor: Tracker - Rand Machant                                                                  | 134 248           | 134 248           |
| Debtor: Lindani Catering                                                                        | 1 950             | 1 950             |
| Debtor: Insurance Claim                                                                         | 151 900           | 80 488            |
| Debtor: SAMWUMED                                                                                | -                 | 9 050             |
| Debtor: Sizolwenkosi                                                                            | 116 841           | -                 |
| Debtor: Telkom                                                                                  | 4 729             | -                 |
| Debtor: Accrued Interest                                                                        | 43 338            | 39 435            |
| Debtor: Accrued Income                                                                          | 36 900            | 282 900           |
| Recoverable fruitless and wasteful expenditure                                                  | 1 333 903         | 1 333 903         |
| Debtors: Under/Over Banking                                                                     | 1 062 894         | 4 230             |
| Debtor: Debit orders Absa                                                                       | 3 562 885         | 3 950             |
| Less: Provision for impairment                                                                  | (4 705 205)       | (4 705 205)       |
|                                                                                                 | <b>30 200 048</b> | <b>24 507 701</b> |
| Non-current assets                                                                              | 17 334 576        | 16 302 248        |
| Current assets                                                                                  | 12 865 472        | 8 205 453         |
|                                                                                                 | <b>30 200 048</b> | <b>24 507 701</b> |
| <b>Credit quality of receivables from non-exchange transactions</b>                             |                   |                   |
| <b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b> |                   |                   |
| Opening balance                                                                                 | 4 705 207         | 4 149 829         |
| Provision for impairment                                                                        | -                 | 555 378           |
|                                                                                                 | <b>4 705 207</b>  | <b>4 705 207</b>  |
| <b>7. VAT receivable</b>                                                                        |                   |                   |
| Input VAT                                                                                       | 50 650 049        | 30 208 098        |
| Output VAT                                                                                      | (5 098 963)       | (5 895 458)       |
|                                                                                                 | <b>45 551 086</b> | <b>24 312 640</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                    | 2022             | 2021             |
|--------------------------------------------------------------------|------------------|------------------|
| <b>8. Inventories</b>                                              |                  |                  |
| Consumable stores                                                  | 1 529 252        | 1 973 108        |
| Water for distribution                                             | 1 027 227        | 2 167 237        |
|                                                                    | <b>2 556 479</b> | <b>4 140 345</b> |
| <b>Consumable stores</b>                                           |                  |                  |
| At cost                                                            | 1 973 108        | 4 355 090        |
| Additions                                                          | 5 683 092        | 2 828 404        |
| Issued / Expensed                                                  | (6 126 949)      | (3 332 412)      |
| Adjustments                                                        | -                | (1 877 974)      |
|                                                                    | <b>1 529 251</b> | <b>1 973 108</b> |
| <b>Fuel</b>                                                        |                  |                  |
| At cost                                                            | -                | 68 392           |
| Adjustments                                                        | -                | (68 392)         |
|                                                                    | <b>-</b>         | <b>-</b>         |
| <b>Water for Distribution</b>                                      |                  |                  |
| At cost                                                            | 2 167 236        | 1 744 642        |
| Adjustments                                                        | (1 140 009)      | 422 595          |
|                                                                    | <b>1 027 227</b> | <b>2 167 237</b> |
| <b>Inventory pledged as security</b>                               |                  |                  |
| There was no inventory pledged as security for overdraft facility. |                  |                  |

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**Notes to the Annual Financial Statements**

Figures in Rand

**9. Property, plant and equipment**

|                                     | 2022                 |                                                                 |                      | 2021                 |                                                                 |                      |
|-------------------------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|----------------------|
|                                     | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       |
| Land                                | 470 000              | -                                                               | 470 000              | 470 000              | -                                                               | 470 000              |
| Buildings                           | 45 445 591           | (19 691 702)                                                    | 25 753 889           | 45 445 591           | (18 448 962)                                                    | 26 996 629           |
| Infrastructure                      | 4 116 767 900        | (672 840 160)                                                   | 3 443 927 740        | 3 496 454 924        | (583 550 299)                                                   | 2 912 904 625        |
| Community                           | 9 931 334            | (5 490 831)                                                     | 4 440 503            | 9 967 535            | (3 616 330)                                                     | 6 351 205            |
| Other property, plant and equipment | 82 040 419           | (58 081 084)                                                    | 23 959 335           | 77 606 511           | (50 142 348)                                                    | 27 464 163           |
| leased Assets                       | 2 408 594            | (468 339)                                                       | 1 940 255            | -                    | -                                                               | -                    |
| Capital work in progress            | 1 092 996 451        | -                                                               | 1 092 996 451        | 1 217 892 432        | -                                                               | 1 217 892 432        |
| <b>Total</b>                        | <b>5 350 060 289</b> | <b>(756 572 116)</b>                                            | <b>4 593 488 173</b> | <b>4 847 836 993</b> | <b>(655 757 939)</b>                                            | <b>4 192 079 054</b> |

**Reconciliation of property, plant and equipment - 2022**

|                                     | Opening<br>balance   | Additions          | Disposals       | Transfers<br>received | Transfers     | Depreciation        | Impairment<br>loss | Total                |
|-------------------------------------|----------------------|--------------------|-----------------|-----------------------|---------------|---------------------|--------------------|----------------------|
| Land                                | 470 000              | -                  | -               | -                     | -             | -                   | -                  | 470 000              |
| Buildings                           | 26 996 629           | -                  | -               | -                     | -             | (1 242 740)         | -                  | 25 753 889           |
| Infrastructure                      | 2 912 904 625        | 8 702 073          | -               | 24 307 385            | 587 303 518   | (84 169 082)        | (5 120 779)        | 3 443 927 740        |
| Community                           | 6 351 205            | -                  | (28 056)        | -                     | -             | (225 994)           | (1 656 652)        | 4 440 503            |
| Other property, plant and equipment | 27 464 163           | 4 724 511          | (53 995)        | 40 000                | -             | (8 215 344)         | -                  | 23 959 335           |
| leased Assets                       | -                    | 2 424 759          | (13 022)        | -                     | -             | (471 482)           | -                  | 1 940 255            |
| Capital work in Progress            | 1 217 892 432        | 462 407 537        | -               | -                     | (587 303 518) | -                   | -                  | 1 092 996 451        |
|                                     | <b>4 192 079 054</b> | <b>478 258 880</b> | <b>(95 073)</b> | <b>24 347 385</b>     | <b>-</b>      | <b>(94 324 642)</b> | <b>(6 777 431)</b> | <b>4 593 488 173</b> |

**Zululand District Municipality**  
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**9. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2021**

|                                     | Opening<br>balance   | Additions          | Disposals       | Transfers<br>received | Transfers          | Depreciation        | Impairment<br>loss | Total                |
|-------------------------------------|----------------------|--------------------|-----------------|-----------------------|--------------------|---------------------|--------------------|----------------------|
| Land                                | 470 000              | -                  | -               | -                     | -                  | -                   | -                  | 470 000              |
| Buildings                           | 28 239 369           | -                  | -               | -                     | -                  | (1 242 740)         | -                  | 26 996 629           |
| Infrastructure                      | 2 831 087            | 1 559 458          | -               | -                     | 155 544            | (74 630 085)        | (656 302)          | 2 912 904            |
| Community                           | 6 577 199            | -                  | -               | -                     | -                  | (225 994)           | -                  | 6 351 205            |
| Other property, plant and equipment | 25 552 972           | 4 962 761          | (98 983)        | 201 670               | -                  | (3 154 238)         | (19)               | 27 464 163           |
| Capital work in Progress            | 1 039 837 084        | 334 933 621        | -               | -                     | (156 878 273)      | -                   | -                  | 1 217 892 432        |
|                                     | <b>3 931 763 811</b> | <b>341 455 840</b> | <b>(98 983)</b> | <b>201 670</b>        | <b>(1 333 906)</b> | <b>(79 253 057)</b> | <b>(656 321)</b>   | <b>4 192 079 054</b> |

**Pledged as security**

There is no restriction on title and Property, plant and Equipment pledged as security:

# Zululand District Municipality

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## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                   | 2022                           | 2021                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------|
| <b>9. Property, plant and equipment (continued)</b>                                                                                                                                                               |                                |                      |
| <b>Property, plant and equipment in the process of being constructed or developed</b>                                                                                                                             |                                |                      |
| <b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>                                                                             |                                |                      |
| Project 1 - Simdlangentsha West RWSS: Construction Frischgewaagd, Abstraction Works, Staff Accomodation and Bilanyoni Booster Pumpstation<br>Still waiting for eskom to co-operate as they have caused this dely. | 29 272 306                     | -                    |
| Project 2 - Usuthu RWSS: Lindizwe Pump-station Mechanical Installation<br>Bulk pipeline constructed long ago has now leaks which delays commisioning of this project as it is complete.                           | 33 893 937                     | -                    |
| Project 3 - Usuthu RBWSS: Holinyoka Pump-station Mechanical Installation<br>Bulk pipeline constructed long ago has now leaks which delays commisioning of this project as it is complete.                         | 28 893 937                     | -                    |
| Project 4 - Ceza Stand Alone Water Supply Pipeline<br>Land owner refused to give ZDM access to proceed with construction in his land, matter is under ZDM legal section                                           | 27 779 646                     | -                    |
|                                                                                                                                                                                                                   | <b>119 839 826</b>             | <b>-</b>             |
| <b>Reconciliation of Work-in-Progress 2022</b>                                                                                                                                                                    |                                |                      |
|                                                                                                                                                                                                                   | Included within Infrastructure | Total                |
| Opening balance                                                                                                                                                                                                   | 1 217 892 431                  | 1 217 892 431        |
| Additions/capital expenditure                                                                                                                                                                                     | 462 407 537                    | 462 407 537          |
| Transferred to completed items                                                                                                                                                                                    | (587 303 518)                  | (587 303 518)        |
|                                                                                                                                                                                                                   | <b>1 092 996 450</b>           | <b>1 092 996 450</b> |
| <b>Reconciliation of Work-in-Progress 2021</b>                                                                                                                                                                    |                                |                      |
|                                                                                                                                                                                                                   | Included within Infrastructure | Total                |
| Opening balance                                                                                                                                                                                                   | 1 039 837 083                  | 1 039 837 083        |
| Additions/capital expenditure                                                                                                                                                                                     | 334 933 621                    | 334 933 621          |
| Transferred to completed items                                                                                                                                                                                    | (156 878 273)                  | (156 878 273)        |
|                                                                                                                                                                                                                   | <b>1 217 892 431</b>           | <b>1 217 892 431</b> |
| <b>Class of Property Plant and Equipment (Repairs and Mantainance)</b>                                                                                                                                            |                                |                      |
| <b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance per class</b>                                                                         |                                |                      |
| Motor vehicles                                                                                                                                                                                                    | 10 071 408                     | 4 818 301            |
| Computers                                                                                                                                                                                                         | 21 614                         | 730 357              |
| Buildings                                                                                                                                                                                                         | 1 960 839                      | 3 091 318            |
| Infrastructure                                                                                                                                                                                                    | 119 855 195                    | 90 999 427           |
| Other                                                                                                                                                                                                             | -                              | 1 367 307            |
| Equipment                                                                                                                                                                                                         | 859 899                        | -                    |
|                                                                                                                                                                                                                   | <b>132 768 955</b>             | <b>101 006 710</b>   |

**Zululand District Municipality**  
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**Notes to the Annual Financial Statements**

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**10. Heritage assets**

|  | 2022                |                                     |                | 2021                |                                     |                |
|--|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
|  | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value |
|  | 7 806 633           | -                                   | 7 806 633      | 1 212 635           | -                                   | 1 212 635      |

**Reconciliation of heritage assets 2022**

Art collections and exhibits

|                              | Opening<br>balance | Additions | Total     |
|------------------------------|--------------------|-----------|-----------|
| Art collections and exhibits | 1 212 635          | 6 593 998 | 7 806 633 |

**Reconciliation of heritage assets 2021**

Art collections and exhibit

|                             | Opening<br>balance | Total     |
|-----------------------------|--------------------|-----------|
| Art collections and exhibit | 1 212 635          | 1 212 635 |

**Pledged as security**

There is no heritage assets pledged as security:

**Heritage assets in the process of being constructed or developed**

**Zululand District Municipality**  
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**11. Intangible assets**

|  | 2022                |                                                                 | 2021           |                     |                                                                 |                |
|--|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|  | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
|  | 186 632             | (171 772)                                                       | 14 860         | 186 633             | (154 634)                                                       | 31 999         |

Computer software, other

**Reconciliation of intangible assets - 2022**

|                          |                    |              |        |
|--------------------------|--------------------|--------------|--------|
|                          | Opening<br>balance | Amortisation | Total  |
| Computer software, other | 31 999             | (17 139)     | 14 860 |

**Reconciliation of intangible assets - 2021**

|                          |                    |              |        |
|--------------------------|--------------------|--------------|--------|
|                          | Opening<br>balance | Amortisation | Total  |
| Computer software, other | 52 793             | (20 794)     | 31 999 |

**Pledged as security**

There is no intangible assets pledged as security:



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                       | 2022                      | 2021                      |
|-------------------------------------------------------|---------------------------|---------------------------|
| <b>12. Finance lease obligation</b>                   |                           |                           |
| <b>Minimum lease payments due</b>                     |                           |                           |
| - within one year                                     | 901 764                   | -                         |
| - in second to fifth year inclusive                   | 1 277 499                 | -                         |
|                                                       | <u>2 179 263</u>          | <u>-</u>                  |
| less: future finance charges                          | (185 739)                 | -                         |
| <b>Present value of minimum lease payments</b>        | <u><b>1 993 524</b></u>   | <u><b>-</b></u>           |
| <b>Present value of minimum lease payments due</b>    |                           |                           |
| - within one year                                     | 782 909                   | -                         |
| - in second to fifth year inclusive                   | 1 210 615                 | -                         |
|                                                       | <u><b>1 993 524</b></u>   | <u><b>-</b></u>           |
| Non-current liabilities                               | 1 091 760                 | -                         |
| Current liabilities                                   | 901 761                   | -                         |
|                                                       | <u><b>1 993 521</b></u>   | <u><b>-</b></u>           |
| <b>13. Payables from exchange transactions</b>        |                           |                           |
| Accrued leave pay                                     | 19 074 245                | 17 991 112                |
| Accrued bonus                                         | 5 417 690                 | 4 674 806                 |
| Creditors                                             | 214 275 971               | 173 620 548               |
| Unallocated Deposits                                  | 503 547                   | 130 817                   |
| Retention Services                                    | 43 987 151                | 44 167 770                |
| Debtors with credit balances                          | 2 642 118                 | 2 489 372                 |
| Other Creditors                                       | 63 922                    | 697 413                   |
| Department of water and sanitation                    | 8 400 000                 | 8 400 000                 |
| Other Debtors with credit balances                    | -                         | 8 514                     |
| Accrued Employee Related cost                         | 1 832 134                 | -                         |
| Zanamanzi                                             | 32 172 874                | 212 577                   |
|                                                       | <u><b>328 369 652</b></u> | <u><b>252 392 929</b></u> |
| <b>14. Consumer deposits</b>                          |                           |                           |
| Water                                                 | 3 613 461                 | 3 625 340                 |
| Property rental                                       | 7 784                     | 7 784                     |
|                                                       | <u><b>3 621 245</b></u>   | <u><b>3 633 124</b></u>   |
| No guaranties are held in lieu of water deposits      |                           |                           |
| <b>15. Taxes and transfers payable (non-exchange)</b> |                           |                           |
| Creditor: Deceased Staff Member                       | -                         | 649                       |
| Creditor: Deceased Staff Member                       | -                         | 80 488                    |
|                                                       | <u><b>-</b></u>           | <u><b>81 137</b></u>      |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                              | 2022             | 2021             |
|--------------------------------------------------------------|------------------|------------------|
| <b>16. Unspent conditional grants and receipts</b>           |                  |                  |
| <b>Unspent conditional grants and receipts comprises of:</b> |                  |                  |
| <b>Unspent conditional grants and receipts</b>               |                  |                  |
| Rural Roads Asset Management Grant                           | 768 977          | -                |
| KZN Capacity Building Grant-Spatial                          | -                | 241 770          |
| Tourism Strategy Grant                                       | -                | 269 354          |
| KZN-KwaMajomela Project                                      | 1 641 817        | 1 779 320        |
|                                                              | <b>2 410 794</b> | <b>2 290 444</b> |

### Movement during the year

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 2 290 444        | 3 800 000        |
| Additions during the year            | 1 148 391 500    | 1 023 060 000    |
| Income recognition during the year   | (1 148 271 150)  | (1 024 569 556)  |
|                                      | <b>2 410 794</b> | <b>2 290 444</b> |

See note 24 for reconciliation of grants from National/Provincial Government, and explanations for unspent conditional grants.

### 17. Payables from exchange transactions

The municipality is disputing an amount of R70 million that is being raised by the department of water affairs, the matter has been handed over to the attorneys

|                                    |            |            |
|------------------------------------|------------|------------|
| Department of water and sanitation | 13 357 945 | 21 757 945 |
|------------------------------------|------------|------------|

### 18. Employee benefit obligations

#### 18.1 Multi-employer pension funds

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

#### 18.2 Post retirement medical benefit plan

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                | 2022                | 2021                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>18. Employee benefit obligations (continued)</b>                                                                                                                                                                                                                            |                     |                     |
| <b>The amounts recognised in the statement of financial position are as follows:</b>                                                                                                                                                                                           |                     |                     |
| <b>Carrying value</b>                                                                                                                                                                                                                                                          |                     |                     |
| Present value of the defined benefit obligation-partly or wholly funded                                                                                                                                                                                                        | (22 538 000)        | (36 083 507)        |
| Fair value of plan assets                                                                                                                                                                                                                                                      | (5 033 000)         | 13 545 507          |
|                                                                                                                                                                                                                                                                                | <b>(27 571 000)</b> | <b>(22 538 000)</b> |
| Non-current liabilities                                                                                                                                                                                                                                                        | (27 166 000)        | (22 289 000)        |
| Current liabilities                                                                                                                                                                                                                                                            | (405 000)           | (249 000)           |
|                                                                                                                                                                                                                                                                                | <b>(27 571 000)</b> | <b>(22 538 000)</b> |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b>                                                                                                                                                                                          |                     |                     |
| Opening balance                                                                                                                                                                                                                                                                | 22 538 000          | 36 083 507          |
| Net expense recognised in the statement of financial performance                                                                                                                                                                                                               | 5 033 000           | (13 545 507)        |
|                                                                                                                                                                                                                                                                                | <b>27 571 000</b>   | <b>22 538 000</b>   |
| <b>Net expense recognised in the statement of financial performance</b>                                                                                                                                                                                                        |                     |                     |
| Current service cost                                                                                                                                                                                                                                                           | 1 717 000           | 2 940 059           |
| Interest cost                                                                                                                                                                                                                                                                  | 2 360 000           | 3 398 868           |
| Actuarial (gains) losses                                                                                                                                                                                                                                                       | 1 258 143           | (14 989 340)        |
| Benefits paid                                                                                                                                                                                                                                                                  | (302 143)           | (157 094)           |
| Removal of death-in-service and death-in- retirement                                                                                                                                                                                                                           | -                   | (4 738 000)         |
|                                                                                                                                                                                                                                                                                | <b>5 033 000</b>    | <b>(13 545 507)</b> |
| <b>Key assumptions used</b>                                                                                                                                                                                                                                                    |                     |                     |
| Independent actuaries and consultants carry out a statutory valuation on an annual basis.                                                                                                                                                                                      |                     |                     |
| The Municipality operated on five accredited Medical Aid schemes, namely Keyhealth, LA Health, SAMWUMED, Bonitas and Hosmed.                                                                                                                                                   |                     |                     |
| Financial variables: Two most important variables used in our valuation are discount rate and medical aid inflation rate. Nominal and real zero curve as at 30 June 2022 that was supplied by JSE to determine discount rate and CPI assumptions at each relevant time period. |                     |                     |
| Assumptions used at the reporting date:                                                                                                                                                                                                                                        |                     |                     |
| Average retirement age                                                                                                                                                                                                                                                         | 63                  | 63                  |
| Discount rates used                                                                                                                                                                                                                                                            | 13.11 %             | 10.53 %             |
| Medical aid inflation rates                                                                                                                                                                                                                                                    | 10.46 %             | 7.09 %              |
| Ultimate mortality table                                                                                                                                                                                                                                                       | SA 85-90<br>PA 90-1 | SA 85-90<br>PA 90-1 |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                           | 2022                                  | 2021                                  |
|-------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| <b>18. Employee benefit obligations (continued)</b>                                       |                                       |                                       |
| <b>18.3 Long service awards</b>                                                           |                                       |                                       |
| Independent actuaries and consultants carry out a statutory valuation on an annual basis. |                                       |                                       |
| The principal actuarial assumptions used were as follows:                                 |                                       |                                       |
| Discount rate per annum                                                                   | 11.23 %                               | 9.35 %                                |
| General salary inflation (long term)                                                      | 4.90 %                                | 5.81 %                                |
| Net effective discount rate                                                               | 2.46 %                                | 3.35 %                                |
| Average retirement age                                                                    | 63                                    | 63                                    |
| <b>Eligible employees</b>                                                                 | <b>Members</b>                        | <b>Members</b>                        |
| Age 20-29                                                                                 | 19                                    | 280                                   |
| Age 30-39                                                                                 | 190                                   | 180                                   |
| Age 40-49                                                                                 | 198                                   | 100                                   |
| Age 50-59                                                                                 | 113                                   | 30                                    |
| Age 60+                                                                                   | 33                                    | -                                     |
| <b>Membership summary</b>                                                                 |                                       |                                       |
| Number of members                                                                         | 553                                   | 526                                   |
| Average age of members (years)                                                            | -                                     | 43.0                                  |
| Average past service (years)                                                              | 11.4                                  | 11.3                                  |
| Average salary (annual)                                                                   | 262 245                               | 259 98                                |
| <b>Benefit Structure</b>                                                                  |                                       |                                       |
| <b>Service years</b>                                                                      | <b>Award<br/>(Number of<br/>days)</b> | <b>Award<br/>(Number of<br/>days)</b> |
| 10                                                                                        | 10                                    | 10                                    |
| 15                                                                                        | 20                                    | 20                                    |
| 20                                                                                        | 30                                    | 30                                    |
| 25                                                                                        | 30                                    | 30                                    |
| 30                                                                                        | 30                                    | 30                                    |
| 35                                                                                        | 30                                    | 30                                    |
| 40                                                                                        | 30                                    | 30                                    |
| 45                                                                                        | 30                                    | 30                                    |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                      | 2022              | 2021              |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>18. Employee benefit obligations (continued)</b>                                  |                   |                   |
| Movement in the defined benefit obligation is as follows:                            |                   |                   |
| Balance at beginning of the year                                                     | 13 121 000        | 11 757 354        |
| Current service cost                                                                 | 1 263 000         | 1 049 788         |
| Interest cost                                                                        | 1 158 000         | 1 069 582         |
| Expected benefit payments                                                            | (1 291 000)       | (861 739)         |
| Recognised actuarial (gains)/losses                                                  | 1 274 000         | 106 015           |
| <b>Balance at end of year</b>                                                        | <b>15 525 000</b> | <b>13 121 000</b> |
| The amounts recognised in the Statement of Financial Performance were as follows:    |                   |                   |
| Current service cost                                                                 | 1 263 000         | 1 049 788         |
| Interest cost                                                                        | 1 158 000         | 1 069 582         |
| Expected benefit payments                                                            | (1 291 000)       | (861 739)         |
| Recognised actuarial (gains) losses                                                  | 1 274 000         | 106 015           |
|                                                                                      | <b>2 404 000</b>  | <b>1 363 646</b>  |
| In conclusion these are the balances that has been incurred during the year:         |                   |                   |
| <b>Statement of Financial Position obligation</b>                                    |                   |                   |
| Current                                                                              | 1 973 000         | 1 506 000         |
| Non-Current                                                                          | 13 552 000        | 11 615 000        |
|                                                                                      | <b>15 525 000</b> | <b>13 121 000</b> |
| <b>Statement of Financial Performance</b>                                            | <b>2 404 000</b>  | <b>1 363 646</b>  |
| <b>19. Service charges</b>                                                           |                   |                   |
| Sale of water                                                                        | 38 486 444        | 41 338 674        |
| Sewerage and sanitation charges                                                      | 12 512 859        | 11 514 159        |
|                                                                                      | <b>50 999 303</b> | <b>52 852 833</b> |
| <b>20. Rental of facilities</b>                                                      |                   |                   |
| <b>Facilities</b>                                                                    |                   |                   |
| Rental of facilities                                                                 | 195 241           | 179 242           |
| Included in the above rentals are operating lease rentals at straight-lined amounts. |                   |                   |
| <b>21. Interest on receivables</b>                                                   |                   |                   |
| Interest on receivables (water)                                                      | 267 585           | 24 916            |
| Interest on receivables (sewer)                                                      | 18 558            | 3 869             |
| Interest on receivables (Other)                                                      | 1 619             | 666               |
|                                                                                      | <b>287 762</b>    | <b>29 451</b>     |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                     | 2022                 | 2021                 |
|-----------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>22. Other income</b>                                                                             |                      |                      |
| Skills Levy Refunds                                                                                 | 408 390              | 257 806              |
| Non-refundable tender deposit                                                                       | 515 556              | 394 106              |
| Clearance certification                                                                             | 108                  | 287                  |
| Handling fees                                                                                       | 8 994                | 9 730                |
| Insurance claim                                                                                     | 151 900              | -                    |
| Health Certificates                                                                                 | -                    | 10 000               |
|                                                                                                     | <b>1 084 948</b>     | <b>671 929</b>       |
| <b>23. Investment revenue</b>                                                                       |                      |                      |
| <b>Interest revenue</b>                                                                             |                      |                      |
| Interest on Bank account                                                                            | 1 221 650            | 856 744              |
| Short term Investments and call accounts                                                            | 2 483 753            | 2 368 902            |
|                                                                                                     | <b>3 705 403</b>     | <b>3 225 646</b>     |
| The amount included in Investment revenue arising from exchange transactions amounted to 3 705 403. |                      |                      |
| <b>24. Government grants &amp; subsidies</b>                                                        |                      |                      |
| <b>Operating grants</b>                                                                             |                      |                      |
| Equitable share                                                                                     | 524 645 000          | 564 272 000          |
| Expanded Public Works Program                                                                       | 9 612 000            | 9 261 000            |
| Finance Management Grant                                                                            | 1 200 000            | 1 200 000            |
| KZN grant Indonsa Culture Center                                                                    | 1 911 000            | 1 911 000            |
| KZN grant-Capacity building Spartial                                                                | 241 770              | 758 230              |
| KZN Grant- Capacity building-Tourism                                                                | 269 354              | 430 646              |
| KZN Amafa and Research Institute                                                                    | 100 000              | -                    |
|                                                                                                     | <b>537 979 124</b>   | <b>577 832 876</b>   |
| <b>Capital grants</b>                                                                               |                      |                      |
| Regional Bulk Infrastructure Grant                                                                  | 222 531 000          | 113 798 000          |
| Municipal Infrastructure Grant                                                                      | 269 111 000          | 221 235 000          |
| Water Services Infrastructure Grant                                                                 | 110 000 000          | 105 500 000          |
| Rural Roads Asset Management Grant                                                                  | 1 647 023            | 2 383 000            |
| KZN-KwaMajomela Project                                                                             | 7 958 503            | 3 820 680            |
|                                                                                                     | <b>611 247 526</b>   | <b>446 736 680</b>   |
|                                                                                                     | <b>1 149 226 650</b> | <b>1 024 569 556</b> |
| <b>Conditional and Unconditional</b>                                                                |                      |                      |
| Included in above are the following grants and subsidies received:                                  |                      |                      |
| Conditional grants received                                                                         | 624 581 650          | 460 297 556          |
| Unconditional grants received                                                                       | 524 645 000          | 564 272 000          |
|                                                                                                     | <b>1 149 226 650</b> | <b>1 024 569 556</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                  | 2022          | 2021          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                                                         |               |               |
| <b>Equitable Share</b>                                                                                                                           |               |               |
| Current-year receipts                                                                                                                            | 524 645 000   | 564 272 000   |
| Conditions met - transferred to revenue                                                                                                          | (524 645 000) | (564 272 000) |
|                                                                                                                                                  | -             | -             |
| In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.                     |               |               |
| <b>Municipal Infrastructure Grant</b>                                                                                                            |               |               |
| Current-year receipts                                                                                                                            | 269 111 000   | 221 235 000   |
| Conditions met - transferred to revenue                                                                                                          | (269 111 000) | (221 235 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Road Asset Management Grant</b>                                                                                                               |               |               |
| Current-year receipts                                                                                                                            | 2 416 000     | 2 383 000     |
| Conditions met - transferred to revenue                                                                                                          | (1 647 023)   | (2 383 000)   |
|                                                                                                                                                  | 768 977       | -             |
| Conditions still to be met - remain liabilities (see note 16).                                                                                   |               |               |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| The Municipality will engage the rollover process and adjustment budget process and subsequently spend the funds within the next financial year. |               |               |
| <b>Regional Bulk Infrastructure Grant</b>                                                                                                        |               |               |
| Current-year receipts                                                                                                                            | 222 531 000   | 113 798 000   |
| Conditions met - transferred to revenue                                                                                                          | (222 531 000) | (113 798 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Water Infrastructure Grant</b>                                                                                                                |               |               |
| Current-year receipts                                                                                                                            | 110 000 000   | 105 500 000   |
| Conditions met - transferred to revenue                                                                                                          | (110 000 000) | (105 500 000) |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |
| <b>Financial Management Grant</b>                                                                                                                |               |               |
| Current-year receipts                                                                                                                            | 1 200 000     | 1 200 000     |
| Conditions met - transferred to revenue                                                                                                          | (1 200 000)   | (1 200 000)   |
|                                                                                                                                                  | -             | -             |
| Conditional grants are spent as per approved business plan                                                                                       |               |               |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                        | 2022             | 2021             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                                                                                                               |                  |                  |
| <b>Expanded Public Works Program</b>                                                                                                                                                                   |                  |                  |
| Current-year receipts                                                                                                                                                                                  | 9 612 000        | 9 261 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (9 612 000)      | (9 261 000)      |
|                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>INDONSA</b>                                                                                                                                                                                         |                  |                  |
| Current-year receipts                                                                                                                                                                                  | 955 500          | 955 000          |
| Conditions met - transferred to revenue                                                                                                                                                                | (955 500)        | (955 000)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| Indonsa Grant was not received as gazzetted, a debtor has been raised to recognise the outstanding revenue of R955 500                                                                                 |                  |                  |
| <b>Capacity Building Grant- Spatial</b>                                                                                                                                                                |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 241 770          | 1 000 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (241 770)        | (758 230)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>241 770</u>   |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>Tourism Strategy Grant</b>                                                                                                                                                                          |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 269 354          | 700 000          |
| Conditions met - transferred to revenue                                                                                                                                                                | (269 354)        | (430 646)        |
|                                                                                                                                                                                                        | <u>-</u>         | <u>269 354</u>   |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| <b>KwaMajomela Project</b>                                                                                                                                                                             |                  |                  |
| Balance unspent at beginning of year                                                                                                                                                                   | 1 779 320        | 2 100 000        |
| Current-year receipts                                                                                                                                                                                  | 7 821 000        | 3 500 000        |
| Conditions met - transferred to revenue                                                                                                                                                                | (7 958 503)      | (3 820 680)      |
|                                                                                                                                                                                                        | <u>1 641 817</u> | <u>1 779 320</u> |
| Conditions still to be met - remain liabilities (see note 16).                                                                                                                                         |                  |                  |
| Conditional grants are spent as per approved business plan                                                                                                                                             |                  |                  |
| The Memorandum provides ground for the municipality to spend the funds until the last payment without engaging rollover process, the municipality will spend the funds within the next financial year. |                  |                  |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                     | 2022                  | 2021                    |
|---------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
| <b>24. Government grants &amp; subsidies (continued)</b>                                                            |                       |                         |
| <b>KZN Amafa and Research Institute</b>                                                                             |                       |                         |
| Current-year receipts                                                                                               | 100 000               | -                       |
| Conditions met - transferred to revenue                                                                             | (100 000)             | -                       |
|                                                                                                                     | <u>-</u>              | <u>-</u>                |
| Conditional grants are spent as per approved business plan.                                                         |                       |                         |
| <b>25. Public contributions and donations</b>                                                                       |                       |                         |
| Transfers Received - Donation                                                                                       | <u>24 307 385</u>     | <u>-</u>                |
| <b>Reconciliation of conditional contributions</b>                                                                  |                       |                         |
| Current-year receipts                                                                                               | 24 307 385            | -                       |
| Conditions met - transferred to revenue                                                                             | (24 307 385)          | -                       |
|                                                                                                                     | <u>-</u>              | <u>-</u>                |
| The assets was donated by the provincial government in the form of infrastructure borehole accross the municipality |                       |                         |
| <b>26. Fines, Penalties and Forfeits</b>                                                                            |                       |                         |
| Illegal Connections Fines                                                                                           | 146 421               | 27 433                  |
| Deposits Forfeits                                                                                                   | 250                   | 8 168                   |
| Retentions Forfeits                                                                                                 | <u>62 112</u>         | <u>7 507 292</u>        |
|                                                                                                                     | <b><u>208 783</u></b> | <b><u>7 542 893</u></b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                    | 2022               | 2021               |
|----------------------------------------------------|--------------------|--------------------|
| <b>27. Employee related costs</b>                  |                    |                    |
| Basic                                              | 171 941 181        | 149 977 200        |
| Bonus                                              | 11 678 071         | 10 711 004         |
| Medical aid - company contributions                | 13 623 777         | 12 589 519         |
| UIF                                                | 1 438 623          | 1 174 021          |
| Stand by allowance                                 | 7 971 853          | 9 855 376          |
| Leave pay provision charge                         | 3 223 448          | 4 629 718          |
| Industrial bargaining council levy                 | 212 320            | 127 960            |
| Defined contribution plans                         | 21 867 435         | 18 998 363         |
| Motor car allowances                               | 8 704 117          | 6 999 457          |
| Overtime payments                                  | 4 912 229          | 5 592 367          |
| Long-service awards                                | 1 376 013          | 988 767            |
| Acting allowances                                  | 436 711            | 1 185 465          |
| Housing benefits and allowances                    | 1 379 224          | 1 218 658          |
| Cellular phone allowance                           | 663 084            | 533 383            |
| Shift allowance                                    | 2 198 744          | 1 422 004          |
| Employee Benefits                                  | 4 904 857          | 7 439 464          |
|                                                    | <b>256 531 687</b> | <b>233 442 726</b> |
| <b>Remuneration of Municipal Manager</b>           |                    |                    |
| Annual Remuneration                                | 1 153 950          | 1 699 633          |
| Car Allowance                                      | 288 883            | 433 324            |
| Other Allowances                                   | 79 221             | -                  |
| Service Related Benefits                           | 354 304            | 322 735            |
| Contributions to UIF, Medical and Pension Funds    | 2 052              | -                  |
|                                                    | <b>1 878 410</b>   | <b>2 455 692</b>   |
| <b>Remuneration of Chief Financial Officer</b>     |                    |                    |
| Annual Remuneration                                | 1 020 330          | 1 020 330          |
| Car Allowance                                      | 255 557            | 255 557            |
| Other Allowances                                   | 80 489             | -                  |
| Service Related Benefits                           | 37 827             | 70 630             |
| Contributions to UIF, Medical and Pension Funds    | 2 249              | -                  |
|                                                    | <b>1 396 452</b>   | <b>1 346 517</b>   |
| <b>Remuneration - Director of Planning</b>         |                    |                    |
| Annual Remuneration                                | 148 700            | 716 876            |
| Car Allowance                                      | 18 634             | 149 075            |
| Other Allowances                                   | 12 560             | -                  |
| Service Related Benefits                           | 70 265             | 50 340             |
| Contributions to UIF, Medical and Pension Funds    | 375                | -                  |
|                                                    | <b>250 534</b>     | <b>916 291</b>     |
| <b>Remuneration of Director Technical Services</b> |                    |                    |
| Annual Remuneration                                | 988 297            | 1 031 841          |
| Car Allowance                                      | 210 302            | 255 557            |
| Other Allowances                                   | 79 210             | -                  |
| Service Related Benefits                           | -                  | 63 829             |
| Contributions to UIF, Medical and Pension Funds    | 2 383              | -                  |
|                                                    | <b>1 280 192</b>   | <b>1 351 227</b>   |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                   | 2022               | 2021               |
|-------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>27. Employee related costs (continued)</b>                                                                     |                    |                    |
| <b>Remuneration - Director of Corporate services</b>                                                              |                    |                    |
| Annual Remuneration                                                                                               | 892 203            | 808 314            |
| Car Allowance                                                                                                     | 223 612            | 202 316            |
| Other Allowances                                                                                                  | 75 378             | -                  |
| Service Related Benefits                                                                                          | -                  | 52 856             |
| Contributions to UIF, Medical and Pension Funds                                                                   | 2 249              | -                  |
|                                                                                                                   | <b>1 193 442</b>   | <b>1 063 486</b>   |
| <b>Employee costs - Director of Community services</b>                                                            |                    |                    |
| Annual Remuneration                                                                                               | 798 613            | 994 765            |
| Car Allowance                                                                                                     | 212 964            | 255 557            |
| Other Allowances                                                                                                  | 67 074             | -                  |
| Service Related Benefits                                                                                          | 10 345             | 127 078            |
| Contributions to UIF, Medical and Pension Funds                                                                   | 49 537             | -                  |
|                                                                                                                   | <b>1 138 533</b>   | <b>1 377 400</b>   |
| <b>Total employee related cost</b>                                                                                | <b>263 669 250</b> | <b>241 953 339</b> |
| <b>28. Remuneration of councillors</b>                                                                            |                    |                    |
| Mayor                                                                                                             | 905 318            | 934 651            |
| Deputy Mayor                                                                                                      | 632 885            | 473 008            |
| Executive Committee Members                                                                                       | 1 995 559          | 2 690 836          |
| Speaker                                                                                                           | 734 675            | 755 878            |
| Councillors                                                                                                       | 4 348 033          | 3 634 314          |
|                                                                                                                   | <b>8 616 470</b>   | <b>8 488 687</b>   |
| <b>In-kind benefits</b>                                                                                           |                    |                    |
| The Speaker, the Mayor, the Deputy Mayor the and Executive Committee Members are full-time.                       |                    |                    |
| The Speaker, Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties. |                    |                    |
| The Speaker, Mayor and Deputy Mayor are provided with bodyguards.                                                 |                    |                    |
| The Councillors are provided with body guards where request has been approved.                                    |                    |                    |
| <b>29. Depreciation and amortisation</b>                                                                          |                    |                    |
| Property, plant and equipment                                                                                     | 94 324 642         | 79 253 057         |
| Intangible assets                                                                                                 | 17 139             | 20 794             |
|                                                                                                                   | <b>94 341 781</b>  | <b>79 273 851</b>  |
| <b>30. Finance costs</b>                                                                                          |                    |                    |
| Finance leases                                                                                                    | 94 794             | -                  |
| Other interest paid                                                                                               | 303 721            | -                  |
|                                                                                                                   | <b>398 515</b>     | <b>-</b>           |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                              | 2022               | 2021               |
|----------------------------------------------|--------------------|--------------------|
| <b>31. Debt impairment</b>                   |                    |                    |
| Contributions to debt impairment provision   | 19 677 454         | (5 452 078)        |
| <b>Impairment per class</b>                  |                    |                    |
| Trade Receivables from exchange transactions | 20 000 830         | (6 326 602)        |
| Other Receivables from exchange transactions | (323 376)          | 323 376            |
| Receivables from non-exchange transactions   | -                  | 551 148            |
|                                              | <b>19 677 454</b>  | <b>(5 452 078)</b> |
| <b>32. Bad Debts written off</b>             |                    |                    |
| Bad debts written off                        | 323 376            | 4 634 983          |
| <b>Bad Debts written off per class</b>       |                    |                    |
| Trade Receivables from exchange transactions | -                  | 4 634 983          |
| Other Receivables from exchange transactions | 323 376            | -                  |
| Receivables from non-exchange transactions   | -                  | -                  |
|                                              | <b>323 376</b>     | <b>4 634 983</b>   |
| <b>33. Contracted services</b>               |                    |                    |
| <b>Outsourced Services</b>                   |                    |                    |
| Business and Advisory                        | 12 203 794         | 3 027 595          |
| Catering Services                            | 1 503 474          | 809 051            |
| Cleaning Services                            | 2 013 868          | 3 943 242          |
| Hygiene Services                             | 439 428            | 1 521 715          |
| Internal Auditors                            | 5 219 511          | 2 493 646          |
| Meter Management                             | 1 610 498          | 291 300            |
| Personnel and Labour                         | 233 120            | 749 033            |
| Security Services                            | 40 070 441         | 35 477 931         |
| Water Takers                                 | 63 223 517         | 108 391 841        |
| <b>Consultants and Professional Services</b> |                    |                    |
| Business and Advisory                        | 23 333 296         | 19 322 076         |
| Legal Cost                                   | 2 488 830          | 1 418 546          |
| <b>Contractors</b>                           |                    |                    |
| Artists and Performers                       | 690 750            | 228 500            |
| Audio-visual Services                        | 21 000             | 30 000             |
| Maintenance of Equipment                     | 881 514            | 842 784            |
| Maintenance of Infrastructure Assets         | 131 887 442        | 98 909 046         |
| Medical Services                             | 336 925            | 237 317            |
| Photographer                                 | 16 000             | -                  |
| Sewerage Services                            | 31 045 861         | 42 043 798         |
| Stage and Sound Crew                         | 820 250            | 19 500             |
|                                              | <b>318 039 519</b> | <b>319 756 921</b> |
| <b>34. Transfer and subsidies</b>            |                    |                    |
| <b>Other subsidies</b>                       |                    |                    |
| Poverty alleviation                          | 11 295 134         | 12 890 845         |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                      | 2022               | 2021               |
|--------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>35. Inventory Consumed</b>                                                        |                    |                    |
| Materials and supplies                                                               | 1 972 337          | 10 268 195         |
| Consumable stores                                                                    | 6 061 875          | -                  |
|                                                                                      | <b>8 034 212</b>   | <b>10 268 195</b>  |
| <b>36. General expenses</b>                                                          |                    |                    |
| Achievements and awards                                                              | 1 095 652          | -                  |
| Advertising                                                                          | 1 522 506          | 6 682 676          |
| Auditors remuneration                                                                | 3 861 370          | 4 467 072          |
| Bank charges                                                                         | 320 510            | 576 748            |
| Discount allowed                                                                     | -                  | 41 329             |
| Entertainment                                                                        | 12 404             | 62 261             |
| Operating leases                                                                     | 2 967 624          | 388 613            |
| Hire charges                                                                         | 8 297 990          | 4 189 454          |
| Insurance                                                                            | 4 170 391          | 4 170 618          |
| External computer expenses                                                           | 3 109 608          | 1 099 746          |
| Skills development levy                                                              | 2 287 900          | 1 732 700          |
| Small differences - Tolerances                                                       | 1                  | 1                  |
| Driver's licenses and permits                                                        | 580 662            | 1 213 131          |
| Fuel and oil                                                                         | 7 166 031          | 5 151 312          |
| Communication                                                                        | 890                | 337                |
| Printing and Publication                                                             | 157 131            | 2 999 017          |
| Eskom Connection fees                                                                | 898 531            | -                  |
| Registration                                                                         | 41 187             | 16 755             |
| Subscriptions and membership fees                                                    | 1 763 192          | 2 905 177          |
| Telephone and fax                                                                    | 6 372 582          | 4 239 249          |
| Transport and freight                                                                | 1 710 588          | 170 200            |
| Travel - local                                                                       | 15 148 476         | 14 459 920         |
| Title deed search fees                                                               | 153                | -                  |
| Assets expensed                                                                      | 9 893              | 421 140            |
| Municipal Services                                                                   | 66 396 716         | 54 224 760         |
| Uniforms                                                                             | 1 727 943          | 2 618 384          |
| Management fees                                                                      | 165 000            | -                  |
| Workmans compensation                                                                | 865 989            | 1 507 166          |
| Honoraria                                                                            | 171 000            | 154 000            |
| Vehicle Tracking                                                                     | 269 095            | 247 278            |
| Staff Bursary                                                                        | 62 400             | 115 328            |
| Amakhosi sitting allowance                                                           | 24 271             | 27 581             |
|                                                                                      | <b>131 177 686</b> | <b>113 881 953</b> |
| <b>37. Impairment loss</b>                                                           |                    |                    |
| <b>Impairments</b>                                                                   |                    |                    |
| Property, plant and equipment                                                        | 6 777 432          | 656 322            |
| The impairment was recognised as results of obsolete and physical damaged of assets. |                    |                    |
| <b>38. Auditors' remuneration</b>                                                    |                    |                    |
| Fees                                                                                 | 3 861 370          | 4 467 072          |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                        | 2022               | 2021               |
|--------------------------------------------------------|--------------------|--------------------|
| <b>39. Cash generated from operations</b>              |                    |                    |
| Surplus                                                | 351 088 992        | 285 381 812        |
| <b>Adjustments for:</b>                                |                    |                    |
| Depreciation and amortisation                          | 94 341 781         | 79 273 851         |
| Gain (loss) on sale of assets and liabilities          | 95 073             | (47 017)           |
| Finance costs - Finance leases                         | 94 794             | -                  |
| Gain from non-exchange transactions                    | (40 000)           | (201 670)          |
| Impairment loss                                        | 6 777 432          | 656 322            |
| Debt impairment                                        | 19 677 454         | (5 452 078)        |
| Bad debts written off                                  | 323 376            | 4 634 983          |
| Actuarial (losses) gains                               | 2 532 143          | (19 621 325)       |
| Movements in retirement benefit assets and liabilities | 4 904 857          | 7 439 464          |
| Inventory losses or write-downs                        | -                  | 2 111 495          |
| Non-cash donations and other in-kind benefits          | (24 307 385)       | -                  |
| <b>Changes in working capital:</b>                     |                    |                    |
| Inventories                                            | 1 583 866          | (83 717)           |
| Receivables from exchange transactions                 | 462 513            | 420 438            |
| Trade receivables from exchange transactions           | (14 844 075)       | (11 957 391)       |
| Receivables from non-exchange transactions             | (4 660 019)        | (1 618 831)        |
| Non current receivables from non-exchange transactions | (1 032 328)        | (772 232)          |
| VAT Receivable                                         | (21 238 446)       | (12 010 754)       |
| Non current payables from exchange transaction         | (8 400 000)        | (9 591 655)        |
| Payables from exchange transactions                    | 75 976 723         | 32 012 655         |
| Taxes and transfers payable (non-exchange)             | (81 137)           | -                  |
| Unspent conditional grants and receipts                | 120 350            | (1 509 556)        |
| Consumer deposits                                      | (11 879)           | 13 257             |
|                                                        | <b>483 364 085</b> | <b>349 078 051</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                           | 2022              | 2021              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>40. Commitments</b>                                                                                                                                                                                                                                    |                   |                   |
| <b>Authorised capital expenditure</b>                                                                                                                                                                                                                     |                   |                   |
| <b>Already contracted for but not provided for</b>                                                                                                                                                                                                        |                   |                   |
| • Property, plant and equipment                                                                                                                                                                                                                           | 479 989 322       | 572 412 192       |
| <b>Total capital commitments</b>                                                                                                                                                                                                                          |                   |                   |
| Already contracted for but not provided for                                                                                                                                                                                                               | 479 989 322       | 572 412 192       |
| The Municipality has entered into various contracts for capital infrastructure projects that are expected to be completed in future. All commitments disclosed are VAT inclusive.                                                                         |                   |                   |
| <b>Operating leases - as lessee (expense)</b>                                                                                                                                                                                                             |                   |                   |
| <b>Minimum lease payments due</b>                                                                                                                                                                                                                         |                   |                   |
| - within one year                                                                                                                                                                                                                                         | 995 819           | 227 506           |
| - in second to fifth year inclusive                                                                                                                                                                                                                       | 3 425 561         | 525 539           |
| - later than five years                                                                                                                                                                                                                                   | 7 363 946         | -                 |
|                                                                                                                                                                                                                                                           | <b>11 785 326</b> | <b>753 045</b>    |
| Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. |                   |                   |
| <b>Rental expenses relating to operating leases</b>                                                                                                                                                                                                       |                   |                   |
| Minimum lease payments                                                                                                                                                                                                                                    | 708 862           | -                 |
| Lease payments were for two lease agreements                                                                                                                                                                                                              |                   |                   |
| <b>41. Water losses</b>                                                                                                                                                                                                                                   |                   |                   |
| Unavoidable annual real losses                                                                                                                                                                                                                            | 233 952 719       | 299 837 843       |
| <b>Water loss volumes</b>                                                                                                                                                                                                                                 |                   |                   |
| Units purchased                                                                                                                                                                                                                                           | 19 659 471        | 17 333 846        |
| Units sold                                                                                                                                                                                                                                                | (4 309 764)       | (4 422 152)       |
| Units supplied through water tankers                                                                                                                                                                                                                      | (246 239)         | (375 874)         |
|                                                                                                                                                                                                                                                           | <b>15 103 468</b> | <b>12 535 820</b> |
| <b>Water loss percentage %</b>                                                                                                                                                                                                                            |                   |                   |
| Technical losses                                                                                                                                                                                                                                          | 77 %              | 72 %              |

Zululand District Municipality produces water for both urban and rural areas. The Municipality currently has mainly urban areas on their billing system. The remaining rural areas being mainly indigent, water is supplied through subsidised schemes, hence the contributing factor to water loss not falling within the norm of 15-30%, due to the difference between consumers who qualified to be billed versus households that do not fall into this category, and water that is produced for both rural and urban areas. In addition other contributing factors are water leaks, illegal connections and aging infrastructure.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                     | 2022 | 2021             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------|
| <b>42. Contingencies</b>                                                                                                                                            |      |                  |
| <b>Year 2022</b>                                                                                                                                                    |      |                  |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Matter between Zululand District Municipality // SL Mazibuko: Labour Court Reveiw. (The prospects of succeeding with the review application are reasonable)         |      | 50 000           |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // MEC COGTA (Exco Composition) (The Municipality has good prospects of opposing this application)                                   |      | 1 000 000        |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // MEC COGTA and others (Review Report) (reasonable prospects of success)                                                             |      | 2 000 000        |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // Moteko Construction (Plaintiff has not yet set the matter down for trial)                                                         |      | 800 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // ESKOM Holding SOC (A plea has been filed and ESKOM has not taken the matter further)                                              |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand Disctrict Municipality // ROCLA (This matter is still to be argued but should be referred to arbitration per the contract)                                 |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Pongolo local municipality (reasonable prospects of success)                                                                       |      | 300 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Mr Mavundla & Mr Nkosi (The matter has been adjourned sine die)                                                                    |      | 350 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // Department of Water Affairs (The Minister of water and sanitation is pushing this matter to trial despite attempts at settlement.) |      | 2 000 000        |
|                                                                                                                                                                     |      | <b>7 500 000</b> |
| <b>Year 2021</b>                                                                                                                                                    |      |                  |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Matter between Zululand District Municipality // SB Nkosi: Labour Court Reveiw.                                                                                     |      | 70 000           |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // SB Nkosi Bargaining Council Arbitration.                                                                                          |      | 280 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Mnicipality // COGTA                                                                                                                              |      | 400 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // Moteko Construction                                                                                                               |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Zululand District Municipality // ESKOM Holding SOC                                                                                                                 |      | 500 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
| Mtanami Projects // Zululand Disctrict Municipality                                                                                                                 |      | 250 000          |
| <b>Litigation</b>                                                                                                                                                   |      |                  |
|                                                                                                                                                                     |      | <b>2 000 000</b> |



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 43. Risk management

#### Financial risk management

Financial risk management The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risks include interest rate and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. The municipality does not enter or trade financial instruments for speculative purposes. .

#### Revenue

On assessment of the outstanding debtors material impairment was noted as most customers are a subject of indigent verification.

#### Expenses

Due to increased expectation for access to better hygiene practices, water as the core service delivery mandate of the municipality, must reach communities at an increased volume.

Therefore intervention through grant reprioritisation is seen as the solution. The diverting of grants for capital projects to support operations and operation expenditure. This has a possibility of sustained expectation.

#### Assets

There is no indication that an impairment loss has been incurred on assets except for the ones already recognised in the statement of financial performance.

#### Liabilities

There are no promises, commitments or obligations that have been made that requires to determine whether a liability exist at the reporting date or whether disclosure is needed in the notes to the financial statement.

#### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputations.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met. The municipality has agreed to a payment plan with the respective creditor to settle its non-current liabilities.

#### Capital risk management

The capital structure of the municipality consists of accumulated surplus as disclosed in the statement of changes in net assets.

#### Gearing ratio

The gearing ratio is nil since the municipality does not have long term liabilities.

### 44. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of 4 340 844 253 and that the municipality's total assets exceed its liabilities by 4 340 844 253.

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

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2022         | 2021         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>44. Going concern (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |              |              |
| The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |              |
| <ul style="list-style-type: none"><li>• The municipality is operating at a net asset position.</li><li>• There are no fixed term borrowings.</li><li>• There is no indication of withdrawals of support from creditors.</li><li>• The Municipality is not operating at an overdraft facility.</li><li>• 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. Norm ratio is 2:1.</li><li>• The municipality has resulted to surplus for the current financial year and there is no significant deterioration in the value of assets used to generate cash flows.</li><li>• The municipality is still able to pay its creditors as they become due.</li><li>• National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.</li><li>• There is no labour difficulties that will render the Municipality dysfunctional.</li><li>• There are no material pending legal claims that may render municipality dysfunctional.</li><li>• There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.</li><li>• The Municipal budget was assessed as unfunded and the municipality adopted a budget funding plan.</li></ul> |              |              |
| <b>45. Additional disclosure in terms of Municipal Finance Management Act</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |              |
| <b>Contributions to organised local government</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2 394 670    | 2 188 977    |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (2 394 670)  | (2 188 977)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>Audit fees</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3 796 899    | 4 467 072    |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (3 796 899)  | (4 467 072)  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>PAYE and UIF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 38 055 068   | 34 311 053   |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (38 055 068) | (34 311 053) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |
| <b>Pension and Medical Aid Deductions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |              |              |
| Current year subscription / fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 46 284 956   | 50 302 423   |
| Amount paid - current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | (46 284 956) | (50 302 423) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -            | -            |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 45. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

| 30 June 2022       | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total        |
|--------------------|-------------------------------------|-------------------------------------|--------------|
| Cllr. Nkwanyana SE | 491                                 | -                                   | 491          |
| 30 June 2021       | Outstanding<br>less than 90<br>days | Outstanding<br>more than 90<br>days | Total        |
| Cllr Mkhize T K    | 1 074                               | 306                                 | 1 380        |
| Cllr Nkwanyana S E | 365                                 | -                                   | 365          |
|                    | <b>1 439</b>                        | <b>306</b>                          | <b>1 745</b> |

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

### 46. Budget differences

#### Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to the annual report.

#### Differences between budget and actual amounts are basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Variance is calculated by subtracting actual expenditure from budget

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                           | 2022          | 2021          |                 |           |                                                                                                                                               |
|-------------------------------------------|---------------|---------------|-----------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>46. Budget differences (continued)</b> |               |               |                 |           |                                                                                                                                               |
| <b>Details</b>                            | <b>Budget</b> | <b>Actual</b> | <b>Variance</b> | <b>%</b>  | <b>Comments</b>                                                                                                                               |
|                                           |               |               |                 | - %       |                                                                                                                                               |
| Services charges                          | 54 491 025    | 50 999 303    | (3 491 722)     | (6.00)%   | The municipality has corrected the billing from average to correct billing after installation of meters                                       |
| Rental of facilities                      | 183 486       | 195 241       | 11 755          | 6.00 %    | The amendment on the rental was done during the year                                                                                          |
| Interest on receivables                   | 85 000        | 287 762       | 202 762         | 239.00 %  | This interest is charged on the businesses with outstanding amounts                                                                           |
| Licences and permits                      | 10 000        | -             | (10 000)        | (100.00)% | No licences were issued during the year                                                                                                       |
| Other income                              | 625 489       | 1 084 948     | 459 459         | 73.00 %   | There has been increase in tender sales and skills levy refund                                                                                |
| Investments revenue                       | 6 000 000     | 3 705 403     | (2 294 597)     | (38.00)%  | This depends on the availability of funds that were not immediately required to settle payment and invested to call account or 32 day deposit |
| Government grants and subsidies           | 1 155 668 444 | 1 149 226 650 | (6 441 794)     | (1.00)%   | The MSIG and unspent make up the difference. MSIG was not received as gazetted.                                                               |
| Public contributions and donations        | -             | 24 307 385    | 24 307 385      | 100.00 %  | The municipality received the in-kind assets donated by KZN Provincial treasury                                                               |
| Fines and penalties                       | 48 000        | 208 783       | 160 783         | 335.00 %  | This is charged depending on the number illegal connections and reconnection                                                                  |
| Employee related costs                    | (255 269 182) | (263 669 250) | (8 400 067)     | (3.00)%   | Increase on standby allowance and overtime claims                                                                                             |
| Remuneration of councillors               | (9 037 323)   | (8 616 470)   | 420 854         | (5.00)%   | new councillors were inaugurated and savings were realised because of change in remuneration scales                                           |
| Depreciation                              | (70 603 209)  | (94 341 783)  | (23 738 574)    | 34.00 %   | The asset transferred from WIP to completed assets were above R500 million and started to depreciate and extended above budget                |
| Finance cost                              | -             | (398 515)     | (398 515)       | (100.00)% | These are interest resulting from lease liability and ESKOM accounts                                                                          |
| Debt impairment                           | (9 000 000)   | (19 677 454)  | (10 677 454)    | 119.00 %  | This depend on the actual debtors as at the end of the financial year and is above the financial year                                         |
| Bad debts written off                     | -             | (323 376)     | (323 376)       | (100.00)% | The council has written off the long outstanding debtors                                                                                      |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                           |                    |                    |                      | 2022      | 2021                                                                                                                           |
|-------------------------------------------|--------------------|--------------------|----------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>46. Budget differences (continued)</b> |                    |                    |                      |           |                                                                                                                                |
| Bulk purchases                            | -                  | (13 988 438)       | (13 988 438)         | 100.00 %  | Budget for bulk purchases is included under Inventory consumed                                                                 |
| Contracted services                       | (197 220 741)      | (318 039 519)      | (120 818 778)        | 61.00 %   | The contracted services comprises of expenditure funded from capital grants which do not qualify to be capitalised             |
| Transfers and Subsidies                   | (11 495 634)       | (11 295 134)       | 200 500              | (2.00)%   | Transfers and Subsidies expenditure depend on the LED and poverty alleviation initiatives taken by the municipality.           |
| Inventory consumed                        | (26 142 368)       | (8 034 212)        | 18 108 156           | (69.00)%  | This include Consumable stores ,water inventory and Materials and supplies                                                     |
| General expenditure                       | (110 442 016)      | (131 177 686)      | (20 735 670)         | 19.00 %   | There has been overspending on compelling items such as ESKOM, Hiring of plant and machinery, data and software renewals kills |
| (Loss) gain on disposal                   | -                  | (95 073)           | (95 073)             | (100.00)% | Budget for (Loss) gain on disposal was not allocated                                                                           |
| Actuarial (losses) gains                  | -                  | (2 532 143)        | (2 532 143)          | (100.00)% | Budget for actuarial losses was not allocated                                                                                  |
| Impairment loss                           | -                  | (6 777 432)        | (6 777 432)          | (100.00)% | Budget for Impairment loss was not allocated                                                                                   |
| Gain from non-exchange transactions       | -                  | 40 000             | 40 000               | 100.00 %  | Budget for Gain from non-exchange transactions was not allocated                                                               |
|                                           | <b>527 900 971</b> | <b>351 088 990</b> | <b>(176 811 979)</b> |           |                                                                                                                                |

### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details refer to annual report.

### 47. Unauthorised expenditure

|                                        |                    |                    |
|----------------------------------------|--------------------|--------------------|
| Opening balance as previously reported | 127 661 348        | -                  |
| Add: Expenditure identified - current  | 127 448 321        | 127 661 348        |
| Less: Amount authorised - current      | (127 661 348)      | -                  |
| <b>Closing balance</b>                 | <b>127 448 321</b> | <b>127 661 348</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                   | 2022              | 2021              |
|---------------------------------------------------|-------------------|-------------------|
| <b>47. Unauthorised expenditure (continued)</b>   |                   |                   |
| <b>Analysed as follows: non-cash</b>              |                   |                   |
| Employee related cost                             | 4 904 857         | 7 439 464         |
| Depreciation and amortisation                     | 23 738 574        | 20 614 087        |
| Inventories losses/write-downs                    | -                 | 2 111 495         |
| Loss on disposal of property, plant and equipment | 95 073            | -                 |
| Provision of impairment                           | 10 677 454        | 4 634 983         |
| Actuarial (losses)gains                           | 2 532 143         | -                 |
| Impairment loss                                   | 6 777 432         | 656 322           |
|                                                   | <b>48 725 533</b> | <b>35 456 351</b> |

Unauthorised expenditure was taken to council and authorised / written off, no unauthorised expenditure is under investigation

### 48. Fruitless and wasteful expenditure

|                                                              |                |                |
|--------------------------------------------------------------|----------------|----------------|
| Opening balance as previously reported                       | 437 053        | 1 407 916      |
| Add: Fruitless and wasteful expenditure identified - current | 303 721        | 363 040        |
| Less: Amount written off - current                           | (437 053)      | (1 333 903)    |
| <b>Closing balance</b>                                       | <b>303 721</b> | <b>437 053</b> |

#### Details of fruitless and wasteful expenditure

|                               |                |                |
|-------------------------------|----------------|----------------|
| Interest on overdue accounts  | 303 721        | 74 013         |
| Penalties on overdue accounts | -              | 363 040        |
|                               | <b>303 721</b> | <b>437 053</b> |

#### Amount written-off

After the council committee investigations, council adopted the council committee recommendations to write-off an amount of the total fruitless and wasteful expenditure amount as none of the expenditure attributed to gross negligence.

### 49. Irregular expenditure

|                                           |                   |                   |
|-------------------------------------------|-------------------|-------------------|
| Opening balance as previously reported    | 17 918 070        | 35 711 449        |
| Add: Irregular expenditure - current      | 54 493 484        | 15 258 096        |
| Add: Irregular expenditure - prior period | 4 496 619         | 2 659 974         |
| Less: Amount written off - prior period   | (17 918 070)      | (35 711 449)      |
| <b>Closing balance</b>                    | <b>58 990 103</b> | <b>17 918 070</b> |

#### Incidents/cases identified in the current year include those listed below:

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Non- compliance MSCMR     | 21 096 366        | 17 918 070        |
| Non-compliance with CIDBR | 27 094 494        | -                 |
| Non-compliance with PPPFA | 10 799 243        | -                 |
|                           | <b>58 990 103</b> | <b>17 918 070</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|                                                                                                                                                                                                                                                                                                                                 | 2022       | 2021       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>49. Irregular expenditure (continued)</b>                                                                                                                                                                                                                                                                                    |            |            |
| <b>Cases under investigation</b>                                                                                                                                                                                                                                                                                                |            |            |
| Thursday, 30 June 2022 cases related to non-compliance with procurement process requirements.                                                                                                                                                                                                                                   |            |            |
| 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.                                                                                                       |            |            |
| Municipal Supply Chain Management Regulations (MSCMR)                                                                                                                                                                                                                                                                           | 13 995 316 | -          |
| <b>Amount written-off</b>                                                                                                                                                                                                                                                                                                       |            |            |
| After the council committee investigations, 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.                                                                |            |            |
| <b>50. Deviation from supply chain management regulations</b>                                                                                                                                                                                                                                                                   |            |            |
| Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.                                                                                                        |            |            |
| Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. |            |            |
| <b>Report on approved deviation</b>                                                                                                                                                                                                                                                                                             | 6 006 203  | 21 956 880 |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

|  | 2022 | 2021 |
|--|------|------|
|--|------|------|

### 51. Related parties

Relationships  
Accounting Officer

Refer to accounting officers' report note

#### Remuneration of management

##### Management class: Office bearers

##### 2022

| Name                        | Office bearer allowance | Other Allowences | Total            |
|-----------------------------|-------------------------|------------------|------------------|
| Cllr Buthelezi TD           | 556 859                 | 348 459          | 905 318          |
| Cllr Ndlovu TD              | 390 935                 | 241 950          | 632 885          |
| Cllr Memela DT              | 457 320                 | 277 355          | 734 675          |
| Executive committee Members | 1 297 795               | 697 763          | 1 995 558        |
| Other councillors           | 3 088 504               | 1 259 529        | 4 348 033        |
|                             | <b>5 791 413</b>        | <b>2 825 056</b> | <b>8 616 469</b> |

##### Management class: Executive management

##### 2022

| Name        | Basic salary     | Other short-term employee benefits | Other benefits received | Total            |
|-------------|------------------|------------------------------------|-------------------------|------------------|
| R N Hlongwa | 1 020 330        | 363 528                            | 2 249                   | 1 386 107        |
| PM Manqele  | 1 153 950        | 722 408                            | 2 051                   | 1 878 409        |
| NS Msibi    | -                | 10 345                             | -                       | 10 345           |
| TG Soko     | 148 700          | 31 197                             | 375                     | 180 272          |
| RN Msimango | 223 049          | 37 479                             | 562                     | 261 090          |
| M S Linda   | 892 203          | 298 990                            | 2 249                   | 1 193 442        |
| RTM Gumede  | -                | 10 345                             | -                       | 10 345           |
| S Kheswa    | -                | 70 263                             | -                       | 70 263           |
| SP Mosia    | 798 613          | 280 038                            | 49 536                  | 1 128 187        |
| WJ Jordaan  | 765 247          | 252 034                            | 1 821                   | 1 019 102        |
|             | <b>5 002 092</b> | <b>2 076 627</b>                   | <b>58 843</b>           | <b>7 137 562</b> |

\*Refer to note 27 "Employee related costs"

### 52. Events after the reporting date

There are no events identified after reporting date that warrant disclosure.



# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification

The Reclassification is as a result of implementation of Municipal Standard Charts of Accounts (mSCOA). The reclassification was done to achieve fair presentation of financial statements.

### Statement of Financial Position

|                                                        | Audited              | Prior year<br>adjustments | Reclassifying<br>adjustments | Restated             |
|--------------------------------------------------------|----------------------|---------------------------|------------------------------|----------------------|
| Note(s)                                                |                      |                           |                              |                      |
| <b>Assets</b>                                          |                      |                           |                              |                      |
| <b>Current Assets</b>                                  |                      |                           |                              |                      |
| Cash and cash equivalents                              | 20 058 248           | -                         | -                            | 20 058 248           |
| Trade Receivables from exchange transactions           | 37 798 062           | 118 665                   | 128 663                      | 38 045 390           |
| Receivables from exchange transactions                 | 1 831 632            | -                         | (649 809)                    | 1 181 823            |
| Receivables from non-exchange transactions             | 6 531 985            | -                         | 1 673 467                    | 8 205 452            |
| VAT Receivable                                         | 4 364 174            | 19 948 466                | -                            | 24 312 640           |
| Inventories                                            | 4 140 345            | -                         | -                            | 4 140 345            |
| Non current receivables from non-exchange transactions | 1 152 321            | -                         | (1 152 321)                  | -                    |
|                                                        | <b>75 876 767</b>    | <b>20 067 131</b>         | <b>-</b>                     | <b>95 943 898</b>    |
| <b>Non-Current Assets</b>                              |                      |                           |                              |                      |
| Other receivables from exchange transactions           | 16 302 248           | -                         | -                            | 16 302 248           |
| Property, plant and equipment                          | 4 187 853 126        | 4 225 928                 | -                            | 4 192 079 054        |
| Heritage assets                                        | 1 212 635            | -                         | -                            | 1 212 635            |
| Intangible assets                                      | 31 999               | -                         | -                            | 31 999               |
|                                                        | <b>4 205 400 008</b> | <b>4 225 928</b>          | <b>-</b>                     | <b>4 209 625 936</b> |
| <b>Total Assets</b>                                    | <b>4 281 276 775</b> | <b>24 293 059</b>         | <b>-</b>                     | <b>4 305 569 834</b> |
| <b>Liabilities</b>                                     |                      |                           |                              |                      |
| <b>Current Liabilities</b>                             |                      |                           |                              |                      |
| Payables from exchange transactions                    | 210 356 577          | 42 036 352                | -                            | 252 392 929          |
| Consumer deposits                                      | 3 633 124            | -                         | -                            | 3 633 124            |
| Taxes and transfers payable (non-exchange)             | 81 137               | -                         | -                            | 81 137               |
| Unspent conditional grants and receipts                | 2 290 444            | -                         | -                            | 2 290 444            |
| Employee benefit obligation (Medical Aid)              | 249 000              | -                         | -                            | 249 000              |
| Employee benefit obligation (Long Service Award)       | 1 506 000            | -                         | -                            | 1 506 000            |
|                                                        | <b>218 116 282</b>   | <b>42 036 352</b>         | <b>-</b>                     | <b>260 152 634</b>   |
| <b>Non-Current Liabilities</b>                         |                      |                           |                              |                      |
| Payables from exchange transactions                    | 21 757 945           | -                         | -                            | 21 757 945           |
| Employee benefit obligation (Medical Aid)              | 22 289 000           | -                         | -                            | 22 289 000           |
| Employee benefit obligation (Long Service Award)       | 11 615 000           | -                         | -                            | 11 615 000           |
|                                                        | <b>55 661 945</b>    | <b>-</b>                  | <b>-</b>                     | <b>55 661 945</b>    |
| <b>Total Liabilities</b>                               | <b>273 778 227</b>   | <b>42 036 352</b>         | <b>-</b>                     | <b>315 814 579</b>   |
| <b>Net Assets</b>                                      | <b>4 007 498 548</b> | <b>(17 743 293)</b>       | <b>-</b>                     | <b>3 989 755 255</b> |
| <b>Net Assets</b>                                      |                      |                           |                              |                      |
| Accumulated surplus                                    | 4 007 498 541        | (17 743 293)              | -                            | 3 989 755 248        |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.1 Trade Receivables from exchange transactions

|                                                                    |                   |
|--------------------------------------------------------------------|-------------------|
| Balance previously reported                                        | 37 798 062        |
| Reclassification from other receivables from exchange transactions | 128 663           |
| Correction of prior period error - recognition of unbilled debtors | 118 665           |
|                                                                    | <b>38 045 390</b> |

Reclassification from Receivables from exchange transactions, recognition of debtor not billed.

#### 53.2 Receivables from exchange transactions

|                                                                  |                  |
|------------------------------------------------------------------|------------------|
| Balance previously reported                                      | 1 831 632        |
| Prepaid expenses                                                 | 1 152 321        |
| Recoverable fruitless and wasteful expenditure                   | (1 333 903)      |
| Debtor: Accrued Income                                           | (282 900)        |
| Debtor: Under/Over Banking                                       | (4 230)          |
| Debtor: Debit orders Absa                                        | (3 950)          |
| Debtor: Tracker - Cost                                           | (134 248)        |
| Debtor: Tracker - Impairment                                     | 134 248          |
| Debtor: World Focus - Cost                                       | (284 241)        |
| Debtor: World Focus - Impairment                                 | 284 241          |
| Debtor BP Drakensburg - Cost                                     | (136 888)        |
| Debtor BP Drakensburg - Impairment                               | 136 888          |
| Debtor: SAMWUMED                                                 | (9 050)          |
| Debtor: Accrued Interest                                         | (39 434)         |
| Reclassification to Trade receivables from exchange transactions | (128 663)        |
|                                                                  | <b>1 181 823</b> |

Merging Receivable from exchange transactions with other Receivables from exchange transactions, Reclassification of Receivables from exchange transactions to Receivables from non-exchange transactions (mSCOA classification alignment).  
Reclassification to trade receivables from exchange transactions due to MSCOA alignment.

#### 53.3 Receivables from non-exchange transactions

|                                                |                   |
|------------------------------------------------|-------------------|
| Balance previously reported                    | 22 834 234        |
| Recoverable fruitless and wasteful expenditure | 1 333 903         |
| Debtor: Accrued Income                         | 282 900           |
| Debtor: Under/Over Banking                     | 4 230             |
| Debtor: Debit orders Absa                      | 3 950             |
| Debtor: Tracker - Cost                         | 134 248           |
| Debtor: Tracker - Impairment                   | (134 248)         |
| Debtor: World Focus - Cost                     | 284 241           |
| Debtor: World Focus - Impairment               | (284 241)         |
| Debtor BP Drakensburg - Cost                   | 136 888           |
| Debtor BP Drakensburg - Impairment             | (136 888)         |
| Debtor: SAMWUMED                               | 9 050             |
| Debtor: Accrued Interest                       | 39 434            |
|                                                | <b>24 507 701</b> |

Reclassification of Receivables from exchange transactions to Receivables from non-exchange transactions (mSCOA classification alignment).

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.4 Non current receivables from non-exchange transactions

|                             |             |
|-----------------------------|-------------|
| Balance previously reported | 1 152 321   |
| Prepaid expenses            | (1 152 321) |
|                             | <u>-</u>    |

Merging Receivable from exchange transactions with other Receivables from exchange transactions.

#### 53.5 VAT Receivable

|                                                                                          |                   |
|------------------------------------------------------------------------------------------|-------------------|
| Balance previously reported                                                              | 4 364 174         |
| Correction of prior error payments paid in current year instead of prior year            | 5 473 224         |
| Correction of prior period error - Recognition of Output VAT Impairment                  | 14 505 990        |
| Correction of prior period error - Recognition of Output VAT on Unbilled debtors         | (15 077)          |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 671)          |
|                                                                                          | <u>24 312 640</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021. Output VAT prior period adjustment for water and sanitation debtors. Correction of prior error Recognition of output VAT on unbilled debtors, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

#### 53.6 Property, plant and equipment

|                                                    |                      |
|----------------------------------------------------|----------------------|
| Balance previously reported                        | 4 187 853 126        |
| Correction of prior error assets fully depreciated | 4 225 928            |
|                                                    | <u>4 192 079 054</u> |

Correction of prior error assets fully depreciated

#### 53.7 Payables from exchange transactions

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| Balance previously reported                                                   | 210 356 577        |
| Correction of prior error payments paid in current year instead of prior year | 42 036 352         |
|                                                                               | <u>252 392 929</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021. Correction of prior error payments paid in current year instead of prior year.

#### 53.8 Accumulated surplus

|                                                                                          |                      |
|------------------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                              | 4 007 498 541        |
| Correction of prior error payments paid in current year instead of prior year            | (36 563 129)         |
| Correction of prior error assets fully depreciated                                       | 4 225 929            |
| Correction of prior period error - Recognition of Output VAT Impairment                  | 14 505 991           |
| Correction of prior period error - Recognition of Unbilled Revenue                       | 103 588              |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 672)             |
|                                                                                          | <u>3 989 755 248</u> |

Prior period adjustments relating to receivables from exchange transactions. Prior period error relate to payments that were allocated in 2122 instead of 2021. Correction of prior error assets fully depreciated. Correction of prior period error - Recognition of Output VAT Impairment. Correction of prior period error - recognition of unbilled Revenue, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification (continued)

#### Statement of Financial Performance

|                                                           | Audited              | Prior year<br>adjustments | Reclassifying<br>adjustments | Restated             |
|-----------------------------------------------------------|----------------------|---------------------------|------------------------------|----------------------|
| Note(s)                                                   |                      |                           |                              |                      |
| <b>Revenue</b>                                            |                      |                           |                              |                      |
| <b>Revenue from exchange transactions</b>                 |                      |                           |                              |                      |
| Service charges                                           | 52 764 917           | 87 916                    | -                            | 52 852 833           |
| Rental of facilities                                      | 179 242              | -                         | -                            | 179 242              |
| Interest on receivables                                   | 29 451               | -                         | -                            | 29 451               |
| Other operating revenue                                   | 671 929              | -                         | -                            | 671 929              |
| Investment revenue                                        | 3 225 646            | -                         | -                            | 3 225 646            |
| <b>Total revenue from exchange transactions</b>           | <b>56 871 185</b>    | <b>87 916</b>             | <b>-</b>                     | <b>56 959 101</b>    |
| <b>Revenue from non-exchange transactions</b>             |                      |                           |                              |                      |
| <b>Transfer revenue</b>                                   |                      |                           |                              |                      |
| Government grants and subsidies                           | 1 024 569 556        | -                         | -                            | 1 024 569 556        |
| Fines, Penalties and Forfeits                             | 7 542 893            | -                         | -                            | 7 542 893            |
| <b>Total revenue from non-exchange transactions</b>       | <b>1 032 112 449</b> | <b>-</b>                  | <b>-</b>                     | <b>1 032 112 449</b> |
| <b>Total revenue</b>                                      | <b>1 088 983 634</b> | <b>87 916</b>             | <b>-</b>                     | <b>1 089 071 550</b> |
| <b>Expenditure</b>                                        |                      |                           |                              |                      |
| Employee related costs                                    | (234 513 875)        | -                         | (7 439 464)                  | (241 953 339)        |
| Remuneration of councillors                               | (8 488 687)          | -                         | -                            | (8 488 687)          |
| Employee benefit                                          | (7 439 464)          | -                         | 7 439 464                    | -                    |
| Depreciation, amortisation and impairments                | (83 499 781)         | 4 225 930                 | -                            | (79 273 851)         |
| Debt impairment                                           | (9 053 913)          | 14 505 991                | -                            | 5 452 078            |
| Bad debts written off                                     | (4 634 983)          | -                         | -                            | (4 634 983)          |
| Contracted services                                       | (294 417 318)        | (25 250 415)              | (89 188)                     | (319 756 921)        |
| Transfers and subsidies                                   | (12 890 845)         | -                         | -                            | (12 890 845)         |
| Collection costs                                          | (89 188)             | -                         | 89 188                       | -                    |
| Inventory consumed                                        | (10 268 195)         | -                         | -                            | (10 268 195)         |
| Bulk purchases                                            | (24 567 195)         | (10 528 042)              | -                            | (35 095 237)         |
| Lease rental                                              | (372 478)            | -                         | 372 478                      | -                    |
| General Expenses                                          | (112 724 802)        | (784 674)                 | (372 478)                    | (113 881 954)        |
| <b>Total expenditure</b>                                  | <b>(802 960 724)</b> | <b>(17 831 210)</b>       | <b>-</b>                     | <b>(820 791 934)</b> |
| <b>Operating surplus</b>                                  | <b>286 022 910</b>   | <b>(17 743 294)</b>       | <b>-</b>                     | <b>268 279 616</b>   |
| Gain on disposal of assets and liabilities                | 47 017               | -                         | -                            | 47 017               |
| Impairment loss                                           | (656 322)            | -                         | -                            | (656 322)            |
| Gain from non-exchange transactions                       | 201 670              | -                         | -                            | 201 670              |
| Inventories (losses/write-downs)/ reversal of write downs | (2 111 495)          | -                         | -                            | (2 111 495)          |
| Actuarial gains/losses                                    | 19 621 325           | -                         | -                            | 19 621 325           |
|                                                           | <b>17 102 195</b>    | <b>-</b>                  | <b>-</b>                     | <b>17 102 195</b>    |
| <b>Surplus for the year</b>                               | <b>303 125 105</b>   | <b>(17 743 294)</b>       | <b>-</b>                     | <b>285 381 811</b>   |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.9 Service charges

|                                                                                          |                   |
|------------------------------------------------------------------------------------------|-------------------|
| Balance previously reported                                                              | 52 764 917        |
| Correction of prior period error - Recognition of Unbilled Revenue                       | 103 588           |
| Correction of prior period error - Output VAT not recognised on sale of water to clinics | (15 672)          |
|                                                                                          | <u>52 852 833</u> |

Correction of prior period error - Recognition of Unbilled Revenue, Correction of prior period error - Output VAT not recognised on sale of water to clinics.

#### 53.10 Employee related costs

|                                        |                      |
|----------------------------------------|----------------------|
| Balance previously reported            | (234 513 875)        |
| Reclassification from Employee benefit | (7 439 464)          |
|                                        | <u>(241 953 339)</u> |

Reclassification of employee benefit to employee related cost (mSCOA classification alignment).

#### 53.11 Employee benefits

|                                           |             |
|-------------------------------------------|-------------|
| Balance previously reported               | (7 439 464) |
| Reclassification to employee related cost | 7 439 464   |
|                                           | <u>-</u>    |

Reclassification of employee benefit to employee related cost (mSCOA classification alignment).

#### 53.12 Depreciation, amortisation and Impairments

|                                                    |                     |
|----------------------------------------------------|---------------------|
| Balance previously reported                        | (83 499 781)        |
| Correction of prior error assets fully depreciated | 4 225 930           |
|                                                    | <u>(79 273 851)</u> |

Correction of prior error assets fully depreciated

#### 53.13 Debt impairment

|                                                                         |                  |
|-------------------------------------------------------------------------|------------------|
| Balance previously reported                                             | (9 053 913)      |
| Correction of prior period error - Recognition of Output VAT Impairment | 14 505 991       |
|                                                                         | <u>5 452 078</u> |

Correction of prior period error - Recognition of Output VAT Impairment

#### 53.14 Collection costs

|                                         |          |
|-----------------------------------------|----------|
| Balance previously reported             | 89 188   |
| Reclassification to contracted services | (89 188) |
|                                         | <u>-</u> |

Reclassification of collection cost to Contracted services (mSCOA reclassification alignment)

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.15 Bulk purchases

|                                                                               |                     |
|-------------------------------------------------------------------------------|---------------------|
| Balance previously reported                                                   | (24 567 195)        |
| Correction of prior error payments paid in current year instead of prior year | (10 528 042)        |
|                                                                               | <u>(35 095 237)</u> |

Prior period error relate to payments that were allocated in 2122 instead of 2021

#### 53.16 Contracted services

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                   | (294 417 318)        |
| Reclassification from collection cost                                         | (89 188)             |
| Correction of prior error payments paid in current year instead of prior year | (25 250 415)         |
|                                                                               | <u>(319 756 921)</u> |

Reclassification of collection cost to contracted services (mSCOA reclassification alignment). Prior period error relate to payments that were allocated in 2122 instead of 2021

#### 53.17 Lease rentals on operating lease

|                                      |           |
|--------------------------------------|-----------|
| Balance previously reported          | (372 478) |
| Reclassification to general expenses | 372 478   |
|                                      | <u>-</u>  |

Reclassification of Operating leases to General expenses (mSCOA reclassification alignment).

#### 53.18 General Expenses

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Balance previously reported                                                   | (112 724 802)        |
| Reclassification from operating lease                                         | (372 478)            |
| Correction of prior error payments paid in current year instead of prior year | (784 674)            |
|                                                                               | <u>(113 881 954)</u> |

Reclassification of Operating leases to General expenses (mSCOA reclassification alignment). Prior period error relate to payments that were allocated in 2122 instead of 2021.

### 54. Segment information

#### General information

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 54. (continued)

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and public safety, Economic and environmental services and Trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

#### 2022

|                                                 | Community and public safety | Economic and environmental services | Trading services     | Unallocated          | Total                |
|-------------------------------------------------|-----------------------------|-------------------------------------|----------------------|----------------------|----------------------|
| <b>Segment revenue</b>                          |                             |                                     |                      |                      |                      |
| External revenue from non-exchange transactions | 2 011 000                   | 9 605 526                           | 635 653 705          | 526 472 589          | 1 173 742 820        |
| External revenue from exchange transactions     | -                           | -                                   | 51 287 064           | 1 280 188            | 52 567 252           |
| Interest revenue                                | -                           | -                                   | -                    | 3 705 403            | 3 705 403            |
| <b>Total</b>                                    | <b>2 011 000</b>            | <b>9 605 526</b>                    | <b>686 940 769</b>   | <b>531 458 180</b>   | <b>1 230 015 475</b> |
| <b>Segment expenses</b>                         |                             |                                     |                      |                      |                      |
| Total segment expenses                          | (24 611 163)                | (24 398 816)                        | (471 850 790)        | (253 960 764)        | (774 821 533)        |
| Depreciation and amortisation                   | (185 245)                   | (103 462)                           | (87 642 274)         | (6 410 802)          | (94 341 783)         |
| Interest expense                                | -                           | -                                   | -                    | (398 515)            | (398 515)            |
| <b>Total</b>                                    | <b>(24 796 408)</b>         | <b>(24 502 278)</b>                 | <b>(559 493 064)</b> | <b>(260 770 081)</b> | <b>(869 561 831)</b> |
| <b>Surplus for the year</b>                     | <b>(22 785 408)</b>         | <b>(14 896 752)</b>                 | <b>127 447 705</b>   | <b>270 688 099</b>   | <b>360 453 644</b>   |
| <b>Other information</b>                        |                             |                                     |                      |                      |                      |
| Segment assets                                  | 398 774                     | 22 397 484                          | 4 562 291 517        | 148 605 639          | 4 733 693 414        |
| Segment liabilities                             | -                           | (768 977)                           | (2 642 118)          | (389 438 062)        | (392 849 157)        |
| Total capital expenditure                       | 485 413                     | 6 965 198                           | 464 144 412          | 13 257 855           | 484 852 878          |

#### 2021

|                                                 | Community and public safety | Economic and environmental services | Trading services   | Unallocated        | Total                |
|-------------------------------------------------|-----------------------------|-------------------------------------|--------------------|--------------------|----------------------|
| <b>Segment revenue</b>                          |                             |                                     |                    |                    |                      |
| External revenue from non-exchange transactions | 1 911 000                   | 6 203 680                           | 449 804 691        | 574 193 078        | 1 032 112 449        |
| External revenue from exchange transactions     | 10 000                      | -                                   | 52 794 368         | 361 414            | 53 165 782           |
| Interest revenue                                | -                           | -                                   | -                  | 3 705 403          | 3 705 403            |
| <b>Total</b>                                    | <b>1 921 000</b>            | <b>6 203 680</b>                    | <b>502 599 059</b> | <b>578 259 895</b> | <b>1 088 983 634</b> |

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 54. (continued)

#### Segment expenses

|                               |                     |                     |                      |                      |                      |
|-------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Total segment expenses        | (18 284 843)        | (19 780 786)        | (457 619 758)        | (229 466 568)        | (725 151 955)        |
| Depreciation and amortisation | (120 270)           | (108 098)           | (77 849 040)         | (5 422 373)          | (83 499 781)         |
| <b>Total</b>                  | <b>(18 405 113)</b> | <b>(19 888 884)</b> | <b>(535 468 798)</b> | <b>(234 888 941)</b> | <b>(808 651 736)</b> |
| <b>Surplus for the year</b>   | <b>(16 484 113)</b> | <b>(13 685 204)</b> | <b>(32 869 739)</b>  | <b>343 370 954</b>   | <b>280 331 898</b>   |

#### Other information

|                           |          |            |               |               |               |
|---------------------------|----------|------------|---------------|---------------|---------------|
| Segment assets            | (43 719) | 15 524 317 | 4 128 407 666 | 137 388 513   | 4 281 276 777 |
| Segment liabilities       | -        | -          | (2 497 886)   | (271 280 341) | (273 778 227) |
| Total capital expenditure | 547 040  | 3 322 330  | 333 170 749   | 4 415 721     | 341 455 840   |



# Zululand District Municipality

Audit report for the year ending  
30 June 2022

# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council of the Zululand District Municipality

## Report on the audit of the financial statements

### Opinion

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

### Basis for opinion

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

### Emphasis of matters

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

### Restatement of corresponding figures

7. 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**

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

### **Material water losses**

9. As disclosed in note 41 to the financial statements, material water losses of R233,95 million (2020-21: R299,84 million) was incurred, which represented 77% (2020-21: 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.

### **Other matter**

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

### **Unaudited disclosure notes**

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

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

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

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

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



15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

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

### Other matter

21. I draw attention to the matters below.

### Achievement of planned targets

22. Refer to the annual performance report on page xx for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the *basic service delivery and infrastructure objective*. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

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

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

### Annual financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of debt impairment, contracted services, property plant and equipment, water losses, prior period error and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

### Procurement and contract management

27. Some of the goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(1)(a) and (c).
28. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
29. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
30. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.



31. Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that was adjudicated by the bid adjudication committee as required by SCM regulation 29(1)(a) and (b) and the Preferential Procurement Regulations.
32. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of the bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM regulation 29(5)(b).
33. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to service providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
34. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
35. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and the 2017 Preferential Procurement regulation 11.
36. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.
37. Sufficient appropriate audit evidence could not be obtained that tenders which failed to achieve the minimum qualifying score for functionality were disqualified as unacceptable tenders in accordance with the 2017 Preferential Procurement regulation 5(6).
38. Sufficient appropriate audit evidence could not be obtained that tenders which failed to achieve the minimum qualifying score for functionality were not evaluated further in accordance with the 2017 Preferential Procurement regulation 5(7).
39. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the Construction Industry Development Board (CIDB) Act and CIDB regulations 17 and 25(7A).

#### **Expenditure management**

40. Reasonable steps were not taken to prevent irregular expenditure amounting to R58,99 million as disclosed in note 49 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipal supply chain management and CIDB regulations.
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R127,45 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the budget for contracted services.

## Other information

42. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
43. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
44. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

46. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
47. The accounting officer did not exercise adequate oversight responsibility regarding financial reporting and compliance with legislation. Management did not adequately monitor the procurement checklist and other preventative controls to support credible financial reporting and compliance with legislative requirements.

## Other reports

48. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.



49. The Member of Executive Council for the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs commissioned an independent consulting firm to investigate allegations of maladministration, fraud and corruption at the municipality, which covered the period 1 July 2017 to 30 June 2018. The investigation was conducted in terms of section 106(1)(b) of the Municipal Systems Act (MSA). The municipality applied to the provincial high court for a review of the report where the municipality won this matter. The MEC for COGTA applied for an appeal in this matter. This matter is still in progress at the date of this report.
50. At the request of the municipality, an independent consultant conducted an investigation into allegations regarding the inflation of claims and submission of fraudulent claims for vehicle repairs under an existing contract between Zululand District Municipality and a service provider covering the period from 12 November 2019 until 31 March 2022. The investigation was concluded on 19 April 2022 and resulted in criminal proceedings against one employee who subsequently resigned, as well as the service provider and two of their employees being subjected to further investigation. The recommendations of the investigation were currently in the process of being implemented at the date of this report.

*Auditor-General*

Pietermaritzburg

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

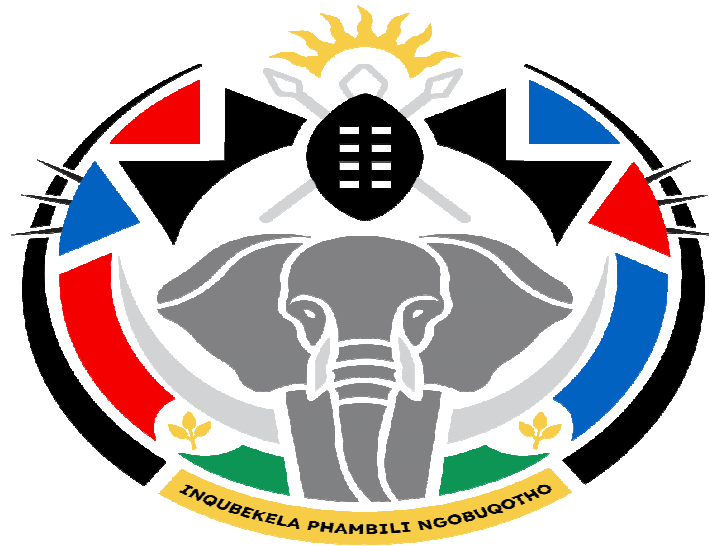
### **Financial statements**

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

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# ZULULAND DISTRICT MUNICIPALITY



## 2021/2022 ANNUAL PERFORMANCE REPORT

***This report is prepared according to section 46 of the Municipal Systems Act.  
The report forms part of the annual report of the Zululand District Municipality***

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## APPROVAL OF THE REPORT

This is to certify that this Annual Performance Report for the 2021/2022 Financial Year has been prepared in accordance with the Municipal Systems Act of 2003 and regulations made under the Act,

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**N.G Mvelase**  
**Deputy General Manager: PMS**

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Date  
and is recommended for approval by:

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**R. N Hlongwa**  
**Municipal Manager**

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Date

## 1. FOREWORD BY HIS WORSHIP THE MAYOR CLLR T.D BUTHELEZI



The Zululand District Municipality is pleased to present the 2021/2022 Annual Performance Report, containing enormous achievements. 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!

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**CLLR T.D. BUTHELEZI**

**HONORABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY**

## 2. FOREWORD BY THE MUNICIPAL MANAGER MR R.N HLONGWA



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 Performance 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.

---

**MR. R.N. HLONGWA**

**MUNICIPAL MANAGER**

### **3. EXECUTIVE SUMMARY**

According to Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998, which 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).

This Zululand District Municipality Annual Performance Report summarizes the Municipality's successes and failures in ensuring that services are provided, as well as that there is economic activity and change within the Zululand community. The Municipality continues to fulfil its obligation to better the lives of the Zululand community's citizens. A strategic management method is the Performance Management System, it is a procedure that assesses how well the organization's development and growth strategy is being carried out. It equips decision-makers at all levels with a set of tools and processes for routinely planning, ongoing supervision, and periodic measurement and review of the Municipality's performance in terms of indicators and targets for efficiency, effectiveness, and economy.

### **4. PURPOSE OF THE REPORT**

In addition to addressing the principles of the constitution, Batho Pele, the white paper on local government, the Municipality Systems Act, and the Municipal Financial Management Act, this report subscribes to the developmental nature of participatory democracy and cooperative governance in South Africa. This Annual Performance Report's major goal is to hold the municipality accountable for its performance to the people of Zululand District Municipality and to show the community how far the municipality has come in enhancing

their quality of life through service delivery. The Zululand communities and other stakeholders will use this report as their primary instrument for evaluating the municipality's performance throughout the fiscal year that concluded in June 2022, as well as for upholding the ideals of transparency and citizen accountability.

## **5. METHODOLOGY**

The Municipal Systems Act (No. 32 of 2000) mandates that municipalities must prepare quarterly, and mid-year reports as required by chapter 9 of the Municipal Systems Act on performance management system in order to monitor and measure the advancement of their performance. In accordance with section 46 of the Municipal Systems Act, these quarterly and mid-year reports are the municipality's yearly performance reports. Together with the Annual Financial Statements, these reports are submitted to the Auditor General of South Africa for auditing. The Department of Cooperative Governance and Traditional Affairs, National and Provincial Treasury, Auditor General, and other pertinent stakeholders must receive the audited performance report after the municipality's council has approved it as part of the annual report.

## **6. LEGISLATIVE MANDATE**

### **6.1 The Constitution of the Republic of South Africa, Act 108 of 1996:**

Section 152(1) of the Constitution prescribes that the objects of local government are:

- (a) To provide democratic and accountable government for local communities;
- (b) To ensure the provision of services to communities in a sustainable manner;
- (c) To promote social and economic development;
- (d) To promote a safe and healthy environment; and

- (e) To encourage the involvement of communities and community organizations in the matters of local government.

Section (152) (2) further states that:

*"A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1)"*

## **6.2 Municipal Systems Act (Act No 32 of 2000)**

Chapter 6 of the Municipal Systems Act, and specifically Sections 38 to 49, deal with organizational performance management. These legislative mandates require of all municipalities to:

- Development of a performance management system;
- Monitoring and review of performance management system;
- Setting of key performance indicators and performance targets,
- Publish an annual report on performance for the benefit of the communities served by the Municipality;
- Incorporate and report on a set of general key performance indicators prescribed nationally by the Minister responsible for local government;
- Auditing of performance measurement both internally and externally;
- Annual reporting on performance.

Chapter 7 of the Municipal Systems Act deals with local public administration and human resources. In particular, section 57 of this Chapter requires that the Municipal Manager and those officials reporting directly to the Municipal Manager (i.e Section 57 employees) sign annual performance agreements. An individual performance plan must be attached to the performance agreement and it must include a set of performance measures that will enable actual performance of individuals to be assessed against planned performance.

### **6.3 Local Government: Municipal Planning and Performance Management Regulations, 2001**

These Regulations were passed by the Minister responsible for local government in terms of Section 49 of the Municipal Systems Act. These Regulations spell out the performance management responsibilities of municipalities in more detail. They deal with:

- The nature of the PMS;
- The adoption of the PMS;
- The setting of key performance indicators;
- The general key performance indicators published by the Minister, which reflect the object of developmental local government;
- The review of key performance indicators;
- Setting of performance targets;
- Monitoring, measurement and review of performance;
- Internal auditing of performance measurements; and
- Community participation.

The regulations further instruct a municipality to ensure that its performance management system:

- Complies with the requirements of the Act;
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance and reporting;
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- Determines the frequency of reporting and the lines of accountability for performance;

- Relates to the municipality's employee performance management processes;
- Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes;
- A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.

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

#### **6.4 Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006:**

These regulations prescribe how the performance of municipal managers and managers' directly accountable to municipal managers must be directed, monitored and improved. The regulations include the following:

- (i) Chapter 2: requirements and provisions of employment contracts;
- (ii) Chapter 3: performance agreements, including prescribed key performance areas (KPA's) and core competency requirements (CCR's);
- (iii) Chapter 4: the content of a job description for municipal managers.

#### **6.5 Municipal Finance Management Act**

In terms of Section 53 (1) of the Municipal Finance Management Act of 2003 (MFMA), the mayor of a municipality must take all reasonable steps to ensure that the municipality's

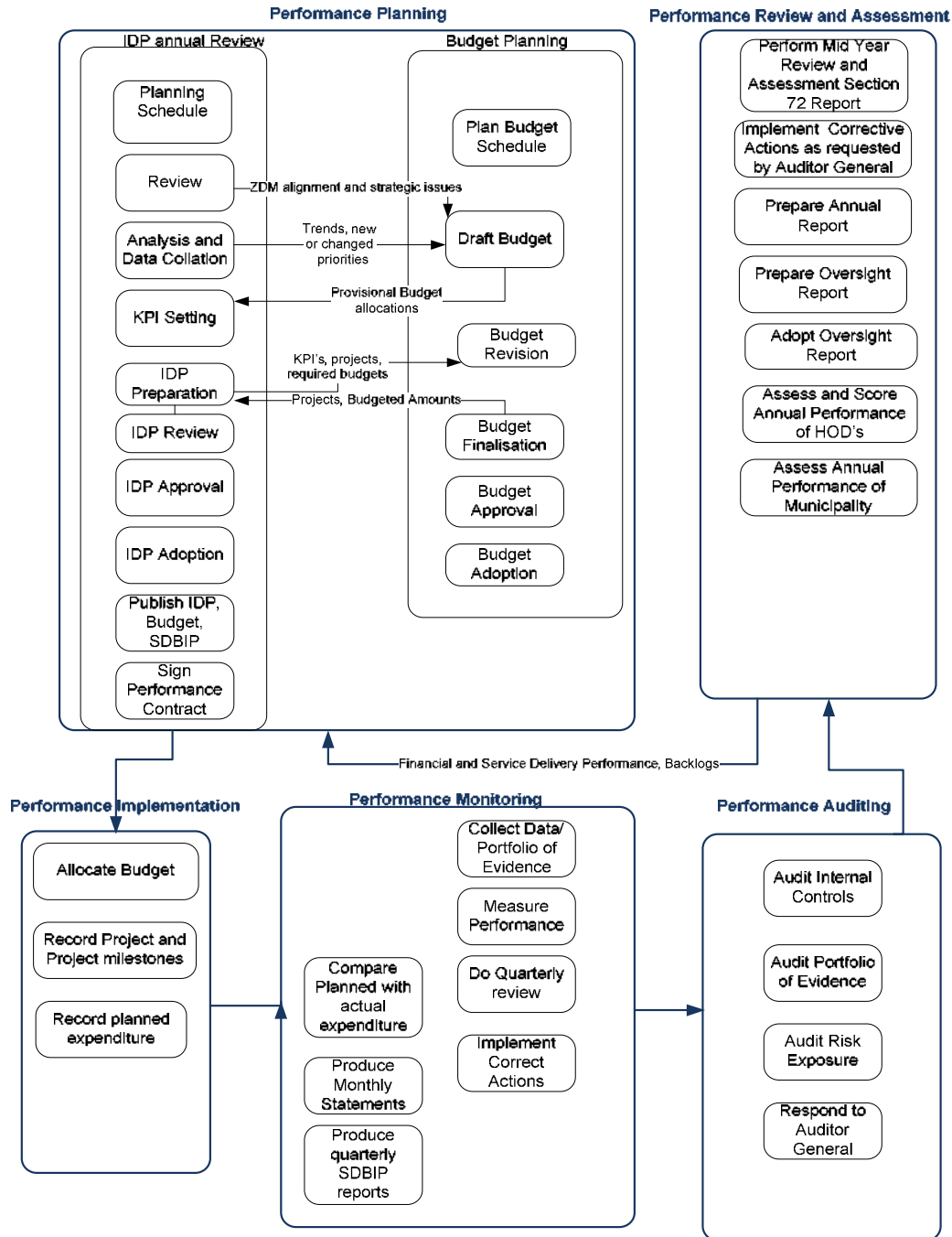
service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

Annual performance agreements as required in terms of section 57(1)(6) of the Municipal Systems Act for the Municipal Manager and all Senior Managers must also be concluded and they must be linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan.

The Service Delivery Budget Implementation Plan (SDBIP) and these performance agreements therefore give effect to the Integrated Development Plan (IDP) and budget of the municipality in ensuring that the execution of the budget, performance of senior management and achievement of the strategic objectives set by the Council are monitored.

The MFMA stipulates general responsibilities of Mayors. Section 52 (d) of the Act requires that a Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the Council on the implementation of the budget and the financial state of affairs of the municipality.

## 7. PERFORMANCE MANAGEMENT PROCESS OVERVIEW





## **8. PERFORMANCE AND SUPPORTING INFORMATION**

This section of the report summarizes Zululand District Municipality's overall performance for the 2021/2022 financial year, which ended on June 30, 2022. It does so by citing the supporting portfolio of evidence that is noted on the Zululand District Municipality scorecard. The report of Performance Management System of Zululand District Municipality has incorporated five (5) National Key Performance Areas and it is in line with the requirements of the Municipal Systems Act of 2000, Section 46 and will therefore:

- highlight and reflect on the overall strategic performance of the municipality for the financial year under review;
- provide factual comparison to the performance of previous financial year;
- provide credible reasons for variances from set targets of all Key Performance Indicators not achieved and;
- most importantly list the corrective actions to be taken to improve performance in the Zululand District Municipality are covered in this report.

## **9. BACKGROUND TO THE MUNICIPAL SCORECARD (Annexure B)**

The organizational scorecard reflects the five national KPAs, local goals, and allows for a more comprehensive study of the performance of the municipality. The organizational scorecard's indicators form the basis of the performance report. The scorecard covers 104 indicators that are related to the strategic IDP goals of the Zululand District Municipality. The Council modified the previously established targets during the Adjustment Budget period of 2021–2022, ensuring "SMART" principles to targets that were previously not measured in order to comply with Chapter 3 of Municipal Planning Performance Management Regulations, 2001 Section 12. In order to comply with Chapter 3, Section 9 and other standards, the Council has also improved indicators to make sure they are quantitative, relevant, objective, and precise. The Council adopted these on 25 February 2022.

## **10. ANNUAL ORGANISATIONAL PERFORMANCE INFORMATION**

Regular evaluations by Performance Management in examining the stated targets on a quarterly basis are necessary to consistently maintain effective financial management and value for money in the execution of the municipal Integrated Development Plan. These assessments are carried out in order to quickly identify and implement the necessary corrective action, hence increasing the likelihood that the targets will be met and that the Zululand District Municipality's residents will receive quality services.

The organizational scorecard that was adopted together with the adjustment budget included performance goals for the 2021/2022 financial year. The resolution of the adjustment was posted on the municipal website for public access, comment, and information after being approved by the Council.

The Zululand District Municipality's success is shown in this annual performance report in comparison to its established objectives and targets on the organizational scorecard. The Office of the Auditor General will receive both the Annual Performance Report and the Annual Financial Statements on August 31, 2022.

**The summary of performance results of the organization is outlined below.**

### **10.1 Overall performance of the Municipality for 2021/2022 compared to 2020/2021 financial year.**

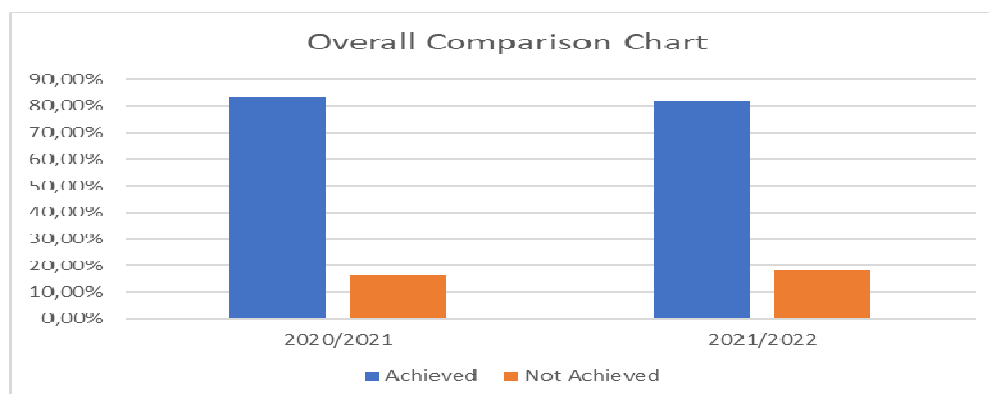
The overview of the Municipality's overall performance for the fiscal year ending on June 30, 2022, is shown in the table and graph below. As a result, a picture of the Municipality's performance is provided by tabulating the overall percentage of targets established by all directorates.

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.

| 2020/2021 |              | 2021/2022 |              |
|-----------|--------------|-----------|--------------|
| Achieved  | Not Achieved | Achieved  | Not Achieved |
| 83.33%    | 16.67%       | 80.76%    | 19.23%       |

The overall performance improvement between the two financial years is depicted in the graph below

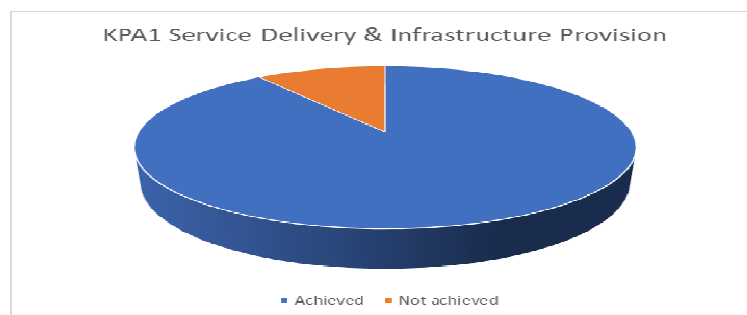
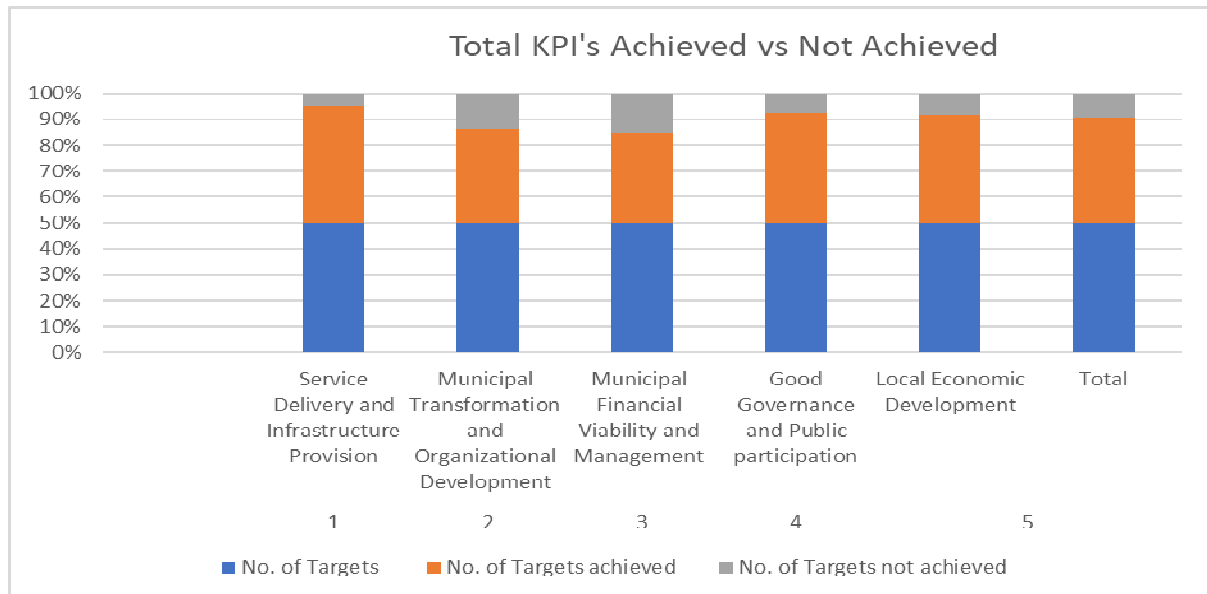


## 10.2 Overall performance of the Municipality for 2021/2022 financial year per National KPA

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       | Service Delivery and Infrastructure Provision           | 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>                   |

## Graph presentation of overall the overall number the targets achieved/ not achieved per National KPA



KPA 1

### Performance Highlights:

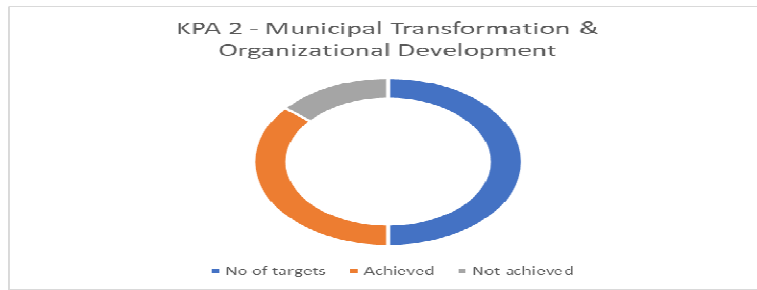
The overall score for the KPA 1 relating to Service Delivery and Infrastructure Provision was 88.8% for the 2020/2021 financial year and 80% for 2021/2022 year.

### Challenge:

Testing on bulk infrastructure after a project has been completed was delayed.

### Improvement Measures:

The contractor is already on sight and estimated time to complete is quarter 2 of the 2022/2023 financial year.



KPA 2

### Performance Highlights:

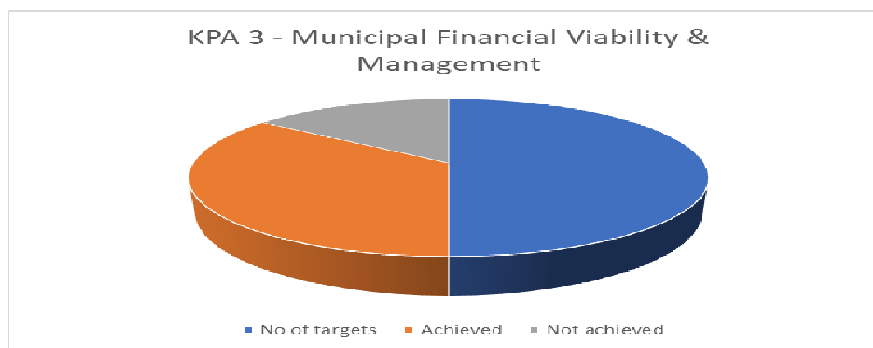
The overall score for the KPA 2 relating to Municipal Transformation and Organizational Development was 100% for the 2020/2021 financial year and 72.2% in 2021/2022 financial year. From 5 KPIs in 2020/2021 to 18 KPIs in 2021/2022.

### Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians.

### Improvement Measures:

In future municipal officials must be empowered through council resolution to deputize the chairpersons.



KPA 3

### Performance Highlights:

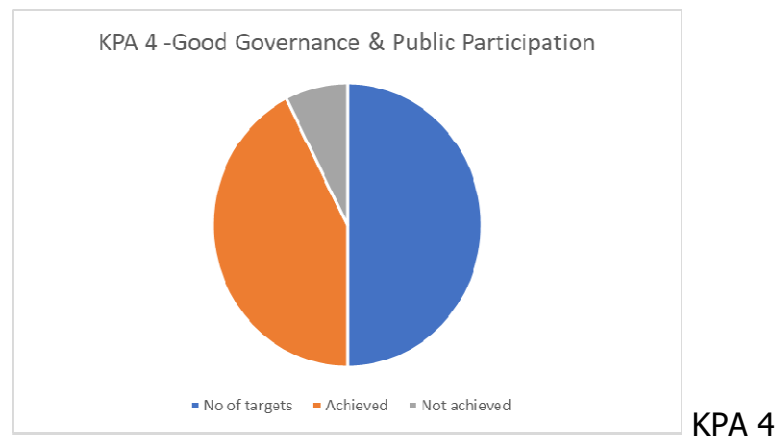
The overall score for the KPA 3 relating to Municipal Financial Viability and Management was 40% for the 2020/2021 financial year and 60% for 2021/2022.

### Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians. RRAMS grant expenditure was not fully spent. It was not possible to procure services of a new service provider to complete the remaining project activities.

### Improvement Measures:

Unreported Quarter reports to be reported in the next standing committee meetings. The contract will be advertised by September 2022. A rollover application is being prepared.



### Performance Highlights:

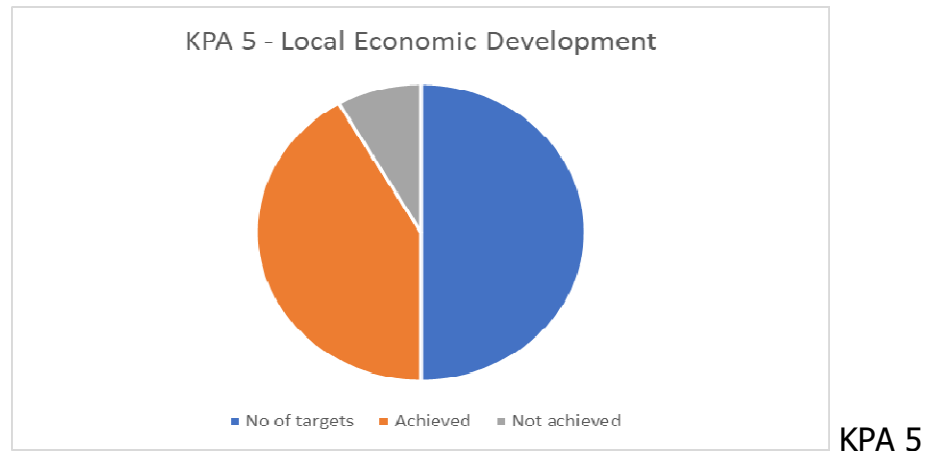
The overall score for the KPA 4 relating to Good Governance and Public Participation was 88.46% for the 2020/2021 financial year and 86.66% for the 2021/2022 financial year.

### Challenges:

Due to Local Government Election season, some structure could not hold meeting due to unavailability of politicians.

### Improvement Measures:

It has been addressed in Quarter 3 and 4 of 2021/2022 and will further be addressed in the 2022/2023 financial year.



### Performance Highlights:

The overall score for the KPA 5 relating to Local Economic Development was 66.6% for the 2020/2021 financial year and 83.33% for the 2021/2022 financial year.

### Challenges:

The report was prepared but not submitted to Council due to lack of understanding of the KPI.

### Improvement Measures:

Workshops has been provided to the relevant staff.

## 11. KEY PERFORMANCE AREAS TO NOTE

This section contains the key areas that must be noted by Zululand District Municipality.

### 11.1 Improved Performance

Despite 56 additional KPIs, we will note that more KPIs were achieved and improvements in the Basic Service Delivery and Infrastructure where more of households within ZDM were provided with sanitation facilities as compared to the previous financial year where ZDM failed to reach the target. An increase of



16,79% in Local Economic Development was yet again noted. A huge increase of 30% in the Municipal Financial Viability and Management was noted.

## 11.2 Deteriorating Performance

Municipal Transformation and Organizational Development deteriorated due to Local Government Election season; some structure could not hold meeting due to unavailability of politicians.

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 % | INCREASE / DECLINE |
|---------------------------------------------------------|-------------|-------------|--------------------|
| Basic Service Delivery                                  | 88.8%       | 80%         | ↓                  |
| Municipal Transformation and Organisational Development | 100%        | 72.2%       | ↓                  |
| Municipal Financial Viability and Management            | 40%         | 60%         | ↑                  |
| Good Governance and Public Participation                | 88.46%      | 86.66%      | ↓                  |
| Local Economic Development                              | 66.6%       | 83.33%      | ↑                  |