



KING CETSHWAYO

DISTRICT MUNICIPALITY



ANNUAL REPORT

2021 - 2022



KING CETSHWAYO

DISTRICT MUNICIPALITY

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Odini Self-Guided Trail
1
Kini Cetshwayo
Khatun



CLLR AT NTULI
MAYOR:
KING CETSHWAYO
DISTRICT MUNICIPALITY

COMPONENT A: 1.1. MAYOR'S FOREWORD

Since my inauguration on 26 November 2021 as Mayor of the King Cetshwayo District Municipality, we have made great strides in consolidating and developing our service delivery targets and re-aligning the district priorities to ensure a clean administration and effective controls.

When I took office I knew the task ahead of me and I accepted this position with humility and a readiness to serve the people of King Cetshwayo District Municipality. I made a promise to ensure that every citizen of the district has access to water, and since I took office we have been working with speed to implement water projects and improve the delivery of services to the far reaches of the district.

We have been working hard to meet our community's needs. Not only with service delivery, but to improve their quality of life in all sectors from education to arts and culture and LED.

Faced with a ticking time bomb in the matter of the former WSSA employees, we engaged in a plan of action to re-employ a large majority of the affected employees, and held regular and fruitful meetings with the District House of Traditional Leaders and the former WSSA employees regarding water solutions and employment matters.

We also held Water Izimbizo in all local municipalities where the district is a Water Services Authority, with the

aim being to discuss water issues and challenges in each Local Municipality.

The Water Izimbizo presented an opportunity for the district to engage and present its immediate interventions to alleviate critical water challenges in each respective municipality. We will also presented the medium and long-term plans to address the water issues.

The R1,3 billion budget approved in May 2022 for the 2022/2023 financial year was the first step to righting the wrongs of the past, and we endeavour to ensure that we make an impact in all sectors, from civil and social issues, to service delivery and financial recovery.

This annual report details the achievements for the 2021/2022 financial year and the impact we have made in the short space of time since we took office.

We still have much more to do, and we will do so with pride and energy, to ensure that the will of the people is served.

I quote the Prime Minister of the Zulu nation, Prince Mangosuthu Buthelezi:

"A lifetime would never be enough to serve a country, especially a country I love so much."

Thank you

COMPONENT B: 1.2. MUNICIPAL MANAGER'S EXECUTIVE SUMMARY



MR PP SIBIYA
MUNICIPAL MANAGER:
KING CETSHWAYO
DISTRICT MUNICIPALITY

THE VISION AND MISSION OF THE KING CETSHWAYO DISTRICT MUNICIPALITY

VISION

Forging ahead being inspired by integrity with a will to provide sustainable and quality service delivery.

MISSION

Creating a safe and healthy environment that promotes sustainable and inclusive economic and social development reinforced by service delivery.

EXECUTIVE SUMMARY

King Cetshwayo is a district that is led by the core values of transparency, integrity, commitment and cooperation. We maintain strict quality control and prudent financial management, with the aim of achieving our developmental goals within the framework of applicable legislation.

In the past financial year we have endeavoured to ensure the alignment of Council priorities with available budget, especially in the face of a drastically reduced revenue stream and high cost of delivering services.

In terms of service delivery, our achievements are as follows:

- New water connections: 765 (Nkandla-Vutshini water supply SSA5)
- New sanitation New Ventilated Improved Pit units constructed: 2 276
 - uMlalazi Municipality – 962
 - uMfolozi Municipality – 389
 - Mthonjaneni Municipality – 327
 - Nkandla Municipality – 598

For the previous financial year 2020/2021 capital projects were funded from the government subsidy grants. Our grant expenditure is summarized below:

SOURCE OF FUNDING	ALLOCATION	EXPENDITURE	% SPENT	BALANCE
MIG	R 180,995,000	R 180,995,000	100%	R0
WSIG	R 70,000,000	R 70,000,000	100%	R0
RBIG	R 20,000,00	R 20,000,000	100%	R0
TOTALS	R 270,995,000	R 270,995,000	100%	R0

The individual projects implemented are as follows:

NO.	PROJECT NAME	FUNDING SOURCE	EXPENDITURE
1	KWAHLOKOHLOKO SSA1	MIG	R 4 296 000
2	MIDDLEDRIFT PHASE 2	MIG	R 17 988 807
4	MIDDLEDRIFT SSA5	MIG	R 25 023 385
5	MBONAMBI WATER PHASE 2	MIG	R 11 738 405
6	GREATER MTHONJANENI SSA1	MIG	R 4 184 503
7	KWAHLOKOHLOKO S/A SSA5	MIG	R 784 714
8	PROJECT MANAGEMENT UNIT	MIG	R 7 786 708
9	MHLANA SOMOPHO PHASE 3C	MIG	R 20 618 183
10	GREATER MTHONJANENI SSA 4	MIG	R 524 340
11	NKANDLA VUTSHINI S/A SSA5	MIG	R 5 601 423
12	NKANDLA SANITATION VIP	MIG	R 7 460 165
13	MTHONJANENI SANITATION VIP	MIG	R 3 029 155
14	MFOLOZI SANIATION VIP	MIG	R 5 500 000
15	UMLALAZI SANITATION VIP	MIG	R 12 531 106
16	MELMOTH SEWER UPGRADE	MIG	R 15 918 013
17	ESHOWE SEWER UPGRADE	MIG	R 655 203
18	REPAIRS AND MAINTENANCE	MIG	R 3 027 347
19	CONSTRUCTION OF SOLID WASTE	MIG	R 16 681 367
20	TANKER REDUCTION STRATEGY (WSIG)	WSIG	R 24 051 021
21	REFURBISHMENT OF RESERVOIR	WSIG	R 9 579 792
22	WC/WDM STRATEGY IMPLEMENTATION	WSIG	R 16 599 590
23	GINGINDLOVU RAW WATER	WSIG	R 6 177 059
24	MAINTENANCE EQUIPMENT(KZN FLOODS)	WSIG	R 4 462 102
25	KWAHLOKOHLOKO SSA 1	RBIG	R 0
26	MIDDLEDRIFT SSA2	RBIG	R 1 935 762
27	MIDDLEDRIFT SSA3	RBIG	R 15 455 542

SUSTAINABILITY

The district had a Non-Revenue Water Reduction Strategy, which covered the period up to and including the 2019/20 financial year. We initiated an update of the strategic Non-Revenue Water Reduction Master Plan, which takes into consideration institutional, financial or consumer considerations, that covers a further 5-year outlook in terms of minimizing water losses through the Municipality's area of supply has been prepared.

The objectives of this Master Plan are as follows:

1. Determine the baseline situation in terms of water balances for each supply system in accordance with international and national best practice;
2. Identify areas of possible NRW reduction, by water balance component and per supply system, prioritise these in order of impact and prepare a consolidated NRW Reduction Intervention programme;
3. Establish targets in terms of NRW by volume, supported by Key Performance Indicators and budget/funding requirements;
4. Address the internal requirements necessary for the successful implementation of a NRW reduction programme in terms of resources, systems and critical success factors; and
5. Identify short-term problems that are being experienced with the Municipality's billing database and determine any necessary corrective actions.

Cash flow is of vital importance to the health of a municipality. One of the municipality's incidental revenue streams is that of interest earned from the placing of investments. In order to regulate the transactions pertaining to investments, an approved investment policy has been adopted and is reviewed on a yearly basis. The policy is aimed at gaining optimum return on investments without incurring undue risks.

Our financial health ratios remain strong. The Municipality has maintained its previous score (A1 short term credit rating) and an (A long term credit rating), which is indicative that the municipality has maintained its rating for the past four years. Furthermore, the Municipality has received a stable rating outlook.

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Organisational Structure was reviewed and adopted by Council at the beginning of the financial year. A revised recruitment and selection policy that seeks to address the imbalances in the employment profile of the Municipality has been adopted by Council. There are 493 employees in the Municipality.

A total of 70 new appointments were made between 1 July 2021 and 30 June 2022, of which seven were internal, 60 were external, two were placements and one was a secondment.

The Municipality strived to improve the skills of employees through facilitating the provision of quality NQF aligned training in order for the employees to acquire skill programs, as well as preparing them for management levels.

It also addresses the compulsory competency level which is a requirement of the Municipal Finance Management Act. Proper training and development is continuously needed as technology changes and new developments are uncovered in the industry. The Municipality offers bursaries to employees to assist them to broaden their skills and careers.

A total of 128 officials and seven Councillors were trained in the financial year.

KCDM recruits for vacancies against an approved employment equity plan. The employment equity plan is approved internally and has to be considered by the Department of Labour. There are Employment Equity quarterly meetings that monitor the implementation of Employment Equity Plan. The EE Target for the 2021/2022 financial year is 50% per quarter, and the overall percentage average achieved for the financial year was 87.46%, with an above average achievement in each of the four quarters.

GOVERNANCE AND OVERSIGHT

Governance can be defined as: "The system by which entities are directed and controlled. It is concerned with structure and processes for decision making, accountability, control and behaviour at the top of an entity. Governance influences how an organisation's objectives are set and achieved, how risk is monitored and addressed and how performance is optimized," (Governance Today, 2022).

Governance is a system and process, not a single activity and therefore successful implementation of a good governance strategy requires a systematic approach that incorporates strategic planning, risk management and performance management. Like culture, it is a core component of the unique characteristics of a successful organisation.

This annual report comprises a report from the Internal Audit and Risk Unit under the Corporate Governance Report (Component D), which details the roles and responsibilities of the Internal Audit unit and the Audit Committee.

The Municipality has a Risk Management Policy as approved by Council on 25 May 2017. The Risk Management Implementation Plan is reviewed annually by the Risk Management Committee and submitted to the Municipal Manager for approval.

As part of the risk assessment, management identified current controls which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk. Management determines which of the residual risks require further actions to mitigate the risks identified. The risks are detailed in the Risk Report under Component D. The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councilors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council have delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regards to the Annual Report and the preparation of an Oversight Report. Section 129(1) of the Municipal Finance Management Act, Act 56 of 2003 requires the Council of a municipality to consider the Annual Report by not later than two months after the annual report was tabled in Council.

The King Cetshwayo District Municipality MPAC issued the following Oversight Report following the 2020/2021 financial year's Annual Report:

"That Council having fully considered the Annual Report of the King Cetshwayo District Municipality for the 2020/2021 Financial Year, adopts the Oversight Report for the 2020/2021 Financial Year:

- The Unqualified Audit Report (Clean Audit) for King Cetshwayo District Municipality for the 2020/2021 financial year, be noted with appreciation.
- An audit action plan be developed by the King Cetshwayo District Municipality to address any other matters as reported in the audit report. The audit action plan be monitored on a regular basis to ensure adherence to timeframes.
- The Final Draft of the King Cetshwayo Annual Report for the 2020/2021 financial year be noted.
- The Oversight Report 2020/2021 be submitted to Council for adoption.

1.6. AUDITOR-GENERAL REPORT 2021/2022

The Annual Financial Statements for 2021/2022 were submitted to the Auditor General on 31 August 2022 for auditing in compliance with Section 126 (1) (a) of the MFMA and served at the Audit Committee and Council on 25 August 2022 (KCDMAC: 01/2022) and 30 August 2022 (KCDMC: 560/2022) respectively.

The management report and audit report for the financial year ending 30 June 2022 was tabled and discussed at a meeting between the Office of Auditor General, Honorable Deputy Mayor, MPAC Chair, Performance Audit Committee Chair (Also Audit committee member), Accounting Officer and members from management on 21 November 2022.

The office of the Auditor – General has expressed the following audit opinion on the 2021/2022 Annual Financial Statements:

“In my opinion, the financial statements present fairly, in all material respects, the financial position of the King Cetshwayo 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 of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (Dora)”.

The Auditor-General’s report further stated: “I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.”

The municipality has received an unqualified audit opinion with no matters, resulting in a clean audit.

1.7. STATUTORY ANNUAL REPORT PROCESS

The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of Councils, this must be interpreted as an outer deadline; hence municipalities must submit the Annual Reports as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends.

ACTION	TIMEFRAME
Consolidation of reports from municipal business units	July- August annually
Submit First draft of Non-Financial reports to Council	End of August annually
Submission of First Draft Annual Report 2020/2021 to Auditor-General	End of August annually
Final Draft Annual Report incl. AFS, OPMS and Audit Report to be approved by Council	December
Advertise Annual Report for public comment	Immediately following Council approval to Section 127(5)(a) of the Municipal Finance Management Act (MFMA), 56 of 2003
MPAC to consider public comments on Annual Report and to issue an Oversight Report	MPAC meeting immediately following public comment period
Council to approve Oversight Report	Within 2 months of approval of Final Draft Annual Report
Make Oversight Report public	Immediately upon approval by Council
Annual Report submitted to Auditor-General for approval to print	Following Council approval of Final Draft

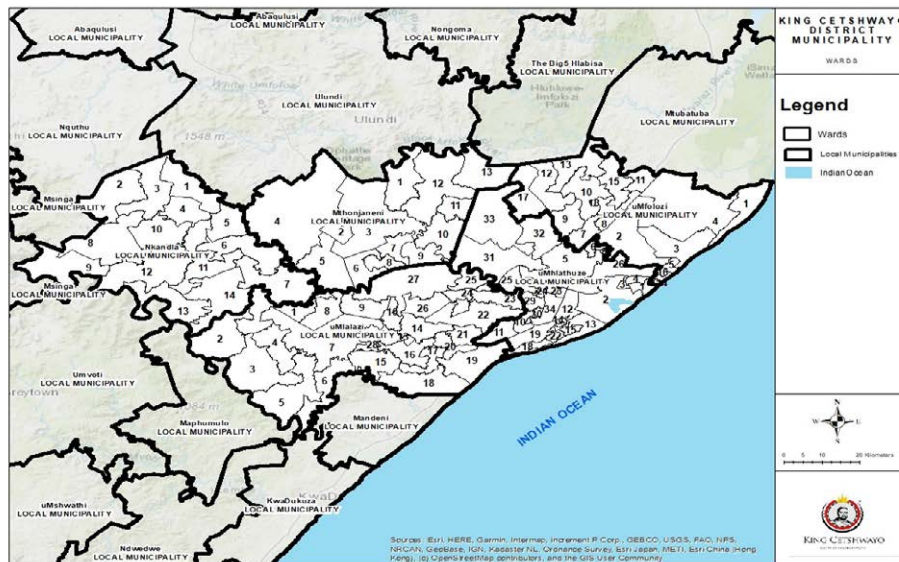
I would like to express my gratitude to the King Cetshwayo District Municipality team, who worked tirelessly during constrained circumstances. Our clean audit is appreciated and we will work hard to address the other matters raised in the audit report. Through implementation and stringent monitoring of audit action plans the Municipality is committed to maintaining our audit outcome.

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

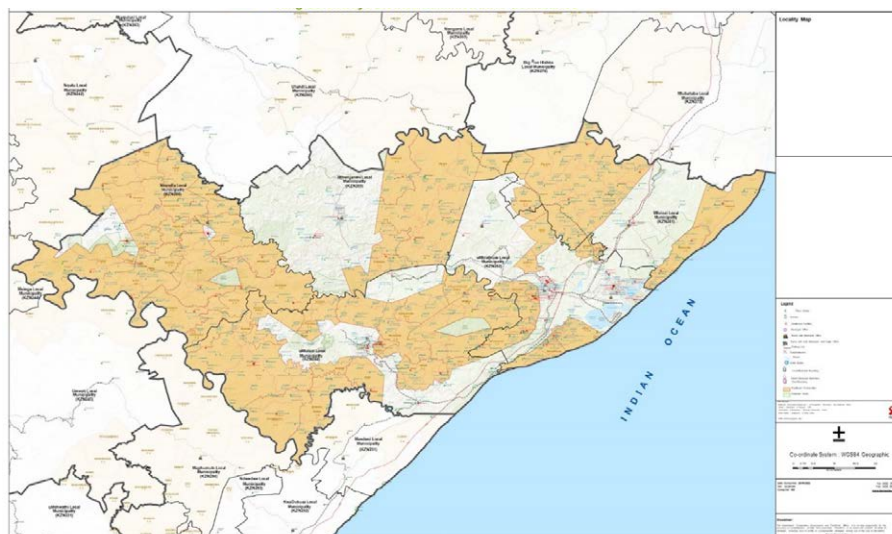
King Cetshwayo District Municipality is a category C municipality and is located in the north-eastern region of the KwaZulu-Natal Province on the eastern seaboard of South Africa. It covers an area of approximately 8213 square kilometres, from the agricultural town of Gingindlovu in the south, to the uMfolozi River in the north and inland to the mountainous beauty of rural Nkandla. It has the third highest population in the province, with an estimated total of 1 008 787 people (Global Insight stats 2021) after the eThekweni Metro (Durban) and the uMgungundlovu district (Pietermaritzburg and surrounds).

The District comprises five (5) Local Municipalities:

- uMfolozi,
- uMhlathuze,
- uMlalazi,
- Mthonjaneni,
- Nkandla



MAP: KING CETSHWAYO DISTRICT WARDS



GIS MAP: KING CETSHWAYO DISTRICT



MAP: KING CETSHWAYO DISTRICT LOCAL MUNICIPALITIES

The King Cetshwayo District is surrounded by uMkhanyakude District to the north, Zululand District to the north-west, uMzinyathi District to the north-east and iLembe District to the south and is approximately 150 km north of the eThekweni metro.

The headquarters of the district is in Richards Bay and the district is made up of five local municipalities, namely: Mthonjaneni, uMlalazi, uMfolozi, uMhlathuze and Nkandla. The N2 from Durban to Mpumalanga passes through the District.

In 2019, the District accounted for a total population of 982 726 or 8.6% of the total population in KZN. Females constituted 52.6% of the population.

The total number of households decreased somewhat from 225 798 in 2016 to 222 000 in 2019. In 2016, 49.8% of households were headed by women, whilst 1 552 households were headed by children younger than 18 years of age. 80% of the district population and households are regarded as rural.

While we await the results of the Census 2021 statistics, the Global Insight review (2021) indicates that the population has risen by 8,51% since 2016. The population per local municipality is indicated as follows:

MUNICIPALITY	GLOBAL INSIGHT POPULATION STATS 2021	
	2016	2021
uMfolozi	146 214	156 961
uMhlathuze	405 601	435 449
uMlalazi	218 690	226 893
Mthonjaneni	80 011	79 480
Nkandla	110 111	110 005
KING CETSHWAYO	960 627	1008 787

LOCALITY PROFILE

The King Cetshwayo District comprises some of the strongest economic sectors in this country. It is home to several of the largest industrial and mining giants in the world; the retail sector in our urban areas is burgeoning with economic activity, the agricultural and tourism potential is boundless and many opportunities exist for local economic development.

COMPETITIVE ADVANTAGES

King Cetshwayo District Municipal area is well-endowed with natural resources with its competitive advantages being:

- A good climate that opens up avenues for productive agricultural and tourism development;
- Agriculture with irrigation infrastructure in place; and
- A scenic environment and coastal terrain which create opportunities for tourism development.

King Cetshwayo District's unique qualities set it apart from many other regions in South Africa. It boasts the largest deep-water port in Southern Africa, which imports and exports the most bulk cargo of all African ports. It has double the capacity of the Port of Durban to the south and handles in excess of 75 million tons of cargo annually. The development of the harbour facilities at Richards Bay has enhanced the development of the manufacturing sector, such that the manufacturing sector is one of the largest economic contributors to the gross geographic product in King Cetshwayo.

MUNICIPALITY DEMOGRAPHICS

Information in the following table contains demographics per local municipality for Spatial Size, Population, Wards and Traditional Authorities:

KCDM-PROVINCIAL POPULATION PROFILE CONTEXT

DISTRICT	GLOBAL INSIGHT POPULATION STATS 2021	
	N	%
Ugu	776 115	6.5
uMgungundlovu	1 184 762	10.0
uThukela	744 698	6.28
uMkhanyakude	718 053	6.06
KING CETSHWAYO	1 008 787	8.51
Sisonke	461 419	3.89
Umzinyathi	586 011	4.94
Amajuba	573 549	4.84
Zululand	890 768	7.52
iLembe	700 615	5.91
eThekwini	4 142 046	34.97
Harry Gwala	518 687	4.37
KwaZulu-Natal	11 844 092	100.0



KCDM-DISTRICT POPULATION PROFILE CONTEXT

MUNICIPALITY	GLOBAL INSIGHT POPULATION STATS 2021	
	2016	2021
uMfolozi	146 214	156 961
uMhlathuze	405 601	435 449
uMlalazi	218 690	226 893
Mthonjaneni	80 011	79 480
Nkandla	110 111	110 005
KING CETSHWAYO	960 627	1008 787

KCDM TRADITIONAL AUTHORITY AREAS

MUNICIPALITY	CURRENT SPATIAL SIZE	DEMOGRAPHIC SIZE	NO. OF WARDS	NO. OF T/A	NAMES OF TRADITIONAL AUTHORITIES	
uMfolozi	1208 km ²	144 363	17	3	Mthethwa Mbonambi Mambuka Somopho	Sokhulu
uMhlathuze	795 km ²	410 465	34	6	Dube Mbuyazi Zungu Somopho	Mkwanazi Khoza
uMlalazi	2214 km ²	213,601	27	14	T Biyela ZM Biyela Khoza Zulu F R Biyela Zulu S Zulu	Nzuza Mpungose Dube Ntuli Zulu Mzimela Shange
Mthonjaneni	1086 km ²	78 883	13	4	Ntembeni Obuka Obizo	Yanguye
Nkandla	1827 km ²	114,284	14	18	Biyela Dlomo Khanyile Khanyile Magwaza Mbhele Mchunu Mpungose Ntuli	Shezi Sibisi Xulu Zondi Zulu Zuma Biyela Sithole Mpungose
King Cetshwayo	8213 km ²	917 135	105	46		

CHALLENGES

80% of the population is rural and 53% is aged between 0 and 19 years. Women make up 53% of the population due to migration patterns associated with the province in general and there are large disparities in settlement concentrations. The challenge is to provide basic services such as water and sanitation to our rural communities while stimulating local economic development, job creation and the growth of the small and medium business sector.

King Cetshwayo District Municipality allocates almost half of its annual budget to capital infrastructure projects in the local municipalities, where it supplies basic services. The vast majority of residents live in rural homesteads and unemployment is at about 50%. A lack of scarce skills has negatively affected the employment conditions, as industries have been forced to source labour outside of the region, to the detriment of local workers.

ECONOMIC PROFILE

King Cetshwayo offers highly favourable agricultural conditions as it has extremely fertile soils, good rainfall and enjoys an excellent, frost-free climate all year round. A wide variety of bio-climatic conditions are on offer across the district, from the mountainous area of Nkandla down to the coastline. The agricultural sector is a dual economy, consisting of commercial agriculture on one hand and traditional agriculture on the other. The commercial agricultural economy is largely sugar cane and forestry industries. Traditional agriculture is practiced on most of the traditional authority land spaces in the district and has enormous potential for growth with agriculture as a niche area.

At King Cetshwayo District Municipality giant steps have been taken in initiating skills transfer schemes and on-the-job training for members of our communities in the implementation of the majority of our capital infrastructure projects. The Local Economic Development initiatives have also led to job creation and entrepreneurship opportunities for our people.

King Cetshwayo is among the key economic role players in the province of KZN in terms of GDP contribution. It contributed 6.5 per cent of the total estimated provincial GDP generated in 2016. It is within this context that King Cetshwayo is among the largest contributing districts towards the provincial GDP after eThekweni and uMgungundlovu at 59.5 per cent and 11.3 per cent respectively.

Similar to all other district municipalities, the GDP at King Cetshwayo is generated by local municipalities. The largest contributing local municipalities to the GDP of the district are the City of uMhlathuze at 44.0 per cent, followed by uMfolozi at 25.7 per cent and uMlalazi at 21.3 per cent. The City of uMhlathuze constitutes approximately half of the district's GDP, which is mainly driven by various economic activities taking place at Richards Bay. The least contributing local municipalities to the district's GDP are Nkandla and Mthonjaneni at 2.5 per cent and 6.6 per cent.



POWERS AND FUNCTIONS

In terms of Circular 8/2008: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, King Cetshwayo District Municipality has the following powers and functions to fulfil:

KCDM uMfolozi uMhlathuze Ntambanana uMlalazi Mthonjaneni Nkandla								
1	S84(1)(a)	Integrated Development Planning for District as a whole	✓	✓	✓	✓	✓	✓
2	S84(1)(a)	Potable Water Supply Systems	✓	✓	x	✓	✓	✓
3	S84(1)(c)	Bulk supply of electricity		x	x	x	x	x
4	S84(1)(d)	Domestic waste-water and sewage disposal system	✓	✓	x	✓	✓	✓
5	S84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole	✓	✓	✓	✓	✓	✓
6	S84(1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the district municipality as a whole	✓	✓	✓	✓	✓	✓
7	S84(1)(g)	Regulation of passenger transport services	✓	✓	✓	✓	✓	✓
8	S84(1)(h)	Municipal airport serving the area of the district municipality as a whole	✓	✓	x	✓	✓	✓
9	S84(1)(i)	Municipal health serving the area of the district municipality as a whole	✓	✓	✓	✓	✓	✓
10	S84(1)(j)	Fire Fighting services for district municipality as a whole	✓	✓	x	✓	x	✓
11	S84(1)(k)	Fresh produce markets and (Abattoirs) serving the area of the district municipality as a whole	✓	✓	x	✓	✓	✓
12	S84(1)(l)	Cemeteries and Crematoria	✓	✓	✓	✓	✓	✓
13	S84(1)(m)	Promotion of local tourism for the District Municipality						
14	S84(1)(n)	Municipal public works relating to any of the above function or and other functions assigned to	✓	✓	x	✓	✓	✓

		KCDM	uMfolozi	uMhlathuze	Ntambanana	uMlalazi	Mthonjaneni	Nkandla
15	S84(1)(o)	the receipt, allocation and if applicable distribution of grants made to the district municipality	√	√	√	√	√	√
16	S84(1)(p)	The implementation and collection of taxes, levies and duties as related to the above functions or may be assigned to the District Municipality in terms of National	√	√	√	√	√	√
17	Sched 4 B	Building Regulations	√	√	x	√	x	x
18	Sched 4 B	Local Tourism	√	√	x	√	x	√
19	Sched 4 B	Air Pollution	√	√	x	√	√	√
20	Sched 5 B	Licencing and control of undertakings that sell food to the public	√	√	√	√	√	√
21	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleaning services	√	x	x	√	x	x

Key

x Function Performed by the Municipality

√ Allocated Functions to the District

Note: Functions performed by Ntambanana will continue to be provided by the relevant LM after demarcation.

DEMOGRAPHIC DETAILS

Indicator	King Cetshwayo Municipality
Area	8 213 km ²
Population	917 135
Households	225 797
Number of settlements	1 318 (WSDP 2007)
Urban areas	2 major, 3 minor, 4 rural centres
% Rural population	80% (162 381 households)
% Urban population	20% (40 595 households)
Gender breakdown	Males 459 832 Females 511 302
Age breakdown	0 – 14 (387 358) 15 – 34 (345 805) 35-64 (176 455) 65 + (61 515)
Life expectancy	2006 43.1 years (IDP 2012) 2011 57.1 years

Source: Stats SA Community Survey 2016

ANNUAL HOUSEHOLD INCOME

Income	Population	%
No income	27 843	14%
R 1 - R 4800	9 931	4.9 %
R 4801 - R 9600	18 155	9%
R 9601 - R 19 600	41 622	20.5%
R 19 601 - R 38 200	42 254	20.8%
R 38 201 - R 76 400	23 218	11.4%
R 76 401 - R 153 800	15 971	7.8%
R 153 801 - R 307 600	12 316	6%
R 307 601 - R 614 400	8 320	4%
R 614 001 - R 1 228 800	2 332	1.1%
R 1 228 801 - R 2 457 600	594	0.3%
R 2 457 601 or more	415	0.2%
Total	202 972	100%

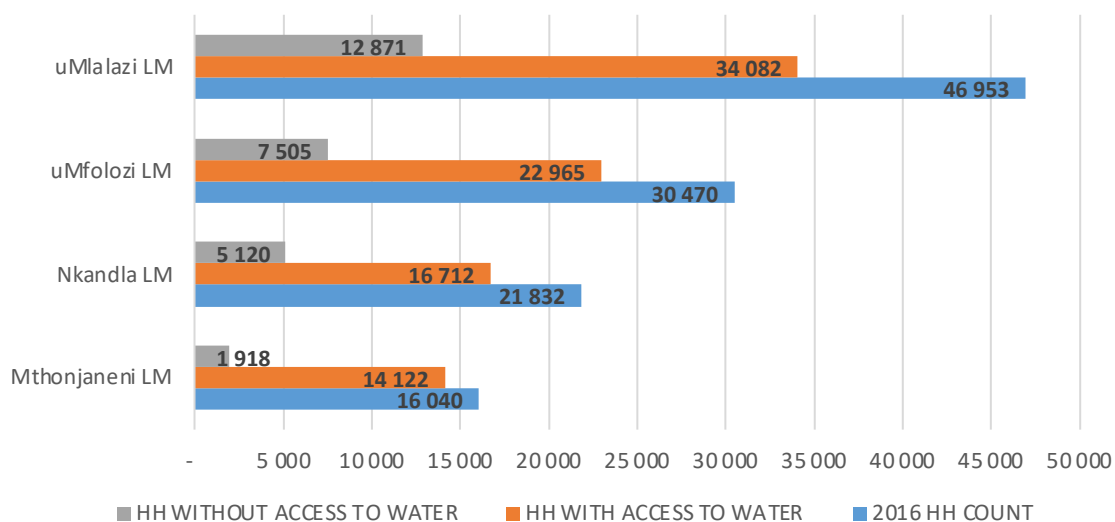
Source: Census 2011

1.4. SERVICE DELIVERY OVERVIEW

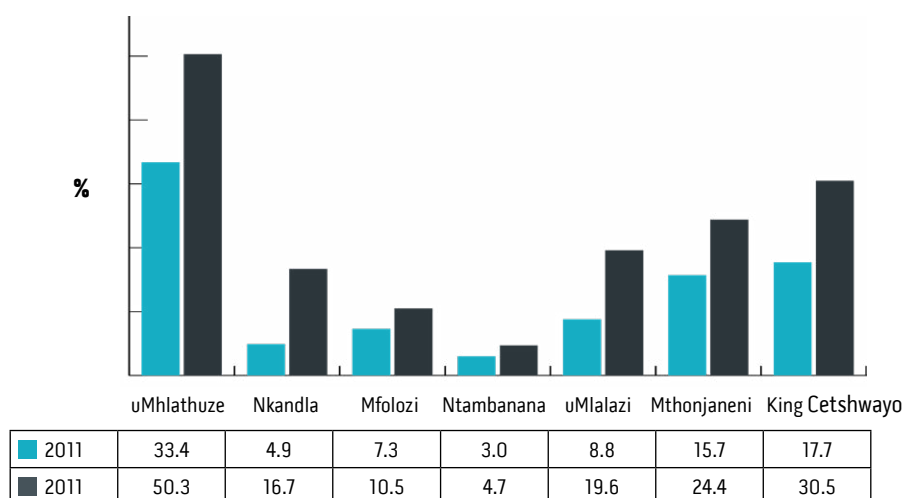
SERVICE DELIVERY AND INFRASTRUCTURE

The council's highest priorities are aimed at eradicating rural backlogs for water supply and sanitation services, as measured against RDP standards. The following has been achieved in King Cetshwayo District with regard to water and sanitation backlogs:

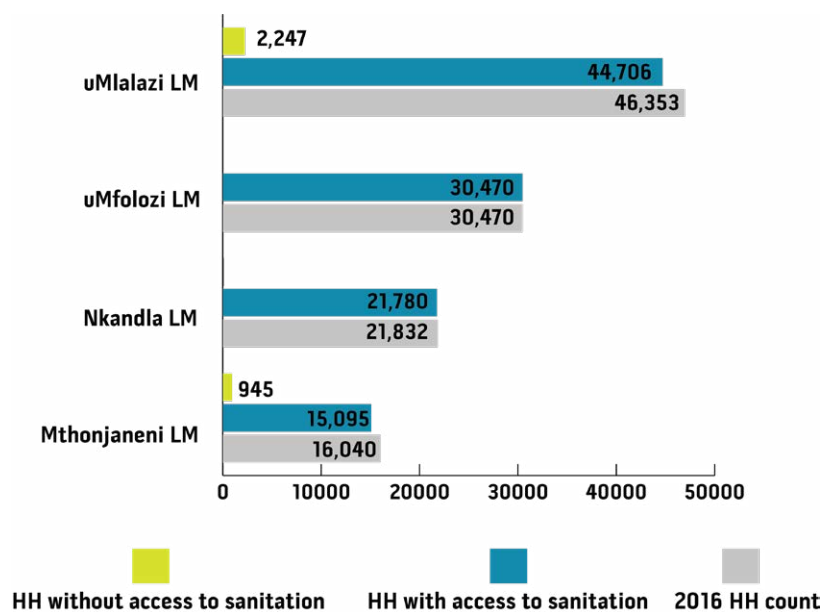
WATER SUPPLY BACKLOG IN KING CETSHWAYO DISTRICT



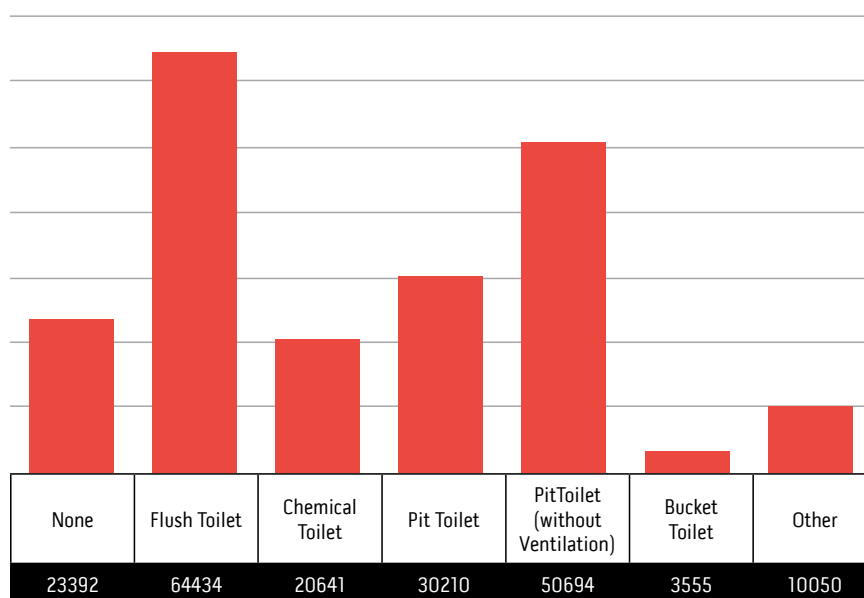
PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO PIPED WATER INSIDE DWELLING



SANITATION BACKLOGS IN KING CETSHWAYO DISTRICT

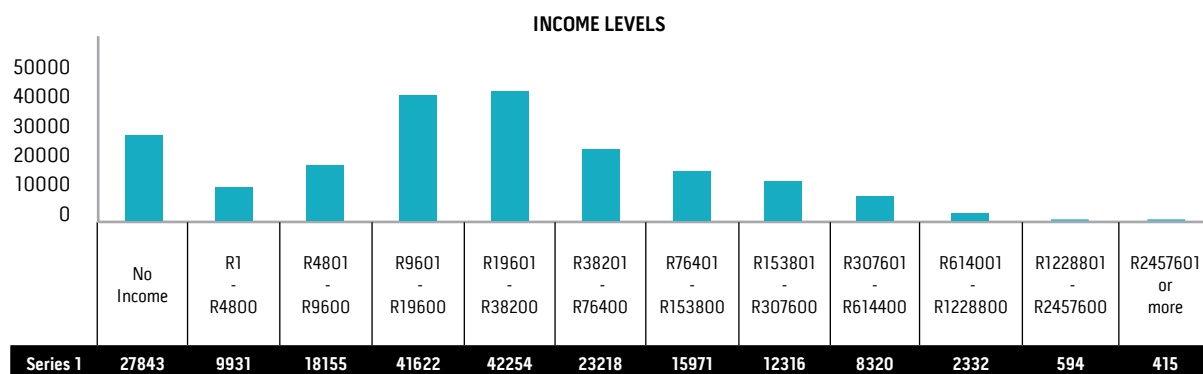


ACCESS TO SANITATION 2011



Source: Census 2011

HOUSEHOLDS EARNING LESS THAN R1600 PER MONTH

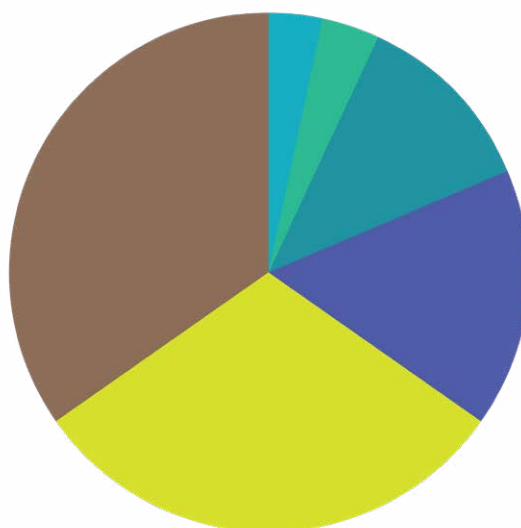


Source: Census 2011

ACCESS TO WATER SOURCES

Piped Water Inside			Piped Water on Communal Stand			No Access		
1996	2001	2011	1996	2001	2011	1996	2001	2011
26.6	38.1	65	4.7	17	18.8	66.2	44.9	16.2

ACCESS TO WATER



- Piped (Tap) Water on community stand: 70 037
- Piped (Tap) Water Inside Yard: 61 955
- Piped (Tap) Water on Community Stand (200m): 32 865
- Piped (Tap) Water on Community Stand (500m): 23 905
- Piped (Tap) Water on Community Stand (1km): 7 014
- No Access: 7 200

1.5. FINANCIAL HEALTH OVERVIEW

Within the Financial Services Department, there is a Budget and Reporting Section. The Budget and Reporting Section is headed by a Senior Manager. The following are the Key Responsibility Areas for the Budget Section;

- Compilation of the Municipality's Annual and Adjustments Budget
- Compilation of the monthly Financial Report (Section 71 Report)
- Compilation of the Mid Year Review Report (Section 72 Report)
- Compilation of Financial Implications for items serving at Bid Committees to ensure availability of funds before bids are finalized.
- Overall administration of the Municipality's Budget

MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA)

In 2014 the National Treasury issued the regulations on Municipal Standard Chart of Accounts. The regulations on Municipal Standard Chart of Accounts required the Municipality to implement the standard chart of accounts by 1 July 2017.

One of the mSCOA regulations objectives is to standardise the minimum business processes for Municipalities and municipal entities as well as the implementation of the processes within the integrated transaction process environment. For King Cetshwayo District Municipality to achieve this, the Municipal Council resolved that eVenus must be upgraded to the SOLAR system in terms of Council resolution KCDMC:1685/2018.

The King Cetshwayo District Municipality has made a notable progress in the implementation of the MSCOA. Operational efficiencies have been achieved and turnaround times have improved with the implementation of MSCOA. MSCOA is an ongoing project and systems are evaluated on a periodic basis together with the output to ensure compliance.

FINANCE INTERNS

In 2004 the National Treasury introduced the Municipal Financial Internship Programme. The aim of the programme was to train young graduates in the field of Municipal Finance in order to build capacity in the Municipalities.

King Cetshwayo District Municipality has been recruiting the Finance Interns since the introduction of the programme.

The National Treasury has been funding this programme through the Local Government Financial Management Grant since its inception. These funds are used mainly to pay the salaries of the interns as well as for the accredited training of interns and other municipal finance officials. The Municipality recruits five interns every two years. Over 20 young graduates have been successfully mentored through this programme.

MUNICIPAL BUDGET

The original 2021/22 Multi Year Budget was approved by Council on the 28 May 2021, per resolution number KCDMC:2952/2021, in accordance with section 24 of the Municipal Finance Management Act (MFMA). This budget was subsequently forwarded to the Provincial and National Treasuries for assessment. The Provincial Treasury, after having assessed the budget, confirmed that it was funded in accordance with section 18 of the MFMA.

The salient features of the 2021/22 original budget were as follows;

Revenue

- The Equitable Share and Levy Replacement Grant allocation was reduced by R13.2m when compared to the 2021/22 projections as Gazetted in the 2020 Division of Revenue Bill.
- The Water Services Infrastructure Grant was decreased by R10m when compared to the 2021/22 projections as Gazetted in the 2020 Division of Revenue Bill.
- The Municipal Infrastructure Grant (MIG) was decreased by R4m when compared to the 2021/22 projections as Gazetted in the 2020 Division of Revenue Bill.
- The Regional Bulk Infrastructure Grant (RBIG) was decreased by R40m from R50m to R10m for the ensuing year.
- The Expanded Public Works Incentive grant allocation for the 2021/22 financial year was R4.6m.
- Trading Services charges were budgeted for at R105.9m; this is a decrease of R7.3m from the R113,2m that had been estimated in the 2020/21 MTREF.
- The revenue derived from the interest on investments was expected to decrease by R15.2m from the amount indicated in the previous year's MTREF; this was due to the rapid decrease of interest rates during the National Lockdown period as well as non-availability of funds to be invested due to the National Treasury having allocated lesser than expected infrastructure grants to the Municipality.
- There was an increase of an amount of R4.4m in other revenue line items as a result of an insurance claim that was expected to be paid out and the sale on auction.
- Overall, the total revenue anticipated for the Municipality in the 2021/22 financial year was R1.030 billion rand, the majority of which was grant revenue at R860m. To note that a business case was submitted to COGTA for them to fund the Landfill Site Construction of Cell 3 project though the Municipal Infrastructure Grant and a response was being awaited. Should the MIG approval be obtained, the reserves will be freed up.

Expenditure

In accordance with section 17(2) of the MFMA, the budget of the municipality was divided into the capital and operational budget. The total budget for these two segments was as follows;

Operational Budget (Inclusive of Typical Workstreams)	-	R785 784 052
Capital Budget	-	R244 466 738

Subsequently, there were adjustment budgets that were processed and approved by Council during the course of the 2021/22 financial year as allowed for in section 28 of the MFMA. The first adjustment budget was approved on the 25 August 2021 which was a rollover adjustment budget where funds that were left unspent in the previous financial year were rolled over for ongoing projects. The total amount rolled over was R5m, mainly for internal funded projects which were in progress at the end of the financial year.

The second adjustment budget was passed on the 25th February where some adjustments were made after consideration of the mid-year budget assessment where it was felt certain estimates would need to be adjusted in accordance with the performance of the first six months of the financial year, as well as the forecasts for the remainder of the financial year. Below is a summary of the adjustment budget as approved by Council in February 2022:

BUDGET SUMMARY 2021/2022

REVENUE BY SOURCE	R'000
Government Grant and Subsidies	860 247
Interest	21 175
Other Income	10 015
Trading Services	104 179
Unappropriated Surplus	107 891
TOTAL REVENUE	1 103 507
EXPENDITURE	
OPERATING EXPENDITURE BY VOTE	R'000
- Executive and Council	117 513
- Finance and Administration	155 237
- Planning and Development	15 473
- Community and Social Services	31 095
- Environmental Health	21 153
- Waste Management	32 072
- Water Distribution and Storage	565 577
- Waste Water Management	46 400
TOTAL OPERATING EXPENDITURE	984 520
Less : Depreciation (Non Cash Backed)	119 965
Less : Landfill Site Provision Unwinding of Discount Not Cash Backed	5 497
TOTAL OPERATING EXPENDITURE (EXCLUDING DEPRECIATION AND LANDFILL SITE PROVISION UNWINDING OF DISCOUNT NOT CASH BACKED)	859 058
CAPITAL EXPENDITURE BY VOTE	R'000
- Executive and Council	1 159
- Finance and Administration	7 914
- Community and Social Services	50
- Water Distribution and Storage	187 294
- Waste Water Management	22 700
- Waste Management	25 331
TOTAL CAPITAL EXPENDITURE	244 449
TOTAL EXPENDITURE (EXCLUDING DEPRECIATION NOT CASH BACKED)	1 103 507

ADDITIONAL REVENUE ADJUSTMENT BUDGET

King Cetshwayo District Municipality made an application on 22 June 2021 to have an additional allocation for Middledrift Bulk Water Supply: SSA 3 – Phase 1a of an amount of R14.6m. Only R10m was approved as contained in Gazette No. 46095 for Regional Bulk Infrastructure Grant (RBIG).

In accordance with Regulation 23(3) of the Municipal Budget and Reporting Regulations, which states that if a National or Provincial adjustments budget allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available Council meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustment budget referred to in section 28(2)(b) of the Act in the municipal Council to appropriate these additional revenues.

This adjustment budget was approved by Council on 28 April 2022 per resolution KCDMC: 180/2022.

The fourth and final adjustment budget was tabled and approved by Council on the 29th June 2022 per resolution number KCDMC:412/2022. This adjustment budget was occasioned by the recent floods in March/April 2022 which had a devastating effect in the KwaZulu Natal Province.

The King Cetshwayo District was also affected as some families lost their loved ones as well as experienced destruction of their homes as a result of the floods. The municipal infrastructure was also damaged during these floods.

Following these severe weather events, the Municipality undertook assessments of damages to various water, sanitation and solid waste management infrastructure which have been estimated at R40,38m.

A letter from the National Treasury was received on the 15th of June 2022 wherein the approval to utilise portion of the Municipal Infrastructure Grant (MIG) to alleviate the effect of the disaster was granted by NT. Approval for the utilisation of Water Services Infrastructure Grant (WSIG) was also received subsequently.

Due to the approvals being obtained by the municipalities late in the financial year, the transferring departments together with the National Disaster Management Centre, has conceded to the fact that all the funds reprioritized for the floods disaster may not be utilized within the 2021/2022 financial year. For this reason, they have acknowledged the fact that some of approval may be utilized in the 2022/23 financial year.

The Technical Services department had then undertaken an exercise to establish how much of the reprioritized funds may be spent in the remainder of the 2021/22 financial year. It was determined that funds amounting to R10,157m would be required for the repairs of infrastructure damaged by the floods in the various local municipalities within the District.

The total adjusted budget for KCDM was R1.114 billion for the 2021/22 financial year, with corresponding revenue of R1.114 billion. The amount to be utilized is broken down as follows; To note the projects below are funded by MIG and WSIG.

Emergency repairs to water infrastructure by floods in uMlalazi LM	2 260 800
Emergency repairs to water infrastructure by floods in Nkandla LM	2 896 834
Emergency repairs to water infrastructure by floods in Mthonjaneni LM	5 000 000
	10 157 634

The total capital budget for 2021/22 after the adjustment budget is R244m while operational budget is R965m. The table below is a snapshot of the 2021/22 final adjustment budget for the King Cetshwayo District Municipality.

REPRIORITISATION ADJUSTMENT BUDGET SUMMARY

	2021/2022 Final Budget	Pre Adjustment Virements	Reprioritisation Adjustment	Current Virements	Adjusted Budget
Revenue by Source	A	B	C	D	
- Grants & subsidies	279 398 000	-	-	-	279 398 000
- Equitable Share	271 387 000	-	-	-	271 387 000
- Levy Replacement Grant	319 462 000	-	-	-	319 462 000
Total Government Grant & Subsidies	870 247 000	-	-	-	870 247 000
- Sundry Income	10 014 943	-	-	-	10 014 943
- Interest Income	21 175 230	-	-	-	21 175 230
Total Other Income	31 190 173	-	-	-	31 190 173
Trading Services	104 179 062	-	-	-	104 179 062
Capital Rollover	5 001 284	-	-	-	5 001 284
MIG Retention	4 378 638	-	-	-	4 378 638
Surplus Brought Forward (2020/2021) - LGSETA Refund	167 678	-	-	-	167 678
Acc DPN Reserve - Capex Funding	17 588 206	-	-	-	17 588 206
Surplus Brought Forward (2020/2021) - Auction Proceeds	1 087 135	-	-	-	1 087 135
Accumulated Surplus - Umg Water Debtor - Eskom and Security	13 667 937	-	-	-	13 667 937
Surplus Brought Forward (2020/2021) - VAT on Grants	25 000 000	-	-	-	25 000 000
VAT - Oct to Dec	21 000 000	-	-	-	21 000 000
VAT (2021/2022) on Grants Jan to April 2022	20 000 000	-	-	-	20 000 000
Total Revenue	1 113 507 113	-	-	-	1 113 507 113
Expenditure					
Non-trading services	315 686 573	15 571	-	-17 196 532	298 505 612
Trading Services	533 443 584	-	10 157 634	2 564 879	546 166 097
Operational IDP	135 390 216	-15 571	-	15 251 863	150 626 508
Capital IDP & Internal Fixed Assets	254 448 746	-	-10 157 634	-620 210	243 670 902
Total Expenditure	1 238 969 119	-	-	-	1 238 969 119
LESS : DEPRECIATION NOT CASH BACKED	119 964 893	-	-	-	119 964 893
LESS : LANDFILL SITE PROVISION UNWINDING OF DISCOUNT NOT CASH BACKED	5 497 113	-	-	-	5 497 113
TOTAL EXPENDITURE EXCL. DEPN & PROV	1 113 507 113	-	-	-	1 113 507 113
BUDGET SHORTFALL	-	-	-	-	-

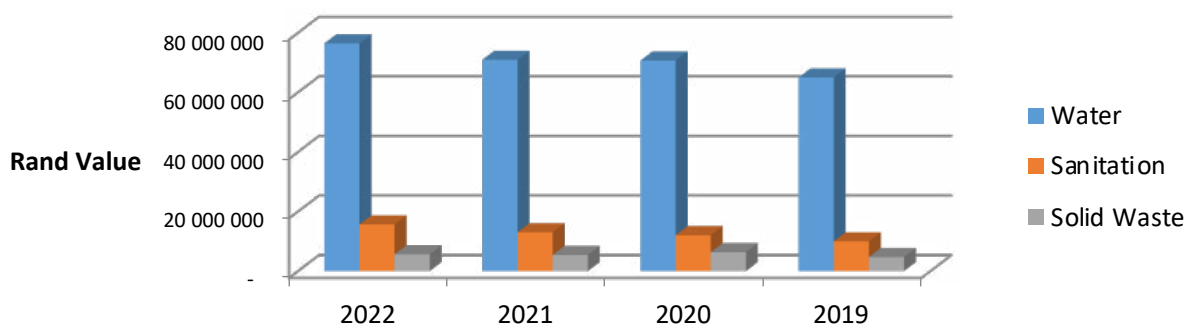
ANALYSIS OF DEBT

The outstanding debtors have been increasing over the years, requiring write-offs that are predominately aimed at assisting the poor and vulnerable consumers within the District.

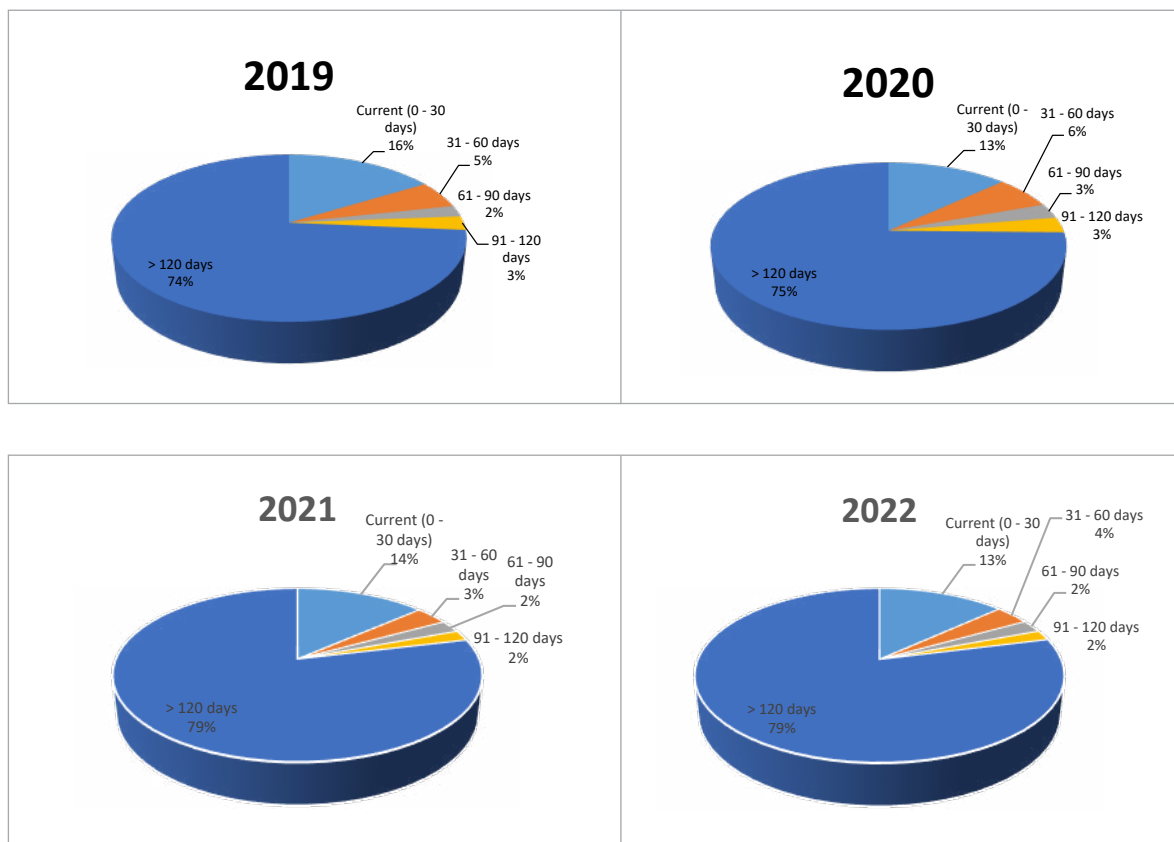
The table and graph below depicts the growth in the debtors over the past 4 years, analysed per service:

	2022	2021	2020	2019
Water	76 435 189	70 916 607	70 688 868	64 995 364
Sanitation	15 660 131	13 015 045	12 049 848	9 968 287
Solid Waste	5 626 638	5 418 091	6 364 794	4 708 366
Impairment	44 268 487	40 982 806	41 346 130	40 224 502
Percentage of Impairment of total Debt	45%	46%	46%	50%
Growth from preceding year	9%	0%	12%	

OUTSTANDING DEBTS PER SERVICE



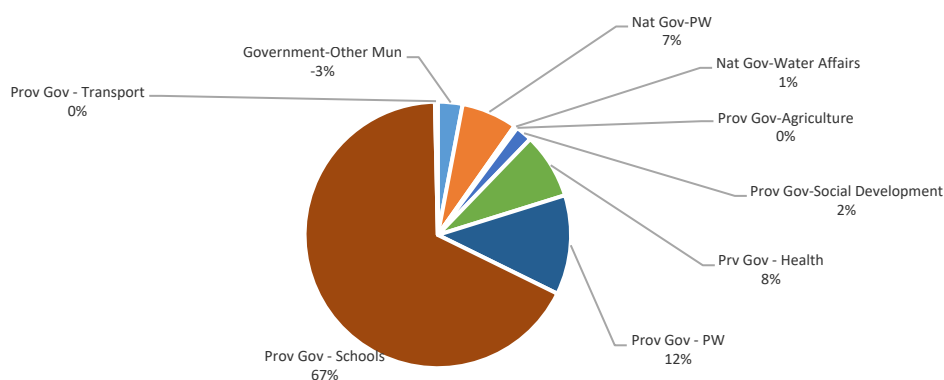
DEBT SPREAD PER AGEING



The Municipality does reflect a growing debtors' age, and such does receive criticism from stakeholders, however despite the many interventions in place, a portion of the raised debts pose challenges, where even the restriction of services does not result in effective recovery. The option of write-offs is applied with extreme prudence as we do not want to promote such practices, which inevitably encourage poor payment and discourage consumers who are regular payers.

Inclusive in the debt owed to the District as at 30 June 2022, was outstanding debts from Government owed properties, amounting to R 12 523 339; this amount is constituted to the largest extent by the Department of Education, which contributed 67% of the total debt, as depicted in the table below.

ARREAR GOVERNMENT DEBTS

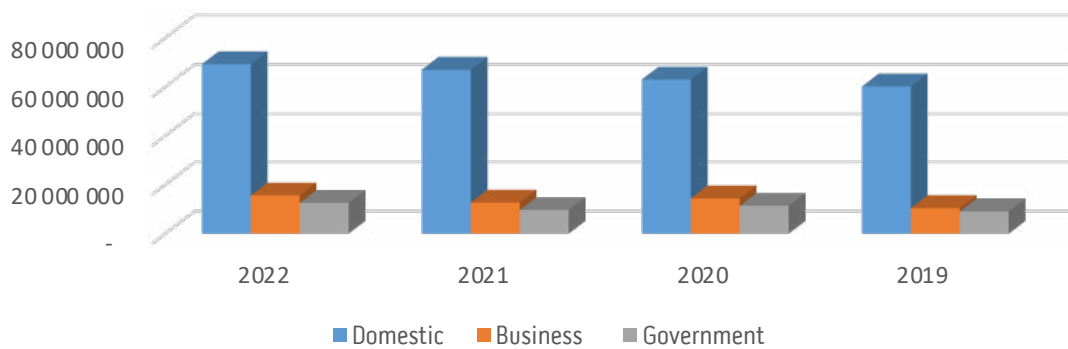


It must be noted however that though government debts may be increasing, a similar trend is noted amongst both the Domestic and Commercial consumers as well. The table and graph below depict this movement over the past four years.

There have been ongoing engagements with the Government Sector through debt forums, inclusive of KZN Provincial Treasury as well as Cogta Municipal Finance. These platforms have yielded some positive results in the addressing of debts.

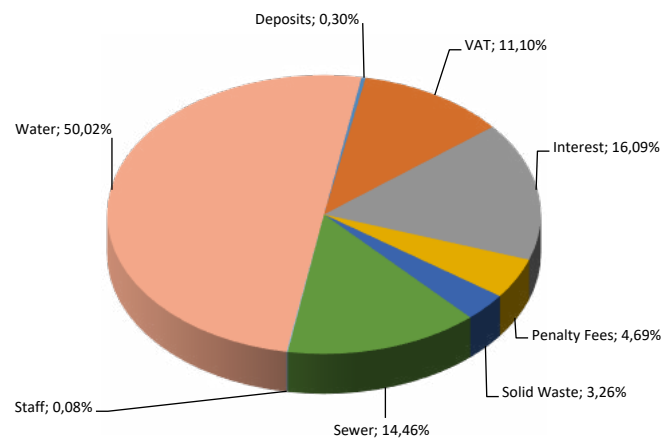
	2022	2021	2020	2019
Domestic	69 267 904	67 010 385	63 010 109	60 163 314
Business	15 597 715	12 704 284	14 432 444	10 440 687
Government	12 526 339	9 635 074	11 342 868	9 068 016

OUTSTANDING DEBTS PER SECTOR



Debts arise predominantly from the District's core functions, being water and sanitation, however it is often found that as clients fail to make payment, punitive charges arise, which contribute further to the ageing debtor's book. As at 30 June 2022, interest and penalties accounted for just over 20% of the debtor's book.

ARREAR DEBTS PER SERVICE







INTRODUCTION TO GOVERNANCE

2.1. KING CETSHWAYO INTEGRATED DEVELOPMENT PLAN (IDP)

Introduction and Background

The Municipal Systems Act of 2000, Section 35 states that an integrated development plan (IDP) adopted by the Council of a municipality is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality. Thus, the IDP is the only plan, in terms of the legislation, that is available to municipalities for them to strive to progressively achieve the objects of local government mentioned above. The IDP process also provides an opportunity for the municipality to debate and agree on a long term vision for the development of the municipality. The IDP also promotes intergovernmental co-ordination by facilitating a system of communication and co-ordination between local, provincial and national spheres of government. Among the core components of an IDP, the following matters must also be outlined in the IDP:

- the municipal Council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- the Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- the Council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- the Council's operational strategies;
- applicable disaster management plans;
- a financial plan, which must include a budget projection for at least the next three years; and
- The key performance indicators and performance targets determined in terms of the Performance Management System.



Review of the IDP

The Municipal Systems Act requires a municipal Council to develop and adopt an IDP which is a five-year plan aligned to the five-year term of the Council. In other words, a five year IDP must be adopted by each Council after each local government elections. The Municipal Systems Act of 2000, Section 34, further requires that the municipal IDP be reviewed annually. Hence, the IDP for the current term of Council was adopted in May 2022 and will continue until after the 2026/27 local government elections. The current IDP is the fifth generation of IDPs.

Steps followed in Developing a Municipal IDP

Before starting the planning process, a District's Framework and Local Municipalities' Process Plans respectively must be drawn up and adopted by the respective Councils. These plans are meant to ensure the proper management of the planning process. Subsequent to adoption of the District Framework Plan, local municipalities must develop and approve their respective process plans to inform the IDP review process within their respective jurisdictional areas.

The first phase entails collection of information on the existing conditions of socio-economic development within the municipality. When assessing the existing level of development in the municipality, the level of access to basic services and those communities that do not have access to these services must be identified. Focus must be on the types of developmental issues confronting the community in the area and their causal factors. The identified developmental issues are accordingly assessed and prioritised in terms of what is urgent and what needs to be done first. Information on availability of resources is also collected during this phase. Road show meetings, stakeholder meetings, surveys, opinion polls and researched information form the basis of this phase.

During the second phase, municipalities must formulate best possible strategies to tackle the identified challenges. Critical in this process in order to ensure a focused analysis, the municipal vision must be confirmed and development objectives containing clear statements of what the municipality would like to achieve in the medium term, to deal with the problems outlined in the first phase must also be confirmed. Internal transformation needs and Council's development priorities must be taken into account when formulating Council objectives. This process should involve strategy workshops, targeted stakeholder engagements, public hearings, sector Provincial and National Departments engagements, social partners, interest-based groups and organized civil society.

Once the municipality has worked out where it wants to go and what it needs to do to get there, it needs to work out how to get there. Development strategies must then be developed focusing on finding the best way for the municipality to meet a development objective. Once the municipality has identified the best methods and strategies to achieving its development objectives, identification of specific projects must commence.

On the third phase the municipality works on the design and content/specifications of projects identified during the prior phases. Clear details for each project have to be worked out. Clear targets must be set and Performance indicators worked out to measure performance as well as the impact of individual programmes and projects. The identified projects must have a direct link to the priority issues and objectives identified in the previous phase. Municipalities must ensure engagement of internal technical committees, possibly with selected key stakeholders. The needs and views of the affected communities must be taken as a priority. The project technical committees and their subcommittees must be able to distinguish between the strategic municipal wide development programmes and the localized community-level projects.

During the fourth phase where projects have been identified, the municipality must then confirm that the identified projects will achieve the desired impact in terms of addressing the identified challenges and are aligned with the objectives and strategies and comply with legislation. The identified programmes/projects will set the pace and direct the trajectory emanating from the overall picture of the development plans of all the stakeholders, including sector departments and social partners.

The adoption phase, which is the fifth, entails the final process of the IDP review process. The IDP document must be presented to the Council for consideration and adoption.

Drafting and Adoption of Municipal Budget

The drafting of the Municipal budget is regulated in terms of the Municipal Finance Management Act of 2003 (MFMA). S21(1) of the MFMA states that the mayor of a municipality must co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible. In order for the municipal Council to adopt the budget of the municipality, the mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year in terms of S16 (2) of the MFMA, which annual budget must be approved by the Council, in terms of S16 (1) of the same Act, before the start of that financial year.

In order to ensure implementation of the IDP and the budget, S53 of the MFMA requires that the Mayor approves the municipality's service delivery and budget implementation plan (SDBIP) after the approval of the budget. The implementation of the SDBIP must be linked to the performance agreement that must be concluded in terms of the Municipal Manager and managers reporting to him, in terms of Section 57 of the Municipal Systems Act. This measure ensures implementation monitoring and evaluation of performance.

District IDP Roadshow Meetings

The IDP/Budget Road show programme is key to the functioning of Local Government. Hence one of the Constitutional objects of Local Government is "To encourage the involvement of communities and community organizations in Local Government". Importantly the Constitution promotes community participation to enable the realisation of the following benefits:

- It provides vitality to the functioning of representative democracy;
- It encourages citizens to actively be involved in public affairs;
- It encourages citizens to identify themselves with the institutions of Government; and
- It encourages citizens to become familiar with laws as they are made.

The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) is the primary statute to give Constitutional impetus to the community participation in Local Government; fundamentally, it defines the Municipality as a constituent of:

- Its Political Structure;
- Its Administration;
- The community of the Municipality.

Accordingly, the Municipal Council must develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers. Not all types and forms of decision-making require the same degree of community participation. In order to avoid any uncertainty about whether or not community participation is critical with regard to certain important Municipal decisions and processes, the Municipal Systems Act provides a non-exhaustive list of important Municipal events in which community participation is particularly important, including:

- The preparation, implementation and review of Municipal IDP;
- The establishment, implementation and review of an Organizational Performance Management System;
- The monitoring and review of a Municipality's Performance, including the outcomes and impacts of such a performance;
- The preparation of the Budget; and
- Strategic decision relating to service delivery

The financial year of South African Municipalities runs from 1 July of each year to 30 June the following year. The law requires the Municipality to consult the community when setting its priorities, developing its plans and allocating resources to priorities through the budget. In August and September in the year before a budget is implemented, the Municipality must get input from communities on what they think of the services they are receiving and of any changes in needs and expectations (Chapter 4 of the Municipal Systems Act).

The Municipality then amends its IDP and develops a draft budget. Once this has been done, the Municipality must once again consult the community to ensure that needs and reasonable demands are being met (S. 21 of the MFMA; Chapter 4 of the Municipal Systems Act). If these needs are not met, the IDP and budget may be revised. This should be done between March and April before the financial year starts in June.

Pursuant to the above, King Cetshwayo District Municipality resolved to embark on the Annual Roadshow Programme, where communities including Traditional Leaders (Amakhosi) in the five (5) Local Municipalities are engaged by His Worship the Mayor, Cllr A.T. Ntuli and accompanying Councillors on their developmental needs and budget-related issues. This programme takes place twice a year (April/May and October/November) across the District, and the issues emanating from these are pivotal in the review of the District IDP and Budget and those of the constituent Local Municipalities.

The IDP/Budget Road show programme of the District aims at improving communication and interaction between the District and the Local Municipalities and the community at large on issues of service delivery, budget related issues and development. In a nutshell, the purpose of the meetings is therefore:

- To afford the community of the Local Municipalities an opportunity to guide the planning and budgeting process of King Cetshwayo District Municipality through highlighting needs important for the development of their respective wards and Municipality at large, which must be the focus of the 2022/23 Financial Year and beyond.
- To assess the extent to which the current programmes/projects' initiatives implemented by respective constituent Local Municipalities, King Cetshwayo District Municipality and Provincial Sector Departments address local developmental needs and concerns.
- To ensure that communities are the key drivers of their own development.
- To provide a platform for the community to participate and inform the IDP of the District, and the development plans of Sector Departments respectively.

During the October 2021 and May 2022 IDP outreach programmes, communities raised a plethora of developmental issues within their respective localities, and also acknowledged the current interventions by their respective Local Municipalities, District, and other National and/or Provincial Departments. The issues raised were all considered and incorporated in the current adopted final IDP.

2.1. KING CETSHWAYO INTEGRATED DEVELOPMENT PLAN (IDP)

Spatial Planning & Land Use Management

In terms of SPLUMA regulations, Municipalities are expected to form MPTs (Municipal Planning Tribunals) that will consider land development applications and in this regard King Cetshwayo, having considered a number of factors including costs, logistical arrangements and efficient utilization of resources opted to adopt the Joint Municipal Planning Tribunal option comprising:

North: Incorporating uMhlathuze, uMfolozi and the now disestablished Ntambanana with its seat at uMhlathuze Local Municipality

South: Incorporating Nkandla, uMlalazi and Mthonjaneni with its seat at uMlalazi Local Municipality.

The rights and obligations of the participating Municipalities are governed by the Memorandum of Agreements (MOAs) concluded between the municipalities. Both tribunals are fully functional and do meet from time to time to consider applications as and when they are received.

Quarterly reports are filed with Council structures to appraise them on all applications and decisions taken by the Tribunals. It is pointed out that all costs associated with the running of the Tribunals in terms of remuneration of external members, are born by the District, which has also delegated personnel serving as members of the Tribunals, in line with the signed MOA with participating municipalities.

The two (2) Joint Municipal Planning Tribunals are functional. The process of the establishment of the Tribunals for the second term was successfully finalised and gazetted.

Critical Sector plans were developed and reviewed accordingly, including the Spatial Development Framework which was adopted in May 2022. The Environmental Management Framework (EMF) was approved and adopted by Council during February 2020. A Comprehensive Integrated Transport Plan (CITP) was approved and adopted by Council on 27 August 2021. A Nodal Plan (uMhlathuze/ uMfolozi RBIDZ) was successfully developed and approved by Council during the 2021/22 financial year.

The District is also taking a leading role in the coordination and development and implementation of the District Development Model (DDM) with all family of municipalities and SOEs including other spheres of government. The “One Plan” was successfully finalised during the 2021/22 financial year and consulted with all stakeholders. It served at all Clusters, where input was received before it was presented to both the Technical and Political Hubs for final adoption by Council and submission to all relevant stakeholders and Government Spheres and Entities for implementation. The improvements on the Plan are continuously being made as circumstances change as part of review going forward. All IGR engagements including Planners/IDP Managers, Municipal Coastal Committee are regularly convened to ensure coordinated Planning across the District.

ALIGNMENT WITH NATIONAL KEY PERFORMANCE AREAS

NATIONAL DEVELOPMENT PLAN (NDP)

The National Planning Commission adopted the National Development Plan where priorities are summarised in the table below:

GOAL NO	NATIONAL PRIORITY	KING CETSHWAYO GOALS
1	Create jobs	Local & Rural Economic Development
2	Expand infrastructure	Strategic Infrastructure & basic service delivery
3	Use resources properly	Strategic Infrastructure & basic services delivery
4	Inclusive planning	Promote Good Governance and enhance Public Participation
5	Quality education	Organisational & Human Resource Development
6	Quality healthcare	Create & promote a safe, healthy and secure environment
7	Build a capable state	Organisational and Human Resource Development
8	Fight corruption	Promote Good Governance and enhance Public Participation
9	Unite the nation	Promote Good Governance and enhance Public Participation

NATIONAL NDP OUTCOMES

The 14 National Outcomes that all provincial governments must align to are:

GOAL NO	NATIONAL OUTCOME	KING CETSHWAYO GOAL
1	Quality basic education	Organisational & Human Resource Development
2	A long and healthy life for all South Africans	Create & Promote a safe, healthy and secure environment
3	Safety, and sense of safety, for all people in South Africa	Create & Promote a safe, healthy and secure environment
4	Decent employment through inclusive economic growth	Local & Rural Economic development
5	A skilled and capable workforce to support an inclusive growth path.	Organisational and Human Resource Development
6	An efficient, competitive and responsive infrastructure network	Strategic Infrastructure & Basic Service Delivery
7	Vibrant, equitable, sustainable rural communities contributing towards food security for all	Local & Rural Economic development
8	A comprehensive, responsive and sustainable social protection system	Create & Promote a safe, healthy and secure environment
9	Sustainable human settlements and improved quality of household life	Coordinated Planning, Spatial Equity, Coastal and Environmental Management
10	Responsive, accountable, effective and efficient local government system	Promote Good Governance and enhance Public Participation
11	Protect and enhance our environmental assets and natural resources	Coordinated Planning, Spatial Equity, Coastal and Environmental Management
12	An efficient, effective and development-oriented public service	Promote Good Governance and enhance Public Participation
13	A diverse, socially cohesive society with a common national identity	Promote Good Governance and enhance Public Participation
14	Create a better South Africa, a better Africa, and a better world	Create & Promote a safe, healthy and secure environment

The Five National and Six Provincial Priorities include the following:

GOAL NO	NATIONAL & PROVINCIAL PRIORITIES	KING CETSHWAYO GOAL
1	Job creation (Decent work and Economic growth)	Local and Rural Economic Development
2	Education	Organisational & Human Resource Development (Liaison with the Dept. of Education)
3	Health	Create & Promote a safe, healthy and secure environment (Liaison with the Dept. of Health)
4	Rural development, food security and land reform	Local and Rural Economic Development
5	Fighting crime and corruption	Promote Good Governance and enhance Public Participation
6	Nation-building and good governance (State of KZN Province Address)	Promote Good Governance and enhance Public Participation

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)

The SDBIP links the Performance Management System (as required under the Municipal Systems Act) with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS. The requirement for an SDBIP is stated in the MFMA, Section 69.3(a) and is the responsibility of the Accounting Officer or the Municipal Manager. It can of course be delegated under Section 79. Put simply, the SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through links with the IDP.
- The Financial Imperative – Through links with the budget.
- The Performance Imperative – Through links to the PMS.

KCDM STRATEGIC GOALS

The table below indicates King Cetshwayo District Municipality Strategic Goals.

1. Organisational & Human Resource Development
2. Strategic Infrastructure & Basic Service Delivery
3. Sound Financial Management & Viability
4. Promote Good Governance and enhance Public Participation
5. Promote healthy communities through sports, arts and culture development
6. Create & Promote a safe, healthy and secure environment
7. Local & Rural Economic Development
8. Co-ordinated Planning, Spatial equity, coastal and environmental Management



DISTRICT LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT AND SMME

The Economic Development Unit (EDU) is mandated to promote economic development; job creation, economic transformation and economic intelligence within the District.

It is guided by policies established by National and Provincial Government and articulates the approach to economic development through the Municipality's Integrated Development Plan (IDP) and Local Economic Development Strategy, which all activities are guided by, but not restricted to, as the unit also responds to the broader challenges facing the greater region by endorsing other initiatives such as the National Development Plan (NDP).

LED INITIATIVES 2021/2022

SMME Support and Development

The SMME support component deals with the development of small businesses and capacity building for their participation in the bigger economic mainstream. In this regard the section offers non-financial support to SMMEs on our database. The section works closely with other government departments to achieve its economic objectives and such departments include, EDTEA, COGTA, Department of Small Business Development (DSBD), Richards Bay Development Zone, Zululand Chamber of Commerce and Industry, SEDA and other industries in King Cetshwayo District.

This component also identifies economic opportunities on behalf of the youth and women and procures necessary resources for the identified unemployed youth and women, who are assisted to form cooperatives and be introduced to running successful businesses.

UPDATE AND REVIEW OF LED STRATEGY

- The LED strategy is now completed, and has a vision, mission, five (5) sector specific strategies and three (3) cross-cutting strategies as well as an implementation plan.

The LED Strategy has the following key strategies:

- Expansion and diversification of the manufacturing sector
- Expansion of the agricultural sector
- Development and support for the tourism sector
- Support for small enterprises
- Support Film & Photography, Maritime, Green Economy and ICT Sector
- Improve the institutional capacity and policy environment for effective LED
- Ensuring effective education, skills and capacity development
- Expansion and development of strategic economic infrastructure

The strategy was adopted by council on 23 September 2021 and is now being implemented.

LED DATABASE

The updating of the database is a continuous process. Having a database for each sector is most important to keep information about SMME's in the district. The LED section now has a very comprehensive database of different sectors which assists with allocation of assistance, whether financial or administrative.

DISTRICT ECONOMIC DEVELOPMENT (DED) FORUM

The District Economic Development forum is established in terms of the Inter-Governmental Relations Act and holds its forums on a quarterly basis. The purpose of the forum is to discuss LED plans and other relevant initiatives with Local Municipalities. The District LED forum is an information sharing platform/ session where all LED activities, initiatives and plans are shared through presentation, deliberations and collaborative discussions. The purpose of the forum is aligning projects and enhancing partnerships. The DED forum meetings were held on a quarterly basis in the 2021/2022 financial year:

- Quarter 1: 05 August 2021
- Quarter 2: 18 October 2021
- Quarter 3: 16 February 2022
- Quarter 4: 22 June 2022

JULY UNREST

The turmoil and destruction that spread throughout the province of KwaZulu-Natal from 12 to 14 July 2021 had a devastating impact on Municipalities under King Cetshwayo District Municipality. All municipalities experienced extensive looting, damage to property and infrastructure, and municipal services were interrupted. KCDM compiled reports on the July unrest that served in the District Development Model committees (Cluster), District Command Council (DCC) and were submitted to COGTA with the status quo report.

On Thursday 15th July 2021 the situation was slowly returning to normality as many supermarkets began operating. The Portfolio Committee on Small Business Development in Parliament visited King Cetshwayo District Municipality on 3 August 2021 as part of its oversight activities. The Committee had interest in seeing first-hand the business premises and entrepreneurs that were affected during the July looting.

The Committee took cognizance that many small black-owned businesses may not survive the aftermath of the riots and looting that severely hit the province of KwaZulu-Natal and part of Gauteng Province during the week of 12 July 2021.

The Department of Small Business Development proposed and recommended measures and remedial interventions that were to improve affected businesses.

KCDM SMME FUNDING FOR FLOOD RELIEF PROGRAMME

Flood relief schemes were announced by the Honourable Minister of Small Business Development to assist informal traders and formal businesses who were negatively affected by the flooding which commenced on 08 April 2022. The programme aims to provide financial support to formal and small enterprises affected by the flooding in KZN during the unprecedented floods.

The total value of the funding available to assist formal SMME's is R 50 000 000 and is a non-refundable grant. Applications were opened on 25 April 2022 and closed on 13 May 2022. KCDM shared information with SMME's and other businesses. SEDA administers the funding directly. SMME's within KCDM that applied for funding are a total number of 26, with the funding request total value of approximately R 6 550 000. The applicants fall under highly disadvantaged individuals and comprises 17 women and 7 youth. SEDA is in the process of verifying the applications and once due process is finalised, funds will be allocated according to exact loss incurred.

INFORMAL AND MICRO ENTERPRISE DEVELOPMENT PROGRAMME (IMED)

KCDM together with SEDA hosted a workshop on 13 June 2022 at Nkandla Library. KCDM assisted with contacting and informing the applicants about the said workshop. Applicants brought the following documents on the day of the workshop:

- Certified ID copy
- Bank Statement (stamped) or Proof of Banking
- CIPC documents if the applicant is registered

The Department of Small Business Development conducted a workshop in order to support 30 informal businesses who were supported through the Informal and Micro Enterprise Development Programme (IMED) that supports informal businesses with grants to the value of R500 to R10 000 worth of equipment and machinery, depending on the needs of the machinery and needs of the businesses.

INFORMAL TRADERS FOR THE KCDM HORSE RACING EVENT

King Cetshwayo District Municipality in partnership with the Local Municipalities (LM), hosted a horse racing event on 24 and 25 June 2022. The LED, Tourism and Arts and Culture Commission was assigned a task of sourcing informal traders for the event.

The layout plan for the allocation of informal traders served as a guideline for 30 vendors (per venue) and permits were issued to vendors whereby ten was for mobile kitchens and/or trailers and twenty were for stalls; each LM was allocated five stalls.

A total number of eighteen permits were issued to vendors by the City of uMhlatuze on 22 June 2022, as per the database. Nkandla LM brought exhibitors for craft and beadwork.

Each local municipality had to do its own recruitment and application process based on their respective by-laws.

The feedback from informal traders highlighted that they profited from the opportunity given to them, especially at the music festival.

AGRICULTURE UNIT 2021/2022

FARMER SUPPORT AND DEVELOPMENT INITIATIVES 2021/2022

Agriculture remains a critical vehicle for economic growth, job creation and food security as envisaged in the National Development Plan and the District Growth and Development Plan. It is important to continually promote, coordinate and implement agricultural initiatives in the district for economic growth.

KING CETSHWAYO FRESH PRODUCE MARKET (KCFPM) BUILDING MAINTENANCE AND HOUSEKEEPING

The Local Economic Development (LED) Unit under the Planning & Economic Development Department is responsible for doing maintenance and housekeeping of the KCFPM building.

SITE VISIT TO NTINGWE TEA ESTATE

On 05 August 2021, a site visit meeting was held at Ntingwe Tea Estate, where KCDM formed part of stakeholders invited. A brief background and the current state of operations of the Estate was laid out, highlighting that it was established in 1987 by the Kwa-Zulu Government under the funding of the now Ithala Development Finance Corporation.

Ntingwe Tea Estate is a tea producing factory located in Ntingwe village in Nkandla. It was intended as a viable 600ha Tea Estate Unit but only 400ha of Clonal Green Tea Bushes were planted. The Tea Factory that was constructed is only able to process 200ha of Black Tea.

Historical records indicate that the Estate has not been profitable for a long period of time, since the industry has declined globally. The Estate has supported a total of 158 job opportunities comprising of 54 permanent staff and 103 seasonal staff.

WOMEN IN FORESTRY WEBINAR

On 26 August 2021, KCDM was invited by Forestry (SIF) to attend a second Women in Forestry Webinar that was sponsored by Forestry South Africa (FSA) and hosted by the Forest Sector Charter Council (FSCC).

The event's theme was to celebrate and acknowledge the contribution of women in the forestry sector, and addressed the following:

- An industry for all – a discussion with three female timber growers on different scales of operations (sponsored by Merensky).
- Sustainable forestry – introduced the environmental, social and economic sustainability of forestry (sponsored by SAPPI)
- Forestry entrepreneurialism – highlighted the positive impact of entrepreneurship that arises out of projects from rural communities.
- Investing in the future – Forest21 presented on how forestry will impact future generations and students in the field.
- A sector driven by innovation – discussed the innovations happening in the forestry value chain and opportunities that are being availed.
- Beating burnout – The definition of burnout was explained, and why women are more at risk.

All the themes were presented by prominent women from both the private and public sectors.

WOMEN IN AGRICULTURE WEBINAR

On 27 August 2021, KCDM partnered with Richards Bay Industrial Development Zone (RBIDZ) to host a Women in Agriculture Webinar in partnership with the Department of Agriculture and Rural Development (DARD) and Agriculture Development Agency (ADA). The engagement webinar was also targeting farmers and SMMEs in the district.

The purpose of the webinar was to engage with the farmers and provide information on the agribusiness opportunities available in the RBIDZ space which allows them to participate.

SOUTH 32 ECO-HUB COMMUNITY DEVELOPMENT PROJECT

In August 2021 KCDM partnered with South32 in the implementation of the Eco-Hub Community Development Project which is a two-year project that aims at setting up community gardens to enhance business skills and play a role in the local economy. This was done through grouping people together to work on a project and have one goal. The project targeted mostly the unemployed graduates and assisted them in starting up an agribusiness.

Monthly stipends are paid to participants while all the income that will be earned will be saved in the bank, and only be utilized at the end of two years of the programme. All-inclusive support, ranging from production inputs, PPE and tools were provided to the identified project beneficiaries.

FOOD RELIEF RESPONSE TRIGGERED BY CIVIL UNREST IN KCDM

On 12 August 2021, KCDM LED section was invited by the Department of Social Development (DSD) and Solidarity Fund through RASET to attend a Food Relief Response to Civil Unrest meeting that was held virtually.

The purpose of the Food Relief Response to Civil Unrest was to provide support with food emergency response that delivered humanitarian food and nutrition security interventions in the KZN areas affected by the public protests. The funds were donated by the Solidarity Fund to DSD. The food items were supplied through the participation of District Development Agencies.

KCDM was requested to provide a list of farmers who have produce that was ready for harvest, so that DSD may purchase the produce for the programme from local farmers. A total number of 6000 food relief parcels were donated to KCDM. On 30 August 2021, the first lot of 2500 food relief parcels were delivered at KCFPM. The recipients of relief parcels were identified by DSD and the programme was rolled out as part of the District Development Model of Government.

NATIONAL RURAL YOUTH SERVICES CORPS (NARYSEC) PROGRAMME STRATEGIES REVIEW PROCESS - KZN STAKEHOLDER CONSULTATION

On 20 September 2021, KCDM attended a NARYSEC Strategy Review Stakeholder Consultation Programme held at Southern Sun Hotel, Durban. The NARYSEC Programme aims at equipping the youth from rural communities with business skills, while issuing them monthly stipends.

The following strategies were discussed and reviewed:

Exit Strategy Review: the purpose of the NARYSEC Exit Strategy is to provide a framework that would facilitate the transition of the youth into employment, enterprise development or further study opportunities.

Recruitment Strategy Review: the purpose of the NARYSEC Recruitment Strategy is to provide a mechanism to enable the recruitment of unemployed rural youth, aligned to the DDM.

Skills Development Review: the purpose of the NARYSEC Skills Development Strategy is to provide a mechanism for the skilling of the youth, so that they can transition into employment, entrepreneurship or further study opportunities, and become change agents in their communities.

In the past the programme was focusing on equipping the youth with business skills only, while neglecting a post-programme plan for the trained youth. The programme focused on a post-training plan and produces trainees that can create job opportunities for themselves.

FARMERS AGRI-FLEA MARKET DAY

KCDM in partnership with uMhlathuze Local Municipality hosted four Farmers Agri-Flea Market Days on a quarterly basis on the following dates:

25 September 2021
30 October 2021
31 March 2022
04 June 2022

The impact of having the Farmers Agri-Flea Market Day is that the Municipality provides the platforms where farmers and SMME's get the opportunity to sell their produce to the public and this further provides income to sustain their families and eradicate poverty.

The Agri-Flea Market Days were advertised by uMhlathuze and the District on the social media platforms to attract farmers and SMME's to come and sell their produce and goods to the public. KCDM provided transport to some of the farmers to attend and participate in selling their produce.

AGRICULTURAL SECTOR SUPPORT VIRTUAL WORKSHOP

On 28 September 2021, KCDM attended Agricultural Sector Support Virtual Workshop organised by COGTA. The main aim of the workshop was to present the COGTA Municipal Agricultural Sector Strategy, and the DARD KZN Agricultural Master Plan.

The COGTA Municipal Agricultural Sector Support Strategy's findings about KCDM are that, the District is characterized by high potential arable land that exists along the coast, but the rest of the District has scattered pieces of marginal potential arable land and mostly non-arable land. The prioritized products for the District are:

Sugar cane (in the coastal regions);
Livestock;
Forestry;
Vegetables; and
Citrus.

PRESIDENTIAL EMPLOYMENT STIMULUS INITIATIVE (PESI)

The Presidential Employment Stimulus Initiative (PESI) is a programme designed to assist small-subsistence farmers that were affected during COVID19 shutdown period. It is intended for those farmers that are unemployed and have no income or have not received any form of support from the Department of Agriculture, Land Reform & Rural Development in the current Financial Year.

The total number of farmers that benefited in the District through PESI is 1688, with the total value of R7 066 000 spent on the above-mentioned farmers.

DISTRICT JOINT OPERATION COMMITTEE (DJOC)

KCDM participated in the DJOC that sits on a weekly basis to fast-track the progress in all government funding support that has been availed to farmers during the COVID-19 pandemic and lockdowns which hindered farmers in producing their field in full capacity.

STAKEHOLDER PARTNERSHIPS

PARTNERSHIP WITH THE DEPARTMENT OF SOCIAL DEVELOPMENT

On 13 October 2021, the District through a stakeholder partnership with the Department of Social Development (DSD), supported six (6) cooperatives from uMhlathuze Local Municipality, with the total number of 32 beneficiaries, by providing 720 onion seedlings to the 6 co-operatives.

KCDM MULTI-PLANTING SEASON LAUNCH

On 22 October 2021, KCDM in partnership with the DALRRD hosted the District Multi-Planting Season Launch held at Mqzankunzi Sports Field, Obizo under iNkosi Cebekhulu, Ward 32 uMhlathuze Local Municipality. There were 30 households that benefited with different agricultural tools and inputs from the Multi-Planting Season launch.

KCDM EPWP SUPPORT TO LINDELIMINI POTATO PRODUCTION PROJECT

KCDM supported Lindelimini Potato Planting Project with 20 EPWP workers to assist in bush clearing and potato production. The 20 EPWP workers are contracted for four months and KCDM supported by providing PPE in compliance with EPWP guidelines.

Lindelimini received a contract from Frimax Foods to supply 2000 tons of potatoes every month, with an option to increase quantities. Frimax Foods agreed to support them with seedlings for 10ha in the first plantation. The ripple-effects of this contract will provide opportunities to other KCDM emerging farmers, whereby Frimax Foods might require more than 2000 tons of potatoes.

POTATO INFORMATION SHARING DAY FOR FARMERS

On 07 October 2021, KCDM partnered with CLANSO Primary Co-op and DARD and hosted the Potato Information Sharing Day held at Ngwelezane. Potato South Africa (Potato SA) was one of the key stakeholders that shared their expertise in the planting of potatoes. The purpose of the event was to share information with uMhlathuze Local Municipality farmers regarding potato production and market access.

The yield of 48 tons were harvested by CLANSO Primary Co-op at the end of September 2021, which Potato SA regarded as a very successful yield which would encourage other local farmers to plant these type of potato seeds. CLANSO Primary Co-op harvested the potatoes and displayed all the different types of value chains that can be produced using potatoes.

AGRO-PROCESSING TRAINING USING VEGETABLE PRODUCTS

KCDM hosted a two-week training on Agro-Processing at KCFPM in Ngwelezane, from 04 October to 15 October 2021. The main purpose of the training was to train farmers on different value-adding methods to primary produce.

The training was attended by thirty (30) farmers from Umhlathuze LM. The first 5 days of the training focused on the theory part of value-adding and the other 5 days focused on practical training where farmers were able to produce different value chains using vegetables. The training covered information relating to: health regulation measures, safety procedures, vegetable atchar, strawberry jam, potato mash and potato fries.

GOAT IMPROVEMENT PROGRAMME (GIP) TRAINING

On 26 to 28 October 2021, KCDM and DARD uMhlathuze Local Office conducted a 3-day training held at Ngwelezane Amakhosi Hall. The purpose of the training was to train Community Goat Care Assistants in uMhlathuze Local Municipality on basic goat production veterinary services.

It was a 3-day training, of which 2 days were for the theory and one day was for practical demonstration. The theory part focused on learning about common diseases affecting goats and methods of treating such diseases.

The Goat Improvement Programme is a DARD Provincial initiative that aims to create and maximize a viable goat production system for rural and peri-urban communities in KZN. It was established that KCDM is amongst the districts that has a strong population of goats, which if supported, can create more trading opportunities and grow the economy of the District.

GREEN-ARCH AQUAPONICS PROJECT SITE VISIT

On 15 February 2022, KCDM together with uMhlathuze Local Municipality, Trade & Industry KwaZulu Natal (TIKZN) and University of Zululand (Unizulu) visited the Green-Arch Aquaponics Project in Mpembeni under uMhlathuze LM to view and discuss technical issues that are hindering project growth.

The Green-Arch Aquaponics Project is a 100% black owned project (with 8 beneficiaries) that produces both fish and vegetables using tunnels. The project was funded by Richards Bay Minerals (RBM) with two tunnels, a borehole, engine pumps (both electric and petrol), production inputs and fencing. uMhlathuze LM has been supporting the project from its inception stage, facilitating support towards the project development.

The project produces 2000 vegetables and 6000 tilapia fish produced in 6 tanks that accommodate 1000 fish each. The water used for production circulates from the fish tanks to vegetable tunnels, thus saving water by 80%, as water is lost only through evaporation. According to beneficiaries, the project has agreements with potential markets where the produce will be supplied.

KCDM HANDOVERS

HANDOVER OF LED PROJECTS BY TRONOX KZN SANDS

On 11 March 2022, KCDM attended the official handover of projects by Tronox Sands KZN, which was held at Gubhethuka Primary School under KwaDube Tribal Authority.

The following projects were handed over:

Kitchen and Sport Field at Thekelimfundo Primary School.

Admin Block at Gubhethuka Primary School.

Ablution Facilities and Admin Block at Ensingweni Primary School.

Computer Laboratory at Mbuyiseni High School.

AGRICULTURAL MATERIAL HANDOVERS DURING IDP BUDGET ROADSHOWS

On 03-13 May 2022 during the IDP and Budget Roadshows, KCDM handed over agricultural material, infrastructure and inputs to different cooperatives identified by all 5 Local Municipalities within the district.

On 03 May 2022, the IDP Roadshows started at uMlalazi Local Municipality (LM) and was held at King Dinuzulu Stadium, King Dinuzulu Township. Four co-operatives were supported, with a minimum of 20 beneficiaries to have benefited.

On 10 May 2022, the second IDP Roadshow was held at Nkandla Sports Field under Nkandla LM. Six co-operatives were supported, with a minimum of 30 beneficiaries to have benefited.

On 11 May 2022, the third IDP Budget Roadshow was held at Esikhawini TVET College under uMhlathuze LM. Two co-operatives were supported, with a minimum number of 10 beneficiaries to have benefited.

On 12 May 2022, the fourth IDP Budget Roadshow was held at Mthonjaneni Sports Field in uMthonjaneni LM. Six co-operatives were supported, with a minimum number of 30 beneficiaries to have benefited.

On 13 May 2022, the fifth and final IDP Budget Roadshow was held at Ezidonini under Umfolozi LM. Two co-operatives were supported, with a minimum number of 10 beneficiaries to have benefited.

INSUZE FARMER PRODUCTION SUPPORT UNIT (FPSU) VISIT

On 26 May 2022, KCDM visited Insuze Farmer Production Support Unit (FPSU) together with the National Office and Provincial Office of the Department of Agriculture and Rural Development (DARD), as well as other stakeholders. The main purpose of the visit was to assess the impact of the project in farmer's lives since a large amount of money was being injected into their project.

The FPSU is a one-stop centre, where mechanization, agricultural inputs, training and any other relevant materials, including transport to deliver fresh produce, or any other information concerning farming, is provided.

Insuze FPSU has 11 co-operatives with a total number of 155 beneficiaries utilizing a total number of 244.5 ha.

Farmer Production Support Unit (FPSU) is a programme that was developed by the Department of Agriculture, Land Reform and Rural Development (DALRRD) through Agri-Park initiatives to assist emerging farmers with equipment they need to practice farming effectively.

AD-HOC COMMITTEE ON LAND RESTITUTION COMPLAINTS

On 04 June 2022, the AD-HOC Committee from Kwa-Zulu Natal (KZN) Legislature held a meeting at King Dinuzulu Hall in Eshowe. The Committee was visiting King Cetshwayo District Municipality (KCDM) citizens who have land restitution complaints, to receive their complaints and provide solutions where possible.

The KCDM citizens affected were coming from all the Local Municipalities under KCDM, with uMhlathuze Local Municipality having the highest number of complainants. Citizens were then given an opportunity to raise their complaints.

KCDM SUPPORT TO YOUTH CO-OPERATIVE THAT MANUFACTURES TOILET PAPER

uThungulu Rural Youth Development Co-operative, which manufactures toilet paper and sanitary towels, was provided with a leasing space at the King Cetshwayo Fresh Produce Market (KCFPM). The co-operative is made up of youth beneficiaries.

The DALRRD approached KCDM with the aim of leasing the building for the co-operative. KCDM granted DALRRD the permission to occupy the building as it was for the development of local SMME's. The proposed leasing term will be for a period of three (3) years, subject to renewal should the District still want to continue with the leasing arrangements.

TOURISM 2021/2022

Tourism has the ability to spread benefits to remote and impoverished areas and local government has a critical role to play in the development of tourism, creating a favourable environment for job creation. The tourism mandate has been outlined in the Municipal Structures Act and it is within this regulatory environment that we have undertaken many different projects and actions.



MARKETING:

DOMESTIC CONSUMER SHOWS

The attendance of key domestic and international tourism trade and consumer shows are important platforms from which marketing is done. Africa's Travel Indaba is one of the largest tourism marketing events on the African calendar and one of the "must visit" top three events of its kind on the global calendar to attend.

The Travel Indaba showcases the widest variety of Africa's best tourism products and attracts international buyers and media from across the world. Africa's Travel Indaba is owned by South African Tourism. The Travel Indaba was held at Durban International Convention Centre (DICC) from 02 – 05 May 2022.

Exhibitor categories included hotels, accommodation, tour operators, transport, game lodges, and online travel and industry associations. Outdoor exhibitors included transport, camping and safari companies. Exhibitions are increasingly becoming more business-orientated and provide not only a place for a meet and greet opportunity but also a sign, seal and deliver opportunity.

One desk was made available to districts respectively, under the Tourism KwaZulu -Natal banner. Two SMME's were given the opportunity to share the desk for the duration at Indaba, namely:

Ngodini Bunduz Adventure Safaris
Zululand Birding Route

TOURISM STRATEGY

An application was made to the Department of Economic Development, Tourism and Environmental Affairs to consider funding the tourism strategy for the district. KZN Department of Economic Development, Tourism and Environmental Affairs made R700 000 grant funding available for the strategy. Econogistics were the appointed consultants and submitted a draft strategy at the end November 2021. The first presentation on the plan was done at the LED Forum on 16 February 2022. A project steering committee meeting was held on 11 March 2022 with all stakeholders from local municipalities, community tourism organizations, Ezemvelo KZN, EDTEA and product owners. Final input and changes to the strategy were collated.

On the 11th of March 2022, the draft Tourism Strategy was presented to councillors at the Planning and Economic Development Portfolio Workshop. A final meeting was held on 18 March 2022 to discuss the final document and to take note of the changes that the local municipalities recorded. The Draft Strategy was further presented at the Tourism Symposium organised by uMlalazi Municipality on the 29th of March 2022.

Recommendations on Tourism Strategy:

It is recommended that the following marketing and communication tools be used:

Sales visits, workshops and familiarisation trips targeted at the travel trade, such as tour operators and tour guides.

Press releases to community, local and international newspapers, online news websites and television and radio stations, including community and local radio stations.

Social media posts to, amongst others, Facebook, Instagram, Twitter and YouTube.

Creation of a profile of KCDM tourism products on websites such as TripAdvisor, and encouraging visitors to write reviews to establish KCDM as a must-see attraction. This profile should be managed to ensure that any complaints and negative reviews are answered and addressed.

Website with all relevant information on facilities and activities, opening times, events, etc. The website should also include a blog which is linked to the posts on social media and press releases.

Cooperation with SA Tourism and KwaZulu-Natal, with joint marketing ventures.

Collaborative marketing and sponsorships with large corporations or organizations in KCDM.

Erection of directional signage along the main routes through KCDM, including not only the national highway but also main feeder roads throughout KCDM.

The final Tourism Strategy is awaiting Council approval.

CRUISE VESSELS DOCKING IN RICHARDS BAY HARBOUR

The season for cruise ships begins in October to March every year. The District assists the tourists with information and attractions around the district. The Tourism unit provides an information office using the mobile caravan as its office. During the cruise ship season the District supports crafters by allowing them to sell their craft work to the tourists that are from different countries, and they benefit greatly when they are at the harbour. Due to Covid-19 only one passenger liner, known as Silver Whisper, docked at Richards Bay on 01 March 2022.

Cruise Vessels objectives are as follows:

- Increase passenger liner arrivals;
- Manage, facilitate and coordinate cruise ship arrivals;
- Plan and develop a mixed-use facility at the small craft harbour

TOURISM PROJECTS THROUGH PARTNERSHIPS:

1. DATA COLLECTORS

In line with the Tourism Act of 2014, the Department of Tourism embarked on a programme to implement a National Tourism Information and Monitoring System (NTIMS) in partnership with all the local municipalities. The system securely hosts comprehensive data on tourism businesses, products and services, and provides the required intelligence on the footprint of Tourism in South Africa for strategic and planning purposes. The project enables NTD to obtain a perspective of the supply side of tourism, categories, concentration and/or geographical spread of tourism businesses and services.

The National Department of Tourism (NTD) has capacitated 11 unemployed youth in King Cetshwayo District Municipality to collect the required tourism information that was to be hosted on the NTIMS. NTD worked through the local labour offices to obtain names of unemployed youth to be appointed for this programme. Two data collectors are placed at each local municipality in the district and one at KCDM. The programme commenced in October 2021 and will continue until October 2022.

Tourism Data Collectors were all supplied with the necessary stationery and tools to do the research. The data collectors are employed under the EPWP programme.

2. TOURISM MONITORS

The National Department of Tourism embarked on a Tourism Monitors programme to assist unemployed youth. The programme is running for 12 months from November 2021 to end October 2022. King Cetshwayo District Municipality was allocated 12 vacancies. Tourism monitors are placed at Tuzi Gazi Waterfront, Alkantstrand Beach and Empangeni. The aim of the monitors is to create access to information, ensure safety in destinations while giving tourists quality services and experiences. An appointed service provider introduced the recruitment and implementation plan.

The 12 nominated safety monitors were allocated to main tourist attractions which are Tuzi Gazi Waterfront, Alkantstrand Beach, Boardwalk Mall and Empangeni Museum. All monitors received training and a monthly stipend is made available for the period that they are appointed.

The programme will run for 12 months; the first three months will be theory training and thereafter 9 months of practical work. Participants are deployed within their local municipality.

3. EMATSHENEZIMPISI VISIT BY THE LEGISLATURE

The Department of Economic Development, Tourism and Environmental Affairs responded to a letter that was written by Inkosi Biyela of Emahlayizeni from Nkandla Local Municipality, requesting assistance to revive the tourism and conference facility at Ematshenezimpisi Game reserve, which is a community-based project. KCDM liaised with EDTEA to assist with reviving the project and the commitment that was made by the Department was to compile a feasibility study for the project.

On the 20th of September 2021, the Portfolio Committee from the Legislature visited the site Ematshenezimpisi accompanied by EDTEA. Mr Zulu, the community authority of Ematshenezimpisi gave a brief about the condition of the site and how it has fallen into such a state, where he included the digging and stealing of electricity cables. EDTEA announced to the committee that they budgeted R 300 000 to hire a consultant to do a feasibility study in the province's financial year 2021/2022, however it has been cut to R150 000 due to Covid-19 pandemic constraints. The feasibility study tender was advertised.

4. TOURISM ADVOCACY WORKSHOP

A Tourism Advocacy workshop was held on 31 August 2021 by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). Items of discussion included:

Pilot study done on tourism visitor stats and information collected at local municipal level.

The Covid-19 Trends Quarterly Report: An overview of tourism trends amidst the Covid-19 pandemic.

Local Municipalities were encouraged to also engage in data collection so they can easily identify Tourism Trends and sustainability of Tourism.

The findings of the pilot study were requested by the Pietermaritzburg Tourism Association. The purpose of the study was to:

- Gather tourism statistics at local municipal level.
- Test the parameters of local municipalities to gather their own tourism data.

5. HERITAGE MONTH CELEBRATION

KCDM celebrated the life and times of King Cetshwayo on Tuesday 21 September 2021. The main aim of this programme is to create awareness and possible buy-in from stakeholders to help King Cetshwayo sites to be recognised as National Heritage sites and obtain commitments from other stakeholders to partner and renovate sites and beautify them.

On the day of the event most stakeholders pledged their support in developing King Cetshwayo sites to National heritage sites, including the National Department working hand in hand with Amafa, who is playing a crucial role to ensure that this project will come to fruition.

The speakers also addressed the issue of road maintenance as one of the priorities; the Department of Transport also committed themselves to maintain the road and investigate how they can develop it to be of higher quality.

6. ESTABLISHMENT OF TOURISM DISTRICT FORUM

The aim of the District Forum is to act as a co-ordinating platform to ensure coordinated tourism development and marketing strategies in the District Municipal servicing area.

The objective is to create and organize a District Tourism Forum with common roles and responsibilities that will ensure that standards and principles are followed and implemented throughout the Tourism sector.

The rationale behind the establishment of the District Tourism Forum includes the need for all stakeholders to:

- Increase capacity for the private sector to be involved in planning and development.
- Focus on the destination.;
- Create a stronger Brand;
- Harnessing economies of scale.;
- Have a district level approach which allows for more streamlined and effective membership structures;
- Maintaining a database of registered tourism products and service providers;
- Drive quality assurance;
- Provision of local infrastructure;
- Health, safety, licensing and local by-law compliance;
- Local information services;
- Facilitate the participation of local communities in the tourism industry of specific aspects of the tourism product at local level.

The objective is to develop a forum whereby tourism could be effectively managed and developed at a district level, within the ambit of the White Paper On the Development and Promotion of Tourism in KwaZulu-Natal (1998) which defines the roles of local government and the private sector. This also reinforces the need for collaboration to ensure structures to provide a bridge for local government functions and private sector functions to support each other.

7. KZN TOURISM MASTER PLAN ENGAGEMENT ON 14 & 15 JUNE 2022

KCDM hosted the KZN Tourism Master Plan Implementation & Monitoring Committee meeting in the District through the KZN Department of Economic Development, Tourism and Environmental Affairs. A pre-tour was arranged for 14 June 2022 in partnership with uMlalazi Municipality and the Committee applauded KCDM and uMlalazi Local Municipality for the unique experience gained. The tour departed from Mtunzini and visited the Mtunzini Nature Reserve. The group then moved towards Dlinza Forest in the centre of Eshowe and visited the Aerial Boardwalk where the group went to the top to look over the tree tops and experience the forest. The tour then departed for Ngodini Adventure Safaris, situated close to Empangeni, for a wonderful adventure on the river and a zip line, as well as other 4 x 4 adventures. The group was accompanied by tour guides who informed the group during the tours. The KZN Masterplan Implementation and Monitoring meeting took place at the KCDM Council Chamber on 15 June 2022.

8. ZULULAND HERITAGE ROUTE (R66)

The District pays an annual amount of R60 000 toward the Route 66 for its operations and sustainability. It is one of the key tourism attractions in the District as it passes through a territory that has given rise to events which captured the world's imagination. One of the world's iconic events on the route is the remarkable and unique annual Zulu Royal Reed Dance which draws considerable international attention.

Sites that fall within this ambit of the R66 are as follows: Shakaland, Phobane Lake, John Dunn Hunters Bush and Beach trail, Signal Hill, KwaMondi Mission, Entumeni Nature Reserve, Dlinza Forest Nature Reserve and Aerial Boardwalk, Ongoye Forest Reserve, Cowards Bush, Eshowe Jail, Eshowe Residency, Fort Eshowe, King Cetshwayo's Memorial, Martyrs Cross, Fort Nongqayi, Vukani Museum, Bishops Seat, Cetshwayo's death place, Court house, Gqikazi, KwaBulawayo, Mandawe Cross, and the British Military Cemetery.

9. AVITOURISM

The Zululand Birding Route also contributes to the development of the "Great Forests of Zululand" concept as well as the R66 Heritage Route.

Birding Routes act broadly as a marketing, mentoring and general support structure for local guides wherein they can receive ongoing support, and feel part of a larger structure which facilitates joint marketing and development of the required infrastructure to attract additional avitourists to a region.

The continuation of this project celebrates heritage and culture and preserves heritage sites. The funding will also assist the Zululand Birding Route develop marketing material to showcase at Tourism Indaba 2022.

FILM AND PHOTOGRAPHY ACTIVITIES:

Film & Photography is mandated to position King Cetshwayo as “The Ultimate Film Production Destination” and to facilitate the development of the District’s Film and Photography industry.

Film & Photography is also responsible for facilitating and coordinating on-location filming within King Cetshwayo District. Film & Photography provides a creative platform and economic opportunities for established and emerging Film and Photography SMME’s and creatives at large from marginalized communities and cultural backgrounds. Film & Photography also promotes Tourism.

LOCATIONS AND FACILITIES

KCDM PARTNERSHIP WITH KWAZULU-NATAL FILM COMMISSION

District locations are compiled to form a database of location stills that are promoted and marketed on websites in order to showcase the district by attracting provincial, national and international filmmakers in order to visit and use KCDM locations for their productions, thereby investing and boosting the economy of the district through spin-offs from productions shot in the district.

The following locations were profiled per Local Municipality:

- Nkandla: Nkandla Taxi Rank, Sasol Garage, Nkandla BnB, Sinqobile Location, Nkandla Indoor Sport Centre, Nkandla Landfill Site, Chair of Amakhosi and Nkandla Forest.
- uMthonjaneni: KwaMagwaza Area (KwaNzimela Centre), St Mary’s Hospital, Mthonjaneni Lodge, Simunye Lodge, iPhobane Lake, oThini / KwaMagwaza area, Imfule Mission, Mkhindini Area and Marie’s Cottage.
- uMhlathuze: Empangeni Town: Taxi & Bus Rank, Empangeni High School, Dumisani Makhaya Village, King Cetshwayo Land Fill Site, N2 Engen Garage, Sugarcane farm, Forest, Ongoye Mountains, ThulaThula Nature Reserve, Heatonville Dam, Somopho Hills, Esikhaleni Township: Sinqobile Hostel, Icubhu Lake / Port Durnford Beach/King Cetshwayo Monument, Tisand High School, Alkantstrand Beach, Mzingazi Lake, Richards Bay Town: Birdwood Secondary School, Taxi & Bus Rank, Caltex Garage, Bundu Nursery, Port and Tuzi Gazi Waterfront, Nseleni Township: Taxi & Bus Rank, Tholukhule High School, Nseleni Nature Reserve, University of Zululand.
- uMlalazi: uMlalazi Nature Reserve, the Beach, Lagoon, John Dunn’s Pool, Twinstreams Nursery, Mtunzini Country Club, Forest Inn, Ngoye Forest, Fort Nongqayi, Dlinza Forest, Ntumeni Forest, Mandawe, Martyr’s Cross, Aloe Lifestyle Hotel, Lake Phobane.

LOVE AND FILM SUNSET PICNIC SCREENING

King Cetshwayo District Municipality (KCDM) in partnership with the Kwa-Zulu Natal Film Commission (KZNFC) hosted a project to celebrate February as the month of love. To celebrate this day, KCDM and KZNFC together with all 5 Local Municipalities hosted a “Love & Film Sunset Picnic Screening” at Mzingazi Golf Estate, Porky’s on the Lake, on 26 February 2022. The objective of the project was to celebrate the month of Love and to create a platform to showcase and promote KCDM’s film industry. The target market was KCDM filmmakers and the general public.

ESTABLISHMENT OF FILM FORUM

The Film and Photography Forum is selected from representatives of all 5 local municipalities. The objectives of establishing a District Film & Photography Forum are the following:

- To act as a conduit between the Film and Photography Section and relevant Film and Photography Stakeholders within the respective jurisdiction and/or municipality.
- To ensure that relevant project information and inputs regarding the operational plan reach grassroots level to ensure transparency, knowledge and participation at all levels.
- To bring together all key stakeholders on matters relating to Film and Photography.
- To identify gaps in the Film and Photography sector and advise Council accordingly.
- To liaise with the relevant Film and Photography entities on behalf of Filmmakers and Photographers.
- Serve as a link between Council and the Film and Photography sector and all sector stakeholders.
- Represent Film and Photography Practitioners/Administrators in council information-sharing sessions or in any other activities assigned by Film and Photography sector.
- Assist the Filmmakers and Photographers in sourcing funding from different institutions and also in the processes involved.
- Work with existing relevant structures on common issues pertaining to promotion of the Film and Photography sector.
- Act as an information-sharing platform for filmmakers and photographers on available sector opportunities.

4. STAKEHOLDER ENGAGEMENT SESSIONS

On 27 August 2021, a KZN Municipal Film Forum meeting was scheduled by the KwaZulu- Natal Film Commission.

On 20 September 2021, a stakeholder breakfast meeting was held by Karpowership at Imvubu Lodge, Richards Bay.

WDB Zenzele Stakeholder Meeting was held on 26 October 2021 and 30 November 2021.

KZN Film-Induced Tourism Strategy was held on 24 November 2021.

Community Industry Event for Creative People Living with Disabilities was held on 25 November 2021.

KZN Provincial Fourth Industrial Revolution (4IR) initiative meeting held on 26 November 2021.

COGTA Engagement Session was held 30 November 2021.

uMlalazi Industry Engagement Workshop was held on 1 December 2021 where 20 filmmakers attended.

uMfolozi Industry Engagement Workshop held on 4 December 2021 where 30 filmmakers attended.

uMlalazi LED Strategy meeting held on 26 May 2022.

Tourism Master Plan meeting held on 15 June 2022.

COGTA meeting to review District Economic Recovery Plan held on 17 June 2022.

5. THE DDA ESTABLISHMENT AND ENGAGEMENTS

On 28 July 2021, a meeting was set up by COGTA in order for KCDM to report on the progress of the establishment of the DDA.

On 4 August 2021, KCDM presented the DDA Economic Analysis Report to COGTA.

On 12 August 2021, a meeting was held with COGTA for the KZN DDA's Engagement Session on Food Relief Response to Civil Unrest in KZN.

On 19 August 2021, a meeting was held with COGTA on the KZN DDA CEO FORUM.

On 3 September 2021, a feedback meeting on the Economic Analysis Report was held with Moses Kotane Institute (MKI) and COGTA was also in attendance.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

POLITICAL STRUCTURE: 2021/2022

- The political leadership as reported in the 2020/2021 Annual Report maintained their positions from July to September 2021.
- Following the Local Government Elections held in November 2021, the political structure of the municipality underwent a change in leadership, as follows.



1. HIS WORSHIP THE MAYOR,
CLLR AT NTULI
Chairperson of Executive Committee;
Chairperson of Finance Portfolio Committee



2. HON DEPUTY MAYOR,
CLLR SZ DLAMINI
Chairperson of Technical Services
Portfolio Committee



3. HON SPEAKER,
CLLR IJ NAIDOO
Chairperson of Council, Chairperson
of Rules Committee



4. HON CHIEF WHIP,
CLLR A MTSHALI

2.1. POLITICAL GOVERNANCE



CLLR IJ NAIDOO
HON SPEAKER:
KING CETSHWAYO
DISTRICT MUNICIPALITY

The Office of the Speaker is amongst other things, charged with the responsibility of contributing towards ensuring that community members are able to enjoy their rights as espoused in the Constitution through affording them the opportunity to fully participate in the delivery of services. The Office of the Speaker manages this process through the councillors who have all been empowered, through training and experience, to execute their responsibilities maximally. Each councillor is an effective agent of change that rallies the community around the projects being undertaken.

EXECUTIVE COMMITTEE MEMBERS



His Worship the Mayor
Cllr AT Ntuli - Chairperson



Hon Deputy Mayor
Cllr SZ Dlamini



Cllr PP Xulu



Cllr IN Zwane



Cllr SW Mgenge



Cllr PC Cele



Cllr NM Madida



Cllr SL Magubane

PORTFOLIO COMMITTEE CHAIRPERSONS	
Corporate	Cllr PP Xulu
Community	Cllr IN Zwane
Technical	Cllr SZ Dlamini
Planning	Cllr NM Madida
Finance	Cllr AT Ntuli
MPAC	Cllr M Mtshali
Rules	Cllr IJ Naidoo

COUNCIL MEMBERS		
IJ Naidoo	NT Mthiyane	JL Nzuza
AT Ntuli	ZL Mfusi	SH Mkhwanazi
SZ Dlamini	NN Lembede	A Lange
SW Mgenge	PH Khuzwayo	ME Dlamini
PC Cele	F Mndaba	WL Ngema
SL Magubane	SE Mhlongo	QT Xulu
NM Madida	CN Mpanza	MM Ngema
PP Xulu	ME Mthethwa	BC Magwaza
IN Zwane	SP Mpanza	SD Khubisa
ES Mbatha	XM Bhengu	PSM Mchunu
SF Mdletshe	MM Mthiyane	MN Biyela
FPB Mpungose	SN Ntshangase	BB Ndimba
AM Mtshali	MM Msimango	NP Mahaye
NR Xulu	M Mtshali	
BL Phungula	NN Ngubane	



2021/2022 FINANCIAL YEAR COUNCIL MEETINGS AND COUNCIL COMMITTEES

MEETING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Executive Committee	7	2	5	7
Council	5	5	5	5
Finance	4	-	5	4
Corporate	3	-	2	3
Community	2	-	2	3
Planning & Economic Dev	1	-	2	3
Technical	1	-	2	3
Rules	1	-	1	1
Municipal Public Accounts Committee	2	-	2	1
Audit	4	2	1	-

TRADITIONAL LEADERSHIP

In terms of Section 81 of the Municipal Structures Act, Act 117 of 1988, the participation of traditional leaders in Municipal Councils has been implemented at King Cetshwayo District Council.

In April 2021 the MEC for KZN COGTA issued Circular SP2-04-2021, which lists the names of Traditional Leaders who must participate in King Cetshwayo District Municipality.

Municipalities were apprised through Circular SP1-04-2021 on the reforms concerning the participation of Traditional Leaders in municipal councils, emanating from the amendment by the substitution of Section 81 of the Municipal Structures Act, which came into operation on 1 April 2021.

The King Cetshwayo Local House of Traditional Leaders provided COGTA with the details of Traditional Leaders who must participate in the respective municipalities of the district.



The Traditional Leaders appointed for King Cetshwayo Municipal Council were as follows:

MUNICIPALITY	ELECTED TRADITIONAL LEADER	TRADITIONAL AUTHORITY
KCDM	Inkosi HC Biyela (Passed away in October 2021)	Ndlangubo
	Inkosi TN Mzimela	Mzimela
	Inkosi LTZ Biyela	Yanguye

On 28 May 2021 Council (KCDMC: 2944/2021) resolved that “the details of Traditional Leaders who must participate in Municipal Councils in terms of Schedule 3 (7) of the Traditional and Khoi-San Leadership Act, 2019, be noted.”



ADMINISTRATIVE GOVERNANCE

TOP ADMINISTRATIVE STRUCTURE

TIER 1

MUNICIPAL MANAGER

MRS MBT NDLOVU (July 2021 – December 2021)

MR PP SIBIYA (Acting from January 2022 – June 2022)

TIER 2

DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES: MRS TF MNGUNI

DEPUTY MUNICIPAL MANAGER: FINANCIAL SERVICES: MRS MC REDDY

ACTING DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES: MRS B ZULU

ACTING DEPUTY MUNICIPAL MANAGER: TECHNICAL SERVICES: MR X MTHEMBU/

APPOINTED DMM: TECHNICAL SERVICES: MR S MBAMBO (MAY 2022)

DEPUTY MUNICIPAL MANAGER: PLANNING AND ECONOMIC DEVELOPMENT: MS Z MBONANE



COMPONENT B: INTERGOVERNMENTAL RELATIONS

REPORT ON THE DISTRICT DEVELOPMENT MODEL - 2021/2022

BACKGROUND: DDM OBJECTIVES

To achieve coherent governance, the State President announced:

- a coordinated IGR District level approach to business by all 3 spheres of government
- 44 Districts and 8 Metros will be the high impact zones for the country
- Redirect and confirm co-operative governance & Integrated collaborative planning and implementation undertaken at a District and Metro level by all 3 spheres.
- Institutionalized long term co-planning in ONE PLAN per District & Metro towards Sustainable Development and Spatial Transformation & Equity.
- ONE BUDGET for the District
- Integrated Services
- Strengthened M&E
- Ensure that we bring to life the aspirations of The People Shall Govern & Bring government closer to the people.

DDM MEETING DATES FOR 2021/2022 FINANCIAL YEAR

DDM Meetings: Quarter One

DATE	CHAIRPERSON/S	DESCRIPTION
02 Sep 2021	KCDM-MM: Mrs MTB Ndlovu Co-Chair: HOD Champion: Mr N Nkontwana	Technical Hub
None	His Worship the Mayor: Cllr BL Phungula Co-Chairs: Hon. Minister Fikile Mbalula and Hon. MEC Bongiwe Sithole-Moloi	Political Hub
05 Aug 2021	His Worship the Mayor: Cllr MG Mhlongo Convener: CoU MM Mr L Mapholoba Co-Conveners: KCDM-DMM Planning Ms Z Mbonane & ADMM Technical Services: Mr X Mthembu	Economic Sector and Infrastructure Development Cluster (ESID)
17 Aug 2021 22 Sep 2021	His Worship the Mayor: Cllr SW Mgenge Convener: uMfolozi MM Mr KE Gamede Co-Convener: KCDM-DMM: Community Services Mrs T Mnguni	Social Cluster
18 Aug 2021	His Worship the Mayor: Cllr C Dlamini Convener: uMlalazi MM: Mr PR Mnguni Co-Convener: KCDM Acting DMM: Corporate Services Mrs B Zulu & KCDM-CFO Mrs Cheryl Reddy	Governance, State Capacity and Institutional Development Cluster (GSCID)
30 Aug 2021	His Worship the Mayor: Cllr AT Ntuli and His Worship the Mayor: Cllr MB Biyela Conveners: Mthonjaneni MM: Mr PP Sibiya and Nkandla MM: Mr L Jili Co-Convener: KCDM – COO: Mr CK M'maretel	Justice, Crime Prevention and Security Cluster (JCPS)

DDM Meetings: Quarter Two

DATE	CHAIRPERSON/S	DESCRIPTION
None due to Local Govt. Elections	KCDM-MM: Mrs MTB Ndlovu Co-Chair: HOD Champion: Mr N Nkontwana	Technical Hub
None due to Local Govt. Elections	His Worship the Mayor: Cllr BL Phungula Co-Chairs: Hon. Minister Fikile Mbalula and Hon. MEC Bongiwe Sithole-Moloi	Political Hub
02 Dec 2021	His Worship the Mayor: Cllr MG Mhlongo Convener: CoU MM Mr L Mapholoba Co-Conveners: KCDM-DMM Planning Ms Z Mbonane & ADMM Technical Services: Mr X Mthembu	Economic Sector and Infrastructure Development Cluster (ESID)
07 Dec 2021	His Worship the Mayor: Cllr SW Mgenge Convener: uMfolozi MM Mr KE Gamede Co-Convener: KCDM-DMM: Community Services Mrs T Mnguni	Social Cluster
08 Dec 2021	His Worship the Mayor: Cllr C Dlamini Convener: uMlalazi MM: Mr PR Mnguni Co-Convener: KCDM Acting DMM: Corporate Services Mrs B Zulu & KCDM-CFO Mrs Cheryl Reddy	Governance, State Capacity and Institutional Development Cluster (GSCID)
07 Dec 2021	His Worship the Mayor: Cllr AT Ntuli and His Worship the Mayor: Cllr MB Biyela Conveners: Mthonjaneni MM: Mr PP Sibiya and Nkandla MM: Mr L Jili Co-Convener: KCDM – COO: Mr CK M'maretel	Justice, Crime Prevention and Security Cluster (JCPS)

DDM Meetings: Quarter Three

DATE	CHAIRPERSON/S	DESCRIPTION
24 Jan 2022	KCDM-AMM: Mr PP Sibiya Co-Chair: HOD Champion: Mr N Nkontwana	Technical Hub
01 Feb 2022 31 March 2022	His Worship the Mayor: Cllr AT Ntuli Co-Chairs: Hon. Minister Fikile Mbalula and Hon. MEC Bongiwe Sithole-Moloi	Political Hub
10 Feb 2022	His Worship the Mayor: Cllr X Ngwezi Convener: CoU AMM Mr NG Zulu Co-Conveners: KCDM-DMM Planning Ms Z Mbonane & ADMM Technical Services: Mr X Mthembu	Economic Sector and Infrastructure Development Cluster (ESID)
27 Jan 2022	His Worship the Mayor: Cllr X.M Bhengu Convener: uMfolozi MM Mr KE Gamede Co-Convener: KCDM-DMM: Community Services Mrs T Mnguni	Social Cluster
24 March 2022	Her Worship the Mayor: Cllr QT Xulu Convener: uMlalazi MM: Mr PR Mnguni Co-Convener: KCDM Acting DMM: Corporate Services Mrs B Zulu & KCDM-CFO Mrs Cheryl Reddy	Governance, State Capacity and Institutional Development Cluster (GSCID)
19 Jan 2022	His Worship the Mayor: Cllr MN Biyela and His Worship the Mayor: Cllr MB Biyela Conveners: Mthonjaneni MM: Mr ZS Mthethwa and Nkandla MM: Ms NP Dlamini Co-Convener: KCDM – COO: Mr CK M'maretel	Justice, Crime Prevention and Security Cluster (JCPS)

DDM Meetings: Quarter Four

DATE	CHAIRPERSON/S	DESCRIPTION
22 June 2022	KCDM-AMM: Mr PP Sibiya Co-Chair: HOD Champion: Mr N Nkontwana	Technical Hub
28 June 2022	His Worship the Mayor: Cllr AT Ntuli Co-Chairs: Hon. Minister Fikile Mbalula and Hon. MEC Bongiwe Sithole-Moloi	Political Hub
26 May 2022	His Worship the Mayor: Cllr X Ngwezi Convener: CoU AMM Mr NG Zulu Co-Conveners: KCDM-DMM Planning Ms Z Mbonane & DMM Technical Services: Mr S Mbambo	Economic Sector and Infrastructure Development Cluster (ESID)
15 June 2022	His Worship the Mayor: Cllr X.M Bhengu Convener: uMfolozi MM Mr KE Gamede Co-Convener: KCDM-DMM: Community Services Mrs T Mnguni	Social Cluster
24 May 2022	Her Worship the Mayor: Cllr QT Xulu Convener: uMlalazi MM: Mr PR Mnguni Co-Convener: KCDM Acting DMM: Corporate Services Mrs B Zulu & KCDM-CFO Mrs Cheryl Reddy	Governance, State Capacity and Institutional Development Cluster (GSCID)
09 June 2022	His Worship the Mayor: Cllr MN Biyela and His Worship the Mayor: Cllr MB Biyela Conveners: Mthonjaneni MM: Mr ZS Mthethwa and Nkandla MM: Ms NP Dlamini Co-Convener: KCDM – COO: Mr CK M'maretel	Justice, Crime Prevention and Security Cluster (JCPS)



APPROVAL OF DISTRICT ONE PLAN

A highlight of the DDM achievements for this financial year was the approval of the One Plan for the District after consideration and input from all clusters, and final ratification by the Political Hub.

It was a matter of pride for the district when the King Cetshwayo District Council adopted the One Plan on 27 May 2022 (Council resolution KCDMC: 365/2022.)

These are among the reasons why the King Cetshwayo DDM model is being bench-marked by other districts in the province, after being flagged as one of the best-practice models of the DDM.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

REPORT ON THE DISTRICT DEVELOPMENT MODEL - 2021/2022

BACKGROUND: DDM OBJECTIVES

To achieve coherent governance, the State President announced:

- a coordinated IGR District level approach to business by all 3 spheres of government
- 44 Districts and 8 Metros will be the high impact zones for the country
- Redirect and confirm co-operative governance & Integrated collaborative planning and implementation undertaken at a District and Metro level by all 3 spheres.
- Institutionalized long term co-planning in ONE PLAN per District & Metro towards Sustainable Development and Spatial Transformation & Equity.
- ONE BUDGET for the District
- Integrated Services
- Strengthened M&E
- Ensure that we bring to life the aspirations of The People Shall Govern & Bring government closer to the people.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION



PUBLIC PARTICIPATION

The District Speaker is responsible for public participation, whereby the Council works to empower local communities to have control over their own lives and livelihoods. Public participation is designed to promote the values of good governance and human rights. Public participation acknowledges a fundamental right of all people to participate in the governance system.

The Municipal Systems Act 2000 defines “the legal nature of a municipality as including the local community within the municipal area, working in partnerships with the municipality’s political and administrative structures...to provide for community participation”.

Section 16(1) requires the municipality to develop 'a culture of municipal governance that complements formal representative government with a system of participatory governance'. According to the Systems Act: Section 4 (c) (e), the council has the duty to...

- (c) encourage the involvement of the local community
- (e) consult the community about the level of quality, range and impact of municipal services provided by the municipality, either directly or through another service provider

5 (a) Members of the community have the right...

- (b) to contribute to the decision-making processes of the municipality and submit written or oral recommendations, representations and complaints to the municipal council...
- (c) To be informed of decisions of the municipal council.
- (d) To regular disclosure of the affairs of the municipality, including its finances

Section 16 (1):

- (a) Encourage and create conditions for the community to participate in the affairs of the municipality, including in the IDP, performance management system, monitoring and review of performance...preparation of the budget, strategic decisions re: municipal services
- (b) Contribute to building the capacity of the local community to participate in the affairs of the municipality and councillors and staff to foster community participation...

Section 42:

A municipality, through appropriate mechanisms, processes and procedures ... must involve the local community in the development, implementation and review of the municipality's performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets of the municipality

Among the functions that the district fulfils are:

- District-wide integrated development planning;
- Infrastructural development and bulk service delivery;
- Capacity-building of local municipalities;
- Administrative assistance to local municipalities, where capacity is not yet established.

STAKEHOLDER RELATIONS AND COMMUNICATIONS

The Stakeholder Relations Section is responsible for the following:

- To promote community participation in local government;
- To promote synergies with the private and public sector to market the district;
- To improve the municipality's public image by communicating in a transparent, effective and proactive manner;
- Implementation of Batho Pele
- Public Relations
- Communications



STAKEHOLDER RELATIONS AND COMMUNICATIONS

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- Implementation of Batho Pele
- Public Relations
- Communications

The section is broadly responsible for the facilitation of public events and community events for the municipality, as well as maintaining open communication with both internal and external stakeholders. The Section also facilitated the hosting of various events to commemorate landmark projects.

PUBLIC INFORMATION PROGRAMMES:

A number of different communication tools were used to promote the King Cetshwayo District Municipality in the public arena as part of the communications strategy. These include the municipal website and the following social media pages: Facebook, Twitter and Instagram. A wide range of advertising tools are used, including television, radio and print media.

The unit also facilitates the hosting of public meetings whereby His Worship the Mayor is able to communicate service delivery matters to the media, the community and councillors.

Roadshows

Seven (7) IDP/Budget roadshows were held between October to November 2021, and a further seven (7) from April – May 2022, involving a multi-functional team of our political leadership and officials from the various departments dealing with service delivery.

The target audiences included specific wards within the five local municipalities, the District House of Traditional Leaders, the corporate and business sector, and the various district branches of the provincial government. The purpose of the roadshows was to communicate King Cetshwayo's multi-year budget and Integrated Development Plan to the communities it serves, with the objective of achieving community participation in the budget and IDP. The roadshows also served to create an awareness of the functions and powers of the district municipality and helped engender a culture of payment for services. A cross-section of role-players, including ward committee members, councillors, community liaison officers and municipal officials attended each roadshow, with pre-publicity being done by means of broadcast messages via social media, newspaper adverts and mobilisation by the district's Public Participation staff and ward Councillors.

The roadshows received a tremendously positive response from communities throughout the district.

The first round of roadshows took place as follows:

DATE	ROADSHOW	WARDS	VENUE
29 September 2021	Government Sector	KCDM Sector Departments	Virtual - By Invitation
12 October 2021	Amakhosi	KCDM	uMlalazi Municipality
03 October 2021	uMhlathuze	Wards 12,13 & 14	Empembeni/ eNdesheni Sportsfield
05 October 2021	uMfolozi	Ward 15	Nohhaha
12 October 2021	uMlalazi	Ward 16	Makhilimba
19 October 2021	Corporate/Business	Business Sector	uMhlathuze
22 October 2021	Mthonjaneni	Ward 2	Thubalethu
28 October 2021	Nkandla	Ward 2	Nkungwini

The second round of the Budget/ IDP public participation roadshows were held as follows:

DATE	ROADSHOW
Tuesday 03/05/2022 : 09H00	uMlalazi Municipality King Dinizulu Stadium, Eshowe
Wednesday 04/05/2022 : 18H00	Corporate & Government Sector Empangeni
Tuesday 10/05/2022 : 09h00	Nkandla Municipality Nkandla Sports Stadium
Wednesday 11/05/2022 : 09H00	uMhlathuze Municipality Esikhaleni TVET College
Thursday 12/05/2022 : 09H00	Mthonjaneni Municipality Melmoth Indoor Sports Centre
Friday 13/05/2022 : 09H00	uMfolozi Municipality Ezidonini Community Hall, Ward 18

BATHO PELE

The district conforms to the principles of Batho Pele and the Public Relations Officer serves as the Batho Pele Coordinator for the District, attending the quarterly meetings of the Provincial Batho Pele Forum.

POLICIES AND STRATEGIES

The following policies and strategies have been approved by Council in support of the functions and responsibilities of the section:

- Communications Strategy
- Stakeholder Management Policy and Strategy
- Batho Pele and Complaints Management Policy

RAPID RESPONSE

On the 27 May 2022 the King Cetshwayo District Council approved the resolution establishing the KCDM Municipal Rapid Response Team. The Department of Cooperative Governance and Traditional Affairs (COGTA) requires that Rapid Response Teams be established in all municipalities.

With the new term of Council, it was necessary that the District established a new Rapid Response Team (RRT). The COGTA Rapid Response strategy guides that the District Speakers are responsible for convening the Rapid Response Teams.

The King Cetshwayo District Municipality Rapid Response Team will meet quarterly to monitor the efficiency and effectiveness of its response to public protests, as well as engage on reports of protests that took place within the municipal boundaries.

A Standard Operating Procedure (SOP) is to be adopted for the MRRT to function effectively and efficiently.

The SOP will be based on the following Pillars:

- A community which is well informed of government planning in respect of basic services will be less inclined to stage protests.
- Communities should be fully briefed on time-lines to the provision of the required basic services.
- Early alert systems aimed at detecting community discontent and responding prior to the escalation of such discontent to actual protest.
- Pre-emptive measures to alleviate the need for protest by communities.
- Early alert systems will also enable a swift and responsive government approach should a service delivery protest occur.
- An immediate responsive approach where the district responds to service delivery protests and facilitates solutions to the demands and challenges raised by protesting communities through Municipal Rapid Response teams.

The District Municipal Rapid Response Team will be comprised of:

- District Speaker as convener;
- His Worship the District Mayor
- Councillors appointed to serve in the team, eg.:
 - Chairperson of Community Services Portfolio Committee,
 - Chairperson of Technical Services Portfolio Committee;
- Municipal Manager;
- Chief Operations Officer
- All Deputy Municipal Managers;
- Manager in the Office of the Speaker;
- Manager in the Office of the Mayor
- Senior Manager: Stakeholder Relations
- Manager Rapid Response

The issues raised in every petition or at any march or demonstration must be communicated in the first instance to the Executive Committee (EXCO) and thereafter to Council.

EXCO and /or Council's comments and planned actions on each and every issue must be submitted to CoGTA.

The District Municipal Rapid Response Team will fulfil the following functions:

- Support MRRT in responding to community concerns and protests.
- Ensure rapid response to areas that are pressure points and threatened by service delivery protests.
- The Rapid Response Team should put processes in place to address concerns raised by communities to proactively avert service delivery protests.
- Put in place early warning systems that inter alia, gather intelligence information on service delivery protests and pre-empt them.
- Facilitate local engagement prior and after the service delivery protests.
- When a service delivery protest has taken place, the Rapid Response Team has the responsibility to inform Council, EXCO and the provincial rapid response unit.
- The Rapid Response team must maintain records and monitor progress on interventions.



COMPONENT D: CORPORATE GOVERNANCE

RISK MANAGEMENT

The Municipality has a Risk Management Policy as approved by Council on 25 May 2017. The Risk Management Implementation Plan is reviewed annually by the Risk Management Committee and submitted to the Municipal Manager for approval. The risk management function was facilitated internally with the assistance of a service provider to ensure the following functions are performed:

- Assisting management to develop the Risk Management Policy, Strategy and Implementation Plan
- Coordinating risk management activities
- Facilitating the identification and assessment of risks
- Recommendation of risk responses to management
- Developing and disseminating risk reports

Risk assessment process

Risk assessments are performed regularly where risks are reviewed, identified and categorized into the following groups:

- Operational risks
- Strategic risks
- Fraud risks

Risk ratings identified are classified into high, medium and low.

The risk ratings are determined by a risk matrix scale. The following tables illustrate the municipality's appetite for risk through the determination of their impact and likelihood.

LIKELIHOOD	QUALIFICATION	RATING
Certain	Risk is almost certain to occur in current circumstances and/or key actions relating to a risk are taken within next 12 months	90%
Likely	>50% chance of risk occurring within 2 years	65%
Moderate	>50% chance that the risk will occur once in the next 3 years	40%
Unlikely	Unlikely to occur within the next 3 years	20%
Rare	Conceivable but only in extreme circumstances	10%

Table 1: Risk Likelihood

IMPACT	LEGA	H&S	REPUTATION	ENVIRONMENT	PRODUCTION	SUPPLIER / CUSTOMER	FINANCIAL (OPERATING PROFIT)	SCORE
Critical	Severe breach leading to suspension or discontinuance of business	Fatality to tenants, contractors, staff, and or general public	Extensive negative national and international media coverage resulting in severe damage to reputation	Substantial national clean up required Long term environmental impact	>30% production cease without recovery in current campaign	>48 hours of >50% reduction in key/critical supply in significant area/facility	51%+	100
Major	Significant breach leading to reprimand or sanctions	Permanent injury (e.g. loss of limb, senses) to tenants, contractors, staff, and or general public	Negative multiple day national media coverage resulting in short to medium term damage to reputation	Major local clean up required Medium environmental impact	>30% production cease with some recovery or compensation in current campaign	24-48 hours of >50% over a significant area/facility	31-50%	70
Moderate	Breach leading to possible reprimand or sanctions	Temporary injury (e.g. broken limb) to tenants, contractors, staff, and or general public	Negative one day national media coverage resulting in short to medium term damage to reputation	Moderate local clean up effort required No long term environmental impact	10-30% production affected causing unrecoverable supply problems in current campaign	8-24 hours over a region/secondary facility	21-30%	50
Minor	Customer service impact	Minor injury (e.g. cuts & bruises) to tenants, contractors, staff, and or general public	Negative multiple day local media coverage resulting in short to medium term damage to reputation	Minor local clean up effort would be required	10-30% production affected but mostly recoverable in current campaign	Delay with workaround	10-20%	30
Insignificant	Negligible impact that is internalised	No injury to tenants, staff, and or general public	One off and temporary reputational damage	Negligible local clean up effort would be required	0-10% production affected - fully recoverable	Small inconvenience	1-9%	10

Table 2: Risk Impact

Top strategic risks of the Municipality

As part of the risk assessment, management identified current controls which mitigate the inherent risks identified. After considering controls, the identified risks will receive a residual risk. After the residual risks have been determined it will be categorized again according to high, medium and low risks. Management determines which of the residual risks require further actions to mitigate the risks identified.

The top risks of the Municipality as per the risk register:

RISK RANKING REF.	RISK DESCRIPTION	INHERENT RISK RATING	RESIDUAL RISK RATING	RISK OWNERS
SR1	Unsustainability of water sources.	51	16	DMM: Technical Services & MM
SR2	Excessive water losses	51	25	DMM: Technical Services
SR3	Service delivery backlog	51	25	DMM: Technical Services & MM
SR4	Water and Sanitation Infrastructure failure/maintenance and ageing	51	25	DMM: Technical Services
SR5	Constraints on tariff increases	51	16	DMM: Finance
SR6	Inability to collect revenue/debtors due to the Municipality	51	25	DMM: Finance
SR7	Limited external funding allocation for the implementation of IDP projects	51	36	DMM: Finance
SR8	Poor service delivery	51	25	HODs & MM
SR9	Budget cost overruns	51	25	All HODs
SR10	Insufficient implementation of BCP (Organisational)	51	16	MM

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is guided by a charter which is in compliance with the Local Government: MFMA, 2003 (Act No. 56 of 2003) and has the following duties:

- Identification and assessment of departmental risks
- Receive feedback on progress with the risk registers at a strategic and operational level
- Provide feedback on establishing a common understanding of risk management
- Monitor progress with the updating of risk registers
- Review and monitor enterprise risk management processes and outputs regularly
- Review the risk management Policy, strategy and implementation plan
- Guide the development and implementation of enterprise risk management
- Bring critical risks to the attention of all who contribute to more informed decision-making

Our Risk Management Committee consists of the following members:

Committee Members	Capacity of Members	Meetings Dates
Independent and External Member	Chairperson	27 September 2021
Municipal Manager	Member	27 June 2022
All Deputy Municipal Managers	Members	
Chief Operating Officer	Member	
All Senior Managers	Member	
All Operational Managers	Member	

Table 3: Risk Management Committee

ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1) (m) (i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Developed Policy

The table below indicates the Policy developed to ensure that good governance and compliance is adhered to within the Municipality:

NAME OF POLICY	DEVELOPED Y/N	DATE ADOPTED
Anti-fraud and corruption policy	Yes	30 November 2018

AUDIT AND PERFORMANCE COMMITTEE

Functions of the Audit and Performance Committee (APC):

The APC has the following main functions as prescribed in section 166(2) (a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulations:

- To advise Council on all matters related to compliance and effective governance
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- Respond to Council on any issues raised by the Auditor-General in the audit report
- Carry out investigations into the financial affairs of the municipality as Council may request
- Review the quarterly reports submitted by internal audit
- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation
- Review the performance management system and make recommendations in this regard to Council
- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- Identify major risks to which Council is exposed and determine the extent to which risks have been minimized
- To review the annual report of the municipality
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- Review the plans of internal audit and, in doing so, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Review audit results and action plans implemented by management
- Provide support to internal audit
- Ensure that no restrictions or limitations are placed on internal audit

Members of the APC:

Members appointed from August 2019 to February 2022:

NAME	POSITION	PERIOD
Mr M Ncube	Chairperson	July 2019 to February 2022
Mr R Monyokolo	Member	
Ms P Mbanjwa	Member	
MR BI Dladla	Member	

INTERNAL AUDITING

Section 165(2) (a), (b) (iv) of the MFMA requires that:

The internal audit unit of a municipality must – (a) prepare a risk-based audit plan and an internal audit programme for each financial year; and (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

SUPPLY CHAIN MANAGEMENT: 2021/2022

INTRODUCTION

The Supply Chain Management Section is divided into two main subsections, that is: Compliance, Policy and Tenders and Logistics, Acquisition and Demand Management. The section comprises of 19 permanent employees and rotating interns, which are students from tertiary institutions, with an aim of training them in the practical application of municipal finances and processing of payments.

BACKGROUND

The procurement in the municipality is according to the Supply Chain Management Policy and Supply Chain Management Regulations, pertaining to the Municipal Finance Management Act 56 of 2003. The municipal procurement is carried out in terms of section 217 of the Constitution, which is fair, transparent, cost effective, competitive, equitable and considers the organisation's financial and social responsibilities. The journey to achieving the goals of National Treasury and compliance with National and Provincial Government legislation could be considered to be highly regulated, however we have been successful in the formation of a supply chain management policy and the implementation thereof.

Key Performance Areas of the section include:

- Compliance with legislation
- Management of risk
- Inventory Management
- Develop and implement sound internal controls
- Review, amend and implement the District's Supply Chain Management policy
- Annually review and effect changes if applicable to the SCM Policy.
- Prepare and submit monthly report on Supply Chain Management

The tables below depict the volume of supply chain management transactions processed during the financial year. The graphs show the trends during the Financial Year.

POLICY APPROVAL

The Supply Chain Management Policy was reviewed during the year and tabled for council approval on the 27 May 2022.

MFMA CHALLENGES DURING THE YEAR

The municipality experienced service delivery delays in the implementation of the Preferential Procurement Regulation, 2017, where tender advertisements were put on hold due to the court case between the Minister of Finance v Agribusiness (NPC) with regard to the application of the Preferential Procurement Regulations, 2017.

In order to continue with procurement process so as to ensure that service delivery requirements were not negatively impacted by the court case and the municipality was able to fulfil its obligation in terms of its mandate, the following was undertaken:

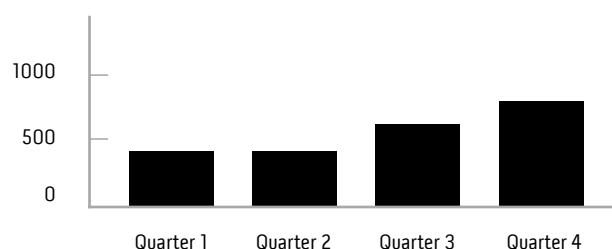
The King Cetshwayo District Municipality requested and was granted by the Minister, in terms of section 39(c) of the PPPFA an exemption from the provision of the PPPFA and regulation.

PROCUREMENT

- Analysis of Quantity of orders:

MONTH	R1 - R30 000	R30 001 - R200 000	ABOVE R200 000	TOTALS
Q1	463	24	-	487
Q2	451	30	11	492
Q3	612	36	8	656
Q4	765	103	4	872
TOTALS	2 291	193	23	2 507

FIGURE 1 - TREND IN QUALITY OF TOTAL ORDERS AND COMMITMENTS

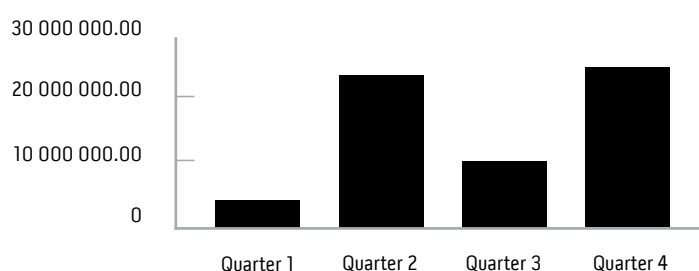


- Table 1 and Figure 1 illustrate the Quantity of Orders for a period ending June 2022.

TABLE 2 - OVERVIEW OF VALUE OF ORDERS PROCESSED

MONTH	R1 - R30 000	R30 001 - R200 000	ABOVE R200 000	TOTALS
Q1	R4 107 405.00	R1 972 591.00	R -	R6 079 996.00
Q2	R3 779 730.00	R2 227 154.00	R20 373 518.00	R26 380 402.00
Q3	R5 208 132.00	R2 413 842.00	R4 277 986.00	R11 899 960.00
Q4	R8 495 131.00	R7 254 152.00	12 432 298.00	R28 181 581.00
TOTALS	R21 590 398.00	R13 867 739.00	R37 083 802.00	R72 541 939.00

FIGURE 2 - TREND IN VALUE OF TOTAL ORDERS



- Table 2 and Figure 2 illustrates the Value of Orders for a period ending June 2022.

The highest value of purchases for the year are the orders ranging above R200 000, which constitutes 51% of the total value of orders. This can mainly be attributed to the appointment of the panel of contractors to support the Technical Services in the civil, electrical and mechanical maintenance work for water services within the district. Purchases of orders ranging between R0 – R30 000 constitute 30% of the value of orders for the year. Purchases of orders ranging above R30 000 - 200 000 constitutes 19% of the value of orders for the year.

Analysis of Deviations:

TABLE 3 - NUMBER OF VALUE OF DEVIATIONS

PERIOD	CURRENT FINANCIAL YEAR 2021/22	
	NUMBER OF DEVIATIONS	VALUE OF DEVIATIONS
Q1	14	2 041 330
Q2	66	10 597 925
Q3	82	11 245 899
Q4	58	14 197 126
TOTALS	220	38 082 280

Accredited list of Suppliers (Database):

In compliance with Section 14 of the SCM Policy, an accredited list of Services Providers was developed and enhanced to a stage where the selection of service providers to request quotes from is done automatically through the DIMS system, which is linked to CSD. Updating of the database is an ongoing process. As required by legislation the municipality issued an advert requesting suppliers to update or register their details on the municipal database.

King Cetshwayo District Municipality annually hosts the Procurement Indaba in order to capacitate service providers. The Procurement Indaba was held on 31 August 2021, where most service providers were able access the presentations through the virtual platform.

Tenders awarded for the year:

PERIOD	NO. OF RATES BASED TENDER AWARDS	NO. OF RAND VALUE TENDER AWARDS	TOTAL NUMBER OF TENDERS CANCELLED	TOTAL NUMBER OF TENDER AWARDS	AVERAGE WORKING DAYS FROM ADVERT CLOSE TO BEC	AVERAGE WORKING DAYS FROM BEC TO BAC	VALUE OF TOTAL TENDER AWARDS
JUL-21	2	0	0	2	30,5	34,5	Rates Based
AUG-21	0	0	0	0	0	0	Rates Based
SEP-21	8	1	1	9	50,89	27,67	Rates Based
OCT-21	2	1	1	3	40,67	4	R299 176.00
NOV-21	5	2	1	7	25,28	16,71	R56 916 136.94
DEC-21	2	3	0	5	30,4	16,6	R23 151 183.42
JAN-21	0	0	0	0	0	0	R0.00
FEB-21	0	0	0	0	0	0	R0.00
MAR-21	1	1	1	2	18,5	33	R439 200.62
APR-21	1	2	1	3	37,8	9,25	R126 1885.00
MAY-21	0	0	0	0	0	0	R0.00
JUN-21	1	0	0	1	107	11	Rates Based
TOTAL	22	10	5	33	361	136	R82 067 581.98

2.9. BY-LAWS & POLICIES

- 2021/2022 BYLAWS

King Cetshwayo District Cemetery Bylaws

- 2021/2022 POLICIES

Virement Policy
Long Term Financial Policy
Budget Policy
Funding & Reserves Policy
Cost Containment Policy
Incentive Policy
Tariff Policy
Credit Control Policy
Indigent Policy

2.10. WEBSITE

The King Cetshwayo website kingcetshwayo.gov.za is updated regularly in line with Section 75 of the MFMA (2003) which requires financial and performance reporting information to be available to the public. Tender and quotation advertisements and awards are also published on the website. In addition to this, the activities of Council are publicised in terms of the district's communication strategy.



COMPONENT A: WASTE MANAGEMENT SERVICES

INTRODUCTION TO PROVISION OF WASTE MANAGEMENT SERVICES

Waste management is one of the typical functions of local authorities in South Africa. A final step in the waste management process is disposal to landfills.

The Constitution of the Republic of SA allocates the responsibilities of providing waste management services to municipalities. The operation and maintenance of the waste management facilities are functions of Local Government. KCDM has a legislative duty and obligation to operate and manage waste management facilities. The District operates the Solid Waste Site according to the requirements of the waste license reviewed in terms of section 53 (1) and issued in terms of section 49 (1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) in July 2021.

The site services most of the King Cetshwayo area of jurisdiction as well as other Municipalities, including uLundi Municipality under Zululand District Municipality, Mandeni Municipality under iLembe District Municipality and Mtubatuba Municipality under uMkhanyakude District Municipality.

The Municipal Structures Act (Section 84(1)(e)) gives powers and functions to Districts as follows:

- 84 (1)(e) Solid waste disposal sites, "in so far as it relates to the determination of a waste disposal strategy, the regulation of waste disposal; the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district."

The following regulations are applicable to the Solid Waste Disposal Facility:

- National Environmental Management Act (NEMA), no. 107 of 1998.
- National Environmental Management: Waste Act, 2008 (Act 59 of 2008)
- National Environmental Management: Waste Amendment Act, 2014 (Act 26 of 2014)
- Occupational Health and Safety Act (Act 85 of 1993)
- Hazardous Substances Act (Act 5 of 1973)
- Health Act (Act 63 of 1977)
- Environment Conservation Act (Act 73 of 1989)
- National Water Act (Act 36 of 1998)
- Municipal Structures Act (Act 117 of 1998)
- Municipal Systems Act (Act 32 of 2000)
- Mineral and Petroleum Resources Development Act (Act 28 of 2002)
- The South African Constitution (Act 108 of 1996)
- Air Quality Act (Act 39 of 2004)
- DWAF, 1998: Minimum Requirements for Waste Disposal by Landfill, Waste Management Series, Second Edition

The last airspace survey done on the site indicates a lifespan of 68 years from the current year before the site can be closed and fully rehabilitated.



TABLE 1: AMOUNT OF WASTE RECEIVED IN 2021/2022 FINANCIAL YEAR

Quarter	Q1	Q2	Q3	Q4	Total (Tons)
Tonnage	27 703.38	33 593.90	30 081.50	31 448.92	122 827.70

WASTE MANAGEMENT SERVICE DELIVERY LEVEL

uMhlathuze Municipality:

- Produces domestic, business, industrial, garden waste, street sweepings, medical waste and hazardous waste.
- Currently 77% of households within the municipality are covered by waste collection systems whilst 23% is not covered (mainly rural households)
- It uses kerb side collection, skips and a combination thereof to collect domestic, business, industrial waste and street sweepings. The waste collected is disposed at King Cetshwayo Regional Solid Waste Site.
- Specialised containers for medical waste are used but the municipality does not collect medical waste; there are private contractors who collect this waste and dispose of it at designated medical waste sites.
- Hazardous waste is collected by private waste collection companies and disposed of at designated Class A Solid Waste sites.
- uMhlathuze Municipality has an updated IWMP available.

uMlalazi Municipality:

- There are only three towns within the municipality where waste is generated and are covered by waste collection and removal services namely; Eshowe, Mtunzini and Gingindlovu.
- Currently 100% of urban households are covered by a waste collection system whilst 0% of rural households are covered.
- At Eshowe domestic, business, building, garden, industrial waste, street sweepings and medical waste are generated and (except medical waste) disposed of at the King Cetshwayo Regional Solid Waste Site via a transfer station. Medical waste is collected by private contractors and disposed of in Durban. There is also sawdust generated, but it is not collected by the municipality.
- At Mtunzini domestic, business, building, garden, industrial waste, street sweepings and medical waste (doctors' rooms) are generated within the town. Building and garden waste are disposed of at Mtunzini Transfer Station. Medical waste is collected by private contractors and disposed of in Durban and the other waste types are disposed at King Cetshwayo Regional Solid Waste Site in Empangeni.
- A combination of skips and kerbside collection is used to collect waste within the municipal area.
- Private recycling plants are also in operation in both Eshowe and Mtunzini towns.

Mthonjaneni Municipality

- There are three areas within the municipality where wastes are generated and are covered by waste collection and removal systems namely, Melmoth town, Thubalethu and KwaMagwaza Hospital.
- There is one transfer station that is currently in operation.
- Domestic, business, garden, building waste, street sweepings and medical waste are generated within the municipal area.
- Cages, bins and kerbside collection are the method of waste collection within the municipal area. Building waste is collected on request; medical waste is collected by private contractors and the rest of the waste is collected by the municipality and disposed of at the King Cetshwayo Regional Solid Waste Site via the new transfer station.
- Mthonjaneni Municipality has an updated IWMP available.

Nkandla Municipality

- Currently 100% of urban households within Nkandla Town are covered by a waste collection system, whilst part of rural households are covered. There are central collection points in each of the 13 rural wards in Nkandla. The waste collected is disposed of at the Nkandla Solid Waste site.
- Domestic, business, garden, building waste, street sweepings and medical waste are generated within the municipal area.
- Medical waste is collected and disposed of by private contractors in Durban while building waste is collected and disposed of at Nkandla Solid Waste Site by waste generators.
- Nkandla Municipality has an updated IWMP available.
- Nkandla Municipality has a newly constructed and permitted Solid Waste site which started working in 2014.

uMfolozi Municipality

- KwaMbonambi Town and Slovo Town (ward 02), Mzingazi (wards 05, 06, 14 and 16), Nhlabane (ward 03) and ward 17 are the only areas covered by a waste collection and removal system.
- Domestic, business, industrial and garden waste, street sweepings, medical waste and hazardous waste are generated within the municipal area.
- Domestic waste generated is disposed of at King Cetshwayo Regional Solid Waste site via Kwambonambi Transfer Station.
- Garden waste is also disposed at KCDM Regional Solid Waste Disposal Facility via Kwambonambi Transfer Station.
- Recyclables are collected at the buy-back centre and recycled in Richards Bay.
- uMfolozi Municipality is in the process of updating its IWMP.

ACCESS TO WASTE MANAGEMENT

KING CETSHWAYO REGIONAL SOLID WASTE DISPOSAL FACILITY (KCRSWDF)

The King Cetshwayo District Municipality is the permit holder and the owner of the land. The King Cetshwayo District Council acquired the land from the state. The site is situated on Lot 11425 Part of Lot 167 of Richards Bay, uMhlathuze Local Municipality at King Cetshwayo District-DC28. The N2-highway borders the eastern boundary of the lot and the R34-Highway (John Ross Highway), the northern boundary of the lot. On the west lies Lot 15199 Richards Bay, which is owned by Transnet and to the south lies Lot 11420 Richards Bay, which is owned by Braeburn/UVS Sugar Estate cc. Council approved the leasing of vacant land adjacent to the Solid Waste site earmarked for future cell development and the City Development Unit granted the District land use rights for agricultural purposes on the vacant land.



As per the permit, the following conditions are applicable:

- A monitoring committee was formed in June 2008 and meets once every three months to monitor the operations of the site.
- An Annual External Audit is performed annually; the last external audit compliance score of 84% was received, and the issues raised are currently being addressed.
- Bi-Annual water quality samples are done on 15 July and 15 January respectively every year.
- The Site currently grants permission to 55 reclaimers to conduct recycling, to ensure alignment to the Waste Act and ensure diversion of 40% of waste away from landfill.

WASTE MANAGEMENT SERVICES POLICY OBJECTIVE

The KCDM Regional Solid Waste Site was established in 2004. Waste transfer stations at Eshowe, Mtunzini, Ntambanana, Melmoth and Kwambonambi towns were constructed and waste is transported to the regional waste disposal facility. In line with Section 12 of the Municipal Systems Act, the District IWMP was approved and endorsed by Council in May 2022.

HUMAN CAPITAL IN WASTE MANAGEMENT SERVICES

TABLE 2.6.1: KCDM PERSONNEL INVOLVED WITH WASTE MANAGEMENT AT SOLD WASTE DISPOSAL FACILITY.

PERSONNEL	NUMBER
Solid Waste Manager	1
Solid Waste Clerk	1
Weighbridge Operator	2
General Worker	10
Total Solid Waste Staff	14

1 x Vacant Position of Team Leader.

WASTE MANAGEMENT SERVICES CAPITAL EXPENDITURE

The current operational Cell, number 2 has limited available airspace. The planning and preliminary design of the new cell, Cell 3, commenced on the 18th of April 2018. Council appointed a Turnkey Service Provider to conduct the final design, approval, supervision and construction of Cell 3 in October 2021. The construction is progressing well.



COMPONENT B: OPERATIONS AND MAINTENANCE

MANDATE AND STRUCTURE

The Directorate of Operations and Maintenance has 102 internal staff members, 83 water tanker drivers who are employed as contract workers and 520 Network Operators who are also employed as contract workers. The work of this directorate is split into a number of sections reflected in the directorate's organisational structure as follows:

- Operation and maintenance of the water plants, waste water treatment plants and solid waste management site within the King Cetshwayo District Municipality, and operation and maintenance of bulk and reticulation networks.
- Water quality testing and compliance with the legislative requirements of the Blue and Green Drop Systems is with the Process Management Section.
- The operation and maintenance of all rural schemes, including the water and sewage plants for the clinics and hospitals within King Cetshwayo District.
- Repairs and maintenance of boreholes, hand pumps and spring protection.
- Management of the Service Support Agent (Umngeni and Panel of Contractors).
- Support Water Services Authority Section (WSA) with water quality testing and compliance with legislative requirements.

The main functions of this directorate can be summarised as follows;

- Operation and maintenance of all water services infrastructure which includes the following:
 - Ensuring that all rural water schemes are operational
 - Water production is done in terms of the applicable specifications and national guidelines
 - Ensuring that all water networks are functional and without leaks and the turnaround time for repairs is, kept to a minimum of four (4) hours
 - Ensuring that the sewage systems and plants are operational and maintained in accordance with the DWS guidelines and prevailing legislation
 - Ensuring that water quality tests are done and checked against the SANS 241 specifications
 - Support WSA with effective implementation of the water loss management system
 - Effective implementation and management of the Emergency and Drought Relief Programmes of the municipality which includes the following:
 - i. Drilling, testing and equipping of new boreholes
 - ii. Repairs and maintenance of hand pumps
 - iii. Spring development and protection to provide safe and clean water (with support from WSA)
 - iv. Provision of water through tankers to the drought stricken areas

WATER SERVICES FINANCIAL PERFORMANCE

WATER SUPPLY NETWORK SERVICES

King Cetshwayo District Municipality water supply schemes, both towns and rural/rudimentary schemes are managed, operated and maintained by KCDM staff as well as the panel of KCDM contractors. The estimate of what it costs KCDM to supply water to its communities, (the report for quarter 4) is presented on Table 1.8.1 which indicates the summary of water production per Local Municipality per month and the number of schemes where bulk metering is taking place as well as the served number of households.

TABLE 1.8.1: WATER PRODUCTION PER LM FOR QUARTER 4 OF 2021/22

LOCAL MUNICIPALITY	NO. OF SCHEMES MEASURED	MONTHLY PRODUCTION (ML)			TOTAL (ML)	NUMBER OF HOUSEHOLDS SERVED
		APR '22	MAY '22	JUN '22		
uMfolozi	68	40188	33288	37846	111322	12689
uMlalazi	113	587447	729861	736084	2053392	21885
Mthonjaneni	99	79036	61436	66435	206907	14050
Nkandla	103	307922	222282	185161	715365	8131
TOTAL	383	1014593	1046867	1025526	3086986	56 755

The total water production costs per kiloliter of water for the 4th quarter is calculated as follows:

$$\frac{\text{Total staff costs (4th quarter)} + \text{SSA costs} + \text{chemicals} + \text{bulk purchase} + \text{cost}}{\text{Water produced on the 4th quarter}} = 11,14 / \text{kl}$$

The above production cost is very low compared with the best practice of about R3-6/kl. Three main problems can be attributed to this low cost of production. These include but are not limited to:

- a) A high number of schemes without bulk meters
- b) A high number of inefficient small schemes
- c) Lack of control of non-revenue water

KCDM has about 383 schemes but as can be seen from Table 2, only 172 schemes are metered. Therefore, about 211 schemes are not metered and hence the seemingly high production cost. Consequently, there is an urgent need to install bulk meters in all the schemes. Besides that, KCDM needs to accelerate bulk infrastructure in order to account for all water produced and do away with the inefficient small schemes so as to reduce the production costs. Non-revenue water needs to be monitored and controlled in order to bring down the cost of water production.

As we strive to install more bulk meters, more schemes will be added on the list of metered projects. This will certainly bring down the cost per kilolitre of producing water in KCDM. If we have more details on the scheme design productions, one could be making comparisons but as detailed above, this is not possible.

WATER TANKER SERVICE

Despite the efforts to reduce the carting of water with tankers, KCDM has a number of water tanker requests from different councillors and communities, and these requests are increasing by the day as a result of prevailing drought conditions. Table 1.8.2 shows the various indicators for the water tanker service.

TABLE 1.8.2: NUMBER OF WATER TANKER DELIVERIES BY SP VS COST FOR QUARTER 4 OF 2021/22

MONTH	APRIL '22	MAY' 22	JUNE '22	TOTAL
Number of Loads	4696	2185	2298	9179
Distance travelled by tankers (km)	223045	355958	1618127	2197130
Volume of water delivered (ML)	35,25	32,7	32,7	100,65
Actual Paid during this period	R7598016	R7273592	R8448964	R99360572

TABLE 1.8.3: NUMBER OF WATER TANKER DELIVERIES BY KCDM TRUCKS VS COST QUARTER 4 OF 2021/22

MONTH	APRIL '22	MAY' 22	JUNE '22	TOTAL
Number of Loads	1848	1848	1816	5512
Distance travelled by tankers (km)	76239	76349	73030	225618
Volume of water delivered (ML)	28	28	28	84
Cost of service (Rands)	R2 250 000	R2 123 000	R2 392 919	R6 765 919

Due to the high water demand in the District and some of the schemes not producing required volumes of water to accommodate the residents within the District, more water tankers are used as both a short term intervention in cases where the scheme is failing, and also as a relief measure in the areas where there is no infrastructure at all. Due to the shortage of water and also the water tanker requests, tankers are now travelling about 807 582 km/month and KCDM was spending an average of R7.5M per month on water supply by tankers for external service providers and an average of R2,3M per month on internal water tankers.

The following tables indicate the number of boreholes per Local Municipality and their operational status:

Nkandla Local Municipality

MUNICIPALITY	WARD NO.	NUMBER OF BOREHOLES	STATUS
KZ 286	1	4	Dweba borehole was vandalised not operational, in a process of rehabilitating it
KZ 286	2	3	All Operational
KZ 286	3	2	Nongamlana dried up
KZ 286	4	3	Notshiza is partially Operational
KZ 286	5	5	Three operational
KZ 286	6	5	All Operational
KZ 286	7	2	All Operational
KZ 286	8	1	Operational
KZ 286	9	1	Operational
KZ 286	11	2	Nselelo was vandalised, in a process of rehabilitating it

uMfolozi Local Municipality

MUNICIPALITY	WARD NO.	NUMBER OF BOREHOLES	STATUS
KZ281	1	4	All Operational
KZ281	3	3	All Operational
KZ281	4	5	All Operational
KZ281	5	1	All Operational
KZ281	8	5	All Operational
KZ281	9	1	All Operational
KZ281	11	2	All Operational
KZ281	12	1	All Operational
KZ281	15	1	All Operational
KZ281	17	1	All Operational
KZ281	18	4	All Operational

Mthonjaneni Local Municipality

MUNICIPALITY	WARD NO.	NUMBER OF BOREHOLES	STATUS
KZ285	1	4	All Operational
KZ285	3	3	All Operational
KZ285	4	4	One Dried up
KZ285	5	1	Operational
KZ285	6	1	Operational
KZ285	7	1	Not operational; Eskom disconnected electricity from the transformer due to illegal connections from the surrounding households
KZ285	8	4	Two not operational due to vandalism and the other two were decommissioned since the area receives water from Greater Mthonjaneni Bulk
KZ285	10	3	One Dried up
KZ285	12	3	All Operational
KZ285	13	3	One not operational due to theft and the other still awaiting electricity application from Eskom

Umlalazi Local Municipality

MUNICIPALITY	WARD NO.	NUMBER OF BOREHOLES	STATUS
KZ 284	1	3	All Operational
KZ 284	2	1	Operational
KZ 284	3	1	Operational
KZ 284	4	7	All Operational
KZ 284	5	6	Four Dried Up
KZ 284	6	6	Four Dried Up and One collapsed
KZ 284	7	2	One Collapsed
KZ 284	8	6	All Operational
KZ 284	12	1	Not yet equipped
KZ 284	13	4	All Operational
KZ 284	14	2	All Operational
KZ 284	15	2	All Operational
KZ 284	16	1	Operational
KZ 284	17	4	Two not operational - Dried Up
KZ 284	18	1	Operational
KZ 284	19	6	One Dried Up
KZ 284	20	3	All Operational
KZ 284	21	7	One Dried Up and One collapsed
KZ 284	22	3	All Operational
KZ 284	26	2	All Operational

DROUGHT INTERVENTION

Table 1 shows the summary of the current allocation and supply points of tanks and tanker distribution within the District, including tanks and tankers activated as a result of the intensification of drought in table 2.

TABLE 1.8.4: STORAGE FACILITIES SERVICED BY TANKERS IN THE DISTRICT

LOCAL MUNICIPALITY (KZ)	NO. OF JOJO TANKS
281 uMfolozi	286
284 uMlalazi	203
285 Mthonjaneni	194
286 Nkandla	165
TOTAL	848

The supply of water to these storages is attained through the use of a schedule that has been formulated for each and every water tanker that operates within this fleet.

Over the years the Technical Department has been compelled to continuously review and reduce the frequency of the supply as a result of the increase in demand of water tankers and the decrease in the availability of funds to finance this operation. In some instances, we are compelled to add tanks as a result of the dire need of potable water in that area. Water tanker operation is an expensive mode of water supply to the communities and had an average expenditure of R 7,5 million a month for this quarter. The section is striving to bring down the water tanker operational costs, however this goal looks unachievable due to the increase in water tanker demand as a result of water shortages within the district.



COMPONENT C: WATER AND SANITATION PROJECTS

Infrastructure project implementation falls within the Municipal Infrastructure Implementation (MII) Section. MII Section is under the Programme Management Division in Technical Services Department.

On completion of the planning and procurement stage, the Water Services Authority (WSA) Section hands over the projects to MII Section for the implementation, monitoring and commissioning. MII Section thereafter hands over the completed and signed-off projects to Municipal Infrastructure Operations and Maintenance (MIOM) Section for operations and maintenance.

WATER SERVICES CAPITAL EXPENDITURE (CAPEX)

For the previous financial year 2021/2022, capital projects were funded from the government subsidy grants, as tabled below:

TABLE NO.1: GRANTS ALLOCATION

GRANT	ALLOCATIONS FOR 2021/2022
Municipal Infrastructure Grant (MIG)	R 155,456,000
Water Services Infrastructure Grant (WSIG)	R 60,000,000
Regional Infrastructure Grant (RBIG)	R 27,409,000
TOTAL	R 242,865,000

The grant-funded projects in the form of MIG are reported to the Department of Co-operative Governance and Traditional Affairs (COGTA). RBIG and WSIG are reported to the Department of Water and Sanitation and performance is measured against the approved implementation plan.

WATER AND SANITATION PROJECTS

TABLE 2: GRANTS EXPENDITURE FOR THE 2021/2022 FINANCIAL YEAR AS OF 30 JUNE 2022

SOURCE OF FUNDING	ALLOCATION	XPENDITURE	% SPENT	BALANCE
MIG	R 180,995,000	R 180,995,000	100%	R0
WSIG	R 70,000,000	R 70,000,000	100%	R0
RBIG	R 20,000,00	R 20,000,000	100%	R0
TOTALS	R 270,995,000	R 270,995,000	100%	R0

TABLE 2: GRANTS EXPENDITURE FOR THE 2021/2022 FINANCIAL YEAR AS OF 30 JUNE 2022

NO.	PROJECT NAME	FUNDING SOURCE	EXPENDITURE
1	KWAHLOKOHLOKO SSA1	MIG	R 4 296 000
2	MIDDLEDRIFT PHASE 2	MIG	R 17 988 807
4	MIDDLEDRIFT SSA5	MIG	R 25 023 385
5	MBONAMBI WATER PHASE 2	MIG	R 11 738 405
6	GREATER MTHONJANENI SSA1	MIG	R 4 184 503
7	KWAHLOKOHLOKO S/A SSA5	MIG	R 784 714
8	PROJECT MANAGEMENT UNIT	MIG	R 7 786 708
9	MHLANA SOMOPHO PHASE 3C	MIG	R 20 618 183
10	GREATER MTHONJANENI SSA 4	MIG	R 524 340
11	NKANDLA VUTSHINI S/A SSA5	MIG	R 5 601 423
12	NKANDLA SANITATION VIP	MIG	R 7 460 165
13	MTHONJANENI SANITATION VIP	MIG	R 3 029 155
14	MFOLOZI SANIATION VIP	MIG	R 5 500 000
15	UMLALAZI SANITATION VIP	MIG	R 12 531 106
16	MELMOTH SEWER UPGRADE	MIG	R 15 918 013
17	ESHOWE SEWER UPGRADE	MIG	R 655 203
18	REPAIRS AND MAINTENANCE	MIG	R 3 027 347
19	CONSTRUCTION OF SOLID WASTE	MIG	R 16 681 367
20	TANKER REDUCTION STRATEGY (WSIG)	WSIG	R 24 051 021
21	REFURBISHMENT OF RESERVOIR	WSIG	R 9 579 792
22	WC/WDM STRATEGY IMPLEMENTATION	WSIG	R 16 599 590
23	GINGINDLOVU RAW WATER	WSIG	R 6 177 059
24	MAINTENANCE EQUIPMENT(KZN FLOODS)	WSIG	R 4 462 102
25	KWAHLOKOHLOKO SSA 1	RBIG	R 0
26	MIDDLEDRIFT SSA2	RBIG	R 1 935 762
27	MIDDLEDRIFT SSA3	RBIG	R 15 455 542

NEW WATER CONNECTIONS PROVIDED

As the Water Services Authority (WSA), King Cetshwayo District Municipality (KCDM) is responsible for providing access to basic water and sanitation within its area of supply, i.e. uMfolozi, uMlalazi, Mthonjaneni and Nkandla Local Municipalities; except to the City of uMhlathuze. The City of uMhlathuze has a WSA status and is thus responsible for the provision of water and sanitation within its area of jurisdiction.

The annual target for the installation of new water connections was 1528 units for the 2021/22 financial year. The annual target was set to be achieved at the end of the fourth quarter.

New water reticulation projects with yard connections that were under construction within the reporting period were at Nkandla Local Municipality and uMlalazi LM, namely Nkandla-Vutshini Water Supply (SSA5) and Middledrift SSA5 Phase 3.

The above-mentioned water reticulation projects cover the following wards:

- Nkandla Vutshini SSA5 - Ward 13 of Nkandla Local Municipality
- Middledrift SSA5 Phase 3 - Ward 2, 3 & 4 of uMlalazi Local Municipality

TABLE 4: NUMBER OF NEW WATER CONNECTIONS COMPLETED IN 2021/2022 FY.

PROJECT NAME	2021/22 QUARTERS				NEW CONNECTIONS COMPLETED IN FY21/22	COMMENTS
	Q1	Q2	Q3	Q4		
Nkandla-Vutshini water supply (SSA5)	0	765	0	0	0	Project completed and the total number of achieved new connections is 760.
Middledrift SSA5 Phase 3	0	0	0	0	0	Project is behind schedule and no new connections have been completed.
TOTAL	0	765	0	0	0	

NEW SANITATION UNITS PROVIDED

In rural areas, KCDM provides the double pit Ventilated Improved Pit (VIP) sanitation system through the Municipal Infrastructure Grant (MIG) and Water Services Infrastructural Grant (WSIG).

For the sustainability of these projects, movable precast top structures are being used to enable the household to move the unit to another position once the pit is full.

Upon approval of the mid-year budget adjustment, the targets for 2021/2022 financial year were revised to 2160 VIP units and have been allocated per Local Municipality as below:

LOCAL MUNICIPALITY	WARD	UNITS ALLOCATION
uMlalazi	22, 23 & 24	962
Nkandla	12	598
Mthonjaneni	6 & 8	327
uMfolozi	1 & 4	389
TOTAL		2276

TABLE 5: NUMBER OF NEW VENTILATED IMPROVED PIT (VIP) UNITS COMPLETED in 2021/2022 FY

PROJECT NAME	VIP UNITS CONSTRUCTED TO DATE IN EACH QUARTER FOR 2021/22 FY				
	Q1	Q2	Q3	Q4	TOTAL
uMlalazi Sanitation Phase 22, 23 & 24	89	119	32	722	962
uMfolozi Sanitation (Ward 4)	32	151	0	206	389
Mthonjaneni Sanitation (Ward 6 & 8)	0	0	173	154	327
Nkandla Sanitation (Ward 12)	55	91	152	300	598
TOTAL	176	361	357	1382	2276





3.4 PROJECTS PICTORIAL REPORT

3.4.1 Middeldrift SSA 5: Water Reticulation Project



Photo 1: Casting of air valve base



Photo 2: Construction of air valve ring manhole



Photo 3: Installation of BPT (Break Pressure Tank)



Photo 4: Laid pipe before backfilling

3.4.2 Nkandla Vutshini SSA5



Photo 1: Main road crossing through stormwater



Photo 2: Excavation for Pipelaying



Photo 3: Completed VIP Toilet



Photo 2: Completed VIP Toilet showing the complete unit with lockable door.

WATER USE EFFICIENCY

COMPONENT D: WATER USE EFFICIENCY

The Water Use Efficiency Unit is responsible for Water Conservation and Water Demand Management (WC/WDM). King Cetshwayo District Municipality is a water scarce region and therefore Water Conservation and Water Demand Management (WC/WDM) is necessary to avert any further water crisis. WUE is implementing a five (5) year Non Revenue Water Reduction Strategy through a service provider that was appointed in April 2019.

KEY PERFORMANCE INDICATORS

Non-Revenue Water (NRW) Determination

The past three years' performance on non-revenue water reduction is tabled here below on Table No.1. It should be noted that there has been some improvement in terms of water losses from the two previous Financial Years. This can be attributed to the interventions carried out over the years as well as gathering accurate information. The comparison and improvement for each KPI is shown below.

Key Performance Indicator	FY 2019/2020	FY 2020/2021	FY 2021/2022
Revenue Water [%]	44.6	50.9	49.6
Non-revenue water [%]	55.4	49.1	49.6
Water Losses [%]	46.8	37.8	36.5

Determination of water losses as at the end of FY2021/2022 indicated 36.5% water losses. It should be noted that it is still higher than the acceptable percentage, which is 30%.

The water losses and high non-revenue water are due to the following:

- Certain systems/schemes have a low percentage of registered consumer meters and some non-registered consumers at all. The overall percentage of registered and read meters to number of connections is extremely low.
- Standpipes Metering: Volumes going through free standpipes must be accurately established. Ideally, every standpipe must have an individual meter but if this is not a viable option, a bulk meter should be installed on the distribution main feeding those standpipes.
- Illegal connections, which are unknown and not metered.
- Approximately 90% of prepaid meters are not functional and have been either by-passed or vandalised, resulting in reduced revenue.
- Notwithstanding the new prepaid meter installations, unmetered consumers are still relatively high and not accounting for these consumers results in a higher non-revenue water percentage.

NON-REVENUE WATER (NRW) REDUCTION STRATEGY

KCDM had previously completed a NRW Reduction Strategy, which covered the period up to and including the 2019/20 financial year. An update of the strategic Non-Revenue Water Reduction Master Plan, which takes into consideration institutional, financial or consumer considerations, and covers a further 5-year outlook in terms of minimizing water losses through the Municipality's area of supply, has been prepared. The objectives of this Master Plan are as follows:

1. Determine the baseline situation in terms of water balances for each supply system in accordance with international and national best practice;
2. Identify areas of possible NRW reduction, by water balance component and per supply system, prioritise these in order of impact and prepare a consolidated NRW Reduction Intervention programme;
3. Establish targets in terms of NRW by volume, supported by Key Performance Indicators and budget/funding requirements;
4. Address the internal requirements necessary for the successful implementation of a NRW reduction programme in terms of resources, systems and critical success factors; and
5. Identify short-term problems that are being experienced with the Municipality's billing database and determine any necessary corrective actions.

COMPONENT E: PUBLIC SAFETY

AIR QUALITY MANAGEMENT

INTRODUCTION

The King Cetshwayo District Municipality has been coordinating Air Quality Management in the District for the past twelve years. The management of air quality in South Africa is influenced by policy and legislation developed at international, national, provincial and municipal levels. National policy provides the critical reference point for air quality management. Provincial legislation is expected to expand on the national approach and can be used to address specific air quality issues; currently there is no provincial air quality legislation gazetted in KwaZulu-Natal.

Municipal authorities influence air quality governance through the introduction of by-laws, which are legally enforceable within the municipal authority's jurisdiction. King Cetshwayo is in the process of drafting the first District Air Quality Bylaw, which will be published for public comment.

1. BACKGROUND

The King Cetshwayo District Municipality (KCDM) Air Quality Management Unit was instituted to ensure implementation within the KCDM region of the National Environmental Management Air Quality Act, (Act 39 of 2004) (AQA) and all other legislation developed, including the 2017 National Framework for Air Quality Management in the Republic of South Africa.

The quality of air is affected by various factors such as climate change and the use of natural resources, which results in smoke from the use of coal and the release of carbon emissions. The District strives to reduce air pollution and improve air quality by identifying and monitoring pollution sources. In line with the prescribed air quality standards drawn from the National Environmental Management: Air Quality Act, 2004 (Act 39 of 2004), the District sets out objectives which ultimately serve as a course of action towards attaining air quality management goals. In this regard, various solutions are identified to ensure that health effects and environmental impacts are addressed and minimised.

2. NATIONAL ENVIRONMENTAL MANAGEMENT: AIR QUALITY ACT, 2004 (AQA)

The AQA represents a distinct shift from exclusively source-based air pollution control to holistic and integrated effects-based air quality management. It focuses on the adverse impacts of air pollution on the ambient environment and sets standards for pollutant levels in ambient air. At the same time, it sets emission standards to minimise the amount of pollution that enters the environment.

The objectives of the air quality management unit are:

- To protect the environment by providing reasonable measures for:
 - the protection and enhancement of the quality of air in the Republic;
 - the prevention of air pollution and ecological degradation; and
 - securing ecologically sustainable development while promoting justifiable economic and social development; and
- Generally, to give effect to Section 24(b) of the Constitution of the Republic of South Africa, 1996, in order to enhance the quality of ambient air for the sake of securing an environment that is not harmful to the health and well-being of people.

The National Framework is one of the significant functions detailed in Chapter 2 of the AQA. The framework serves as a blueprint for air quality management and aims to achieve the air quality objectives as described in the preamble of the AQA.

Chapter 3 of the AQA covers institutional and planning matters summarised as follows for the municipalities:

- Air Quality Officers (AQOs) must be appointed at each level of government (national, provincial, municipal);
- Each municipality preparing an Integrated Development Plan (IDP) must include an Air Quality Management Plan (AQMP);
- Each organ of state is required to report on the implementation of its AQMP in the annual report submitted to Environmental Authorities in terms of the National Environmental Management Act (NEMA).

The District is required to ensure implementation of the following air quality management measures as outlined in the AQA:

- Controlled Emitters;
- declaration of Controlled Fuels
- other measures to address substances contributing to air pollution, which may include the implementation of a Pollution Prevention Plan or an Atmospheric Impact Report; and
- The requirements for addressing dust, noise and offensive odours.
- Licensing of Listed Activities through an Atmospheric Emission Licence (AEL)

3. MUNICIPAL BY-LAWS

According to Section 156(2) of the Constitution of the Republic of South Africa, 1996, a municipality may make and administer by-laws for the effective administration of matters that it has the right to administer. Air pollution is listed as a matter in which local government has authority and the national or provincial government may not compromise or impede a municipality's right to exercise its powers or perform its functions. Within this context, municipalities may develop by-laws that deal with air pollution.

The municipality may also establish municipal standards for emissions from point, non-point and mobile sources if a municipality, in terms of its by-laws, identifies a substance or mixture of substances in ambient air which through ambient concentrations, bioaccumulation, deposition or any other way, presents a threat to health or well-being or the environment, or which the municipality reasonably believes presents such a threat.

The bylaws also ensure management of air quality and the control of air pollution within the area of its jurisdiction and ensure that air pollution is avoided or, where it cannot be altogether avoided, is minimised and remedied. The draft Air Quality By-laws are currently developed and will be approved by Council in the financial year 2022/ 2023. The public participation process is currently underway.

4. STRATEGY DEVELOPMENT: AIR QUALITY MANAGEMENT PLAN (AQMP)

In accordance with the provisions of Section 15(2) of the National Environmental Management: Air Quality Act (NEMA: AQA) (Act No. 39 on 2004), King Cetshwayo District Municipality (KCDM) developed its first Air Quality Management Plan in 2014. Processes to review the current AQMP commenced in the middle of the financial year 2021/ 2022 and are to be completed at the end of 2022/ 2023. This process involved a number of steps, inter alia, understanding the Air Quality status in the region (AQ baseline report); strategy and scenario development; drafting and revision of the AQMP 2022. The draft Plan has been presented to various internal structures and general public consultation is to commence in the first quarter of the financial year 2022/ 2023.

An inclusive and participative stakeholder engagement process is fundamentally important to gaining buy-in into the AQMP review process, and to the successful implementation of the revised AQMP. The public participation approach must be multi-faceted as it needs to reach a broad target audience i.e. Non-Governmental Organisations, Youth, local and international business owners, news media, government departments, traditional leaders and general public.

5. THE AIR QUALITY GOVERNANCE CYCLE

5.1. Information management:

The information management component of the governance cycle is critical and is often described as the engine that drives the cycle towards continuous improvements in environmental quality.

The functions relating to information management include the following:

- Monitor ambient air quality point, non-point and mobile source emissions.
- Review emissions reports provided by industry in the National Atmospheric Emission Inventory System (NAEIS in line with Atmospheric Emissions License (AEL).

5.2. South African Atmospheric Emission Licensing and Inventory Portal

The National Department has established the South African Atmospheric Emission Inventory and Licensing Portal (SAAELIP). SAAELIP is an online portal for the management of AEL as well as the estimation, compilation, and reporting of atmospheric emission inventories nationally. SAAELIP provides seamless integration between the management of AELs and the reporting of atmospheric emissions. The portal is comprised of two components, namely; the System for National Atmospheric Emission Licensing (SNAEL) and the National Atmospheric Emission Inventory System (NAEIS). SNAEL provides the ability for Atmospheric Emission Licensing Authorities to:

- Process AEL applications and issue Provisional Atmospheric Emission License (PAEL) and or AEL applications online.
- Schedule licensing-related inspections and track inspection results.
- Manage online compliance reporting.
- Facilitate communication with the AEL holders on the status of the emission inventory annual reports.

5.3. National Atmospheric Emission Inventory System (NAEIS) Compliance Status

The second quarter of each financial year is a period where all facilities operating section 21 listed activities, section 23 controlled emitters, mines and quarries are required to report the emission inventory for the previous year in terms of Government Notice Regulation (GNR) 893 as amended and National Greenhouse Gas Emission Reporting Regulations through the online National Atmospheric Emission Inventory System (NAEIS). The deadline for facilities to submit the emission inventory is the 31st of March every year.

The King Cetshwayo District NAEIS master list for 2021 has twenty-four facilities; all facilities in the master list submitted their 2021 emission inventory report within the prescribed timeframe. These facilities are distributed in Table 1 below:

TABLE 1: KCDM DISTRIBUTION OF INDUSTRIES THAT SUBMITTED 2020 EMISSION INVENTORIES	
Section 21 Listed Activities	21
Section 23	1
Mines and/or Quarries	2

Table 2: Below provides a list of industries operating section 21 listed activities within the District that were added to the KCDM 2021 NAEIS Master list to submit emission inventory reports with their respective listed activities.

TABLE 2: SECTION 21 LISTED ACTIVITIES THAT SUBMITTED 2021 EMISSION REPORTS

EMISSION SOURCE NAME	LISTED ACTIVITY
Tongaat Hulett Felixton Mill	- Subcategory 1.1 Solid Fuel Combustion installations - Subcategory 1.3 Solid biomass combustion installations
Tongaat Hulett Amatikulu Mill	
Tronox KZN Sands	- Subcategory 4.1 Drying of mineral solids including ore. - Subcategory 4.2 Combustion installations - Subcategory 4.9 Ferro-alloy production - Subcategory 4.10 Foundries - Subcategory 5.1 Storage and handling of ore and coal
Richards Bay Minerals	- Subcategory 4.1 Drying of mineral solids including ore. - Subcategory 4.2 Combustion installations - Subcategory 4.9 Ferro-alloy production - Subcategory 4.10 Foundries - Subcategory 5.1 Storage and handling of ore and coal
Mondi Richards Bay	- Subcategory 1.1 Solid Fuel Combustion installations - Subcategory 1.3 Solid biomass combustion installations - Subcategory 1.4 Gas combustion installations - Subcategory 2.4 Storage and handling of petroleum products - Subcategory 7.2 Production of acids - Subcategory 9.1 Lime recovery kiln - Subcategory 9.2 Chemical recovery furnaces - Subcategory 9.4 Chlorine dioxide plants
Richards Bay Coal Terminal	Subcategory 5.1 Storage and handling of ore and coal
Grindrod Navitrade Terminal	
Transnet Port Terminal (TPT)	
South 32 (Hillside Aluminum Smelter)	Subcategory 4.3 Primary Aluminum production
Hulamin Operations	Subcategory 4.4 Secondary Aluminum production
Zululand Galvanisers	Subcategory 4.22: Hot Dip Galvanizing
Richards Bay Alloys	- Subcategory 4.1 Drying of mineral solids including ore. - Subcategory 4.2 Combustion installations - Subcategory 4.9 Ferro-alloy production - Subcategory 4.10 Foundries - Subcategory 5.1 Storage and handling of ore and coal
Foskor	- Subcategory 5.1 Storage and handling of ore and coal - Subcategory 7.2 Production of acids - Subcategory 7.3 Production of chemical fertilizer
Kerneos Aluminate	Subcategory 5.4 Cement production (using conventional fuels and raw materials)
Collateral Trading's	Subcategory 5.10: Macadam Preparation
Much Asphalt	
Engen petroleum	Subcategory 2.4 Storage and handling of petroleum products
Bidvest Tank Terminal (BTT)	
FFS refinery (In a process of decommissioning)	
Jubane Petroleum	
Transnet SOC	

The District audited all the reports that were submitted by the industries as per Table 2. The status of the audit findings at the end of the financial year is outlined in Figure 1 below. Where audit findings represent reports that have failed the audit and were sent back to the facility for amendments, while audit-finding-revising-submitted represent the reports that have been amended by the facility and resubmitted after a failed audit.

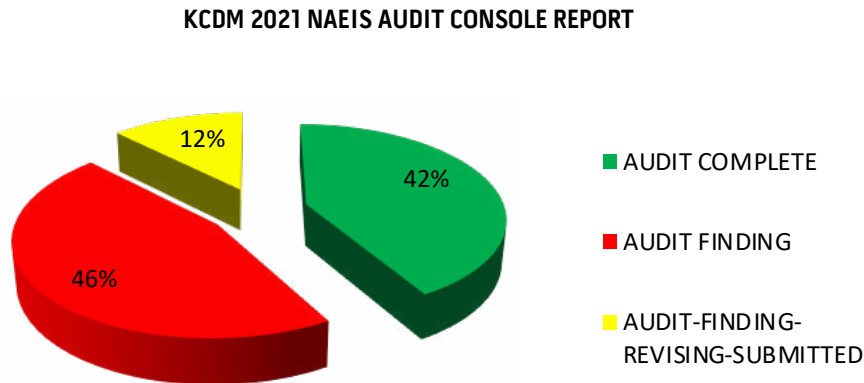


Figure 1: KCDM 2021 Emission Inventory Report Audit Status

5.4. Environmental Authorisations and Licences:

An authorisation (permission, permit, licence, etc.) is a key component of traditional “command and control” regulatory practice. The principle authorisation in the AQA is the AEL which is described in detail in Section 36 to Section 49 and summarised in Table 3 as Typical AQA governance functions relating to authorisations. The implementation of the AQA atmospheric emission licensing system by licensing authorities is set out in Chapter 5 and other provisions of the AQA.

TABLE 3: DISTRICT AQA GOVERNANCE FUNCTIONS RELATING TO ENVIRONMENTAL AUTHORISATION AND LICENSING

FUNCTION	AQA REF
Issuance of an Atmospheric Emission Licence	S.36(1)
Transferring of PAEL and AEL if ownership of an activity for which a PAEL was issued is transferred.	S.44(1)
Review of PAEL and AEL at intervals specified in the licence, or when circumstances demand that a review is necessary.	S.45(1)
Variation of PAEL and AEL	S.46(1)(a)-(d)
Renewal of PAEL and AEL on application by the holder of the licence.	S.47(1)

Notwithstanding the provisions of AQA section 36(5) (a)-(e), the review, variation, transfer, and renew of a Provisional Atmospheric Emission Licence (PAEL) and Atmospheric Emission Licence (AEL) shall remain the function of the licensing authority that issued the initial AEL. This is done to account for (i) the intent of section 36(5) (a)-(e) which is to address service delivery aspects of new AELs, (ii) the constitutional mandate of municipalities, (iii) concurrence in performing AQM functions, and (iv) ensuring continuity in AEL management..

The King Cetshwayo District AEL master list for 2021/2022 has twenty-nine identified industries. The District is processing a number of applications and has issued six AELs during the 2021/2022 financial year. Figure 2 shows the status of AEL Processing and Issuance in the District.

KING CETSHWAYO DISTRICT MUNICIPALITY SECTION 21 AEL MASTER LIST

- On-Hold

License Issued

Renewal Application Processing
- Awaiting application

New Development Under Review

Review Process

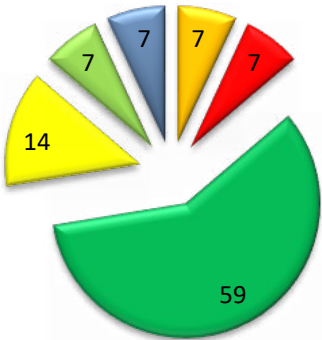


Figure 2: KCDM AEL Master List

Table 4 below provides the industries process during the 2021/2022 financial year and the type of AEL to be issued.

TABLE 4: DETAILED ATMOSPHERIC EMISSION LICENCE PROCESSED IN 2021-2022 FY

FACILITY NAME	TYPE OF AEL ISSUED OR TO BE ISSUED
New Developments	
Nyanza Light Metals	▪ Provisional AEL to be issued
Mtec Powder SA	
EMV Nanomaterials (Pty) Ltd	
S22A Applications	
Transnet SOC	▪ Section 22A Provisional AEL to be issued
Zululand Cremation Service	
Gerhard Veldi Dekker	
Renewal Atmospheric Emission License	
Jubane Petroleum Pty Ltd	▪ Full AEL to be issued valid for a period of five years
Transnet Port Terminals	
Collateral Trading	▪ Applications on hold ▪ Full AEL to be issued valid for a period of five years
Tongaat Hulett Amatikulu	
Atmospheric Emission License Issued	
Kerneos Aluminate Technologies	▪ Full AEL was issued valid for a period of five years
Tongaat-Hulett Sugar Limited (Felixton)	
Foskor (Pty)Ltd	
Mondi Kraft (Richards Bay)	
BTT Island View Storage Pty (Ltd)	
Richards Bay Coal Terminal	

6. COMPLIANCE MONITORING AND ENFORCEMENT

The District has in its administration trained and designated Environmental Management Inspectors (EMIs). EMIs are categorized according to various grades which reflect the compliance and enforcement powers bestowed on them in terms of Chapter 7 of NEMA. The grading system is intended to align the function of the EMI with the appropriate legislative powers. The District EMIs Grades are 1, 2 and 3 and are designated to undertake compliance monitoring, and enforcement activities in the brown sub-sectors. Within the Air Quality Management Unit there are two employees trained and designated as grade 1 and 2 EMIs.

6.1. Compliance

An important element of the environmental governance cycle is that of ensuring compliance with air quality management requirements as stated in the relevant legislation. A number of tools are provided for in the AQA, including compliance monitoring, the provision of emission control officers, and processes for voluntary compliance measures. These tools allow for the analysis of the compliance of various regulated activities, and are used in relation to the most appropriate level of government.

The municipality AQO also has compliance monitoring and reporting requirements regarding AQMPs that are consistent with requirements at national and provincial levels. Compliance monitoring at municipal level deals specifically with AELs.

6.2. Inspections

To minimize the industrial emission impact on human health and the environment, industries, businesses and individuals are expected to comply with air quality legislation and regulations and with the requirements of any air quality licences that have been issued to them. One of the ways in which the Air Quality Management Unit monitors compliance is by conducting on-site inspections of industries and businesses. A facility usually receives minimal or no advance notice when an inspection is planned.

The physical appearance of the equipment and the thoroughness of written records can be an indicator of how well it is being maintained. Poorly maintained sources are more likely to malfunction and create excess emissions than are well maintained sources. If an inspector discovers air pollution violations or other problems, he or she will work with the facility to resolve the problems as soon as possible. On-site inspections focus on:

- (a) The physical appearance of process equipment and related emission control devices.
- (b) Current operating conditions, as indicated by any available monitoring gauges and the presence or absence of visible emissions or excessive odors.
- (c) Usage and techniques employed to maximize efficiency of air quality control equipment
- (d) Thoroughness of recordkeeping related to air emissions control and facility operations

To monitor compliance with various authorisations King Cetshwayo District Municipality conducted twenty four (24) inspections at various facilities to ascertain compliance with issued authorisation and available legislation:

6.3. Enforcement

In terms of Chapter 7 of the NEMA, the functions of the Environmental Management Inspectors (EMIs) are to monitor Compliance with, and enforce the NEMA and specific environmental management legislation, known as "specific environmental management acts". Table 5 below provides the status of compliance and enforcement.

TABLE 5: ADMINISTRATIVE ENFORCEMENT ACTIONS

Pre-compliance notices issued	3
Final compliance notices issued	3

6.4. Complaints

The District has within its jurisdiction a 24-hour call centre system to log complaints and queries, but due to the pre-existing structures in the community like NGOs, communities log complaints here instead of reporting to the Municipality direct. There are few or minimal air quality-related complaints received through the District call centre.

The disadvantages of not receiving complaints directly through the municipal system are outlined below:

- The complaints do not reach the regulatory body on time for an investigation to be conducted while there are still traces of emissions.
- This results in a delayed response time.
- Receiving complaints through a third party results in the regulatory body not being able to provide feedback to the complainant timeously.

The municipality received two types of critical complaints, i.e. the alleged chemical leak that affected the Richards Bay High School and the ongoing complaints of emerging coal storage throughout the District without appropriate authorisation.

7. AWARENESS AND EDUCATION

To ensure that the role of the District in reducing the impact of air quality to the human health and the environment is understood by the citizens of King Cetshwayo, the air quality management unit collaborated with various departments in conducting school awareness education throughout the district.

To ensure promotion of Environmental Compliance the AQMU representatives attended an industrial awareness campaign that was taking place at Alton Industrial Park on 28 August 2021 in collaboration with the District Department of Economic Development, Tourism and Environmental Affairs and the City of uMhlathuze. During this campaign the District representatives visited a total of eighteen facilities.

A total of 26 awareness were conducted.



Photo 1: An awareness campaign in school

8. REVENUE

The Minister of Environmental Affairs on the 11 March 2016, gazetted the regulations prescribing the Atmospheric Emission Licence Processing Fee in terms of sections 53(o), 37(2)(a), 44(3)(a), 45(1) and 47(3)(a) of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004) to be paid by industries operating the Section 21 listed activity within the District. The total revenue received for processing the atmospheric emission licence applications is approximately eighty thousand Rands for the year.

9. CHALLENGES

The Air Quality Management Plan is a strategic plan that addresses gaps and challenges within the District. This includes the lack of human and financial resources to effectively and efficiently execute the air quality functions.

DISASTER MANAGEMENT

DISASTER MANAGEMENT ANNUAL REPORT – 2021/ 2022

INTRODUCTION

The King Cetshwayo District Municipality (KCDM) Annual Report for the Disaster Management Centre (DMC) comprises the financial year from 1 July 2021 to 30 June 2022. The annual report gives insight into the year's disaster management activities in the areas of disaster response and recovery, institutional capacity, risk assessment and risk reduction. It also gives insight into how the disaster management enablers made the fulfilment of the principles and objectives of disaster management possible.

This report will be presented to the Council, the local municipalities, the Provincial Disaster Management Centre (PDMC) and the National Disaster Management Centre (NDMC).

PURPOSE

The purpose of this annual report is to provide insight into the activities and incidents that were managed by the District Disaster Management Centre (DDMC) during the period 1 July 2021 to 31 June 2022, in compliance with Section 50 of the Disaster Management Act, Act No. 57 of 2002.

The purpose of the Units: Disaster Management and Fire Rescue Services is to promote an integrated, coordinated and multi-disciplinary disaster management and fire rescue service.

1. LEGISLATIVE MANDATES

The DDMC draws its legislative mandate from the Disaster Management Act 57 of 2002 as amended and the Fire Brigade Services Act 99 of 1987. Below are some of the main legislation applicable to Disaster Management.

3.1. Constitution of South Africa 1996

Chapter 2 - All spheres of government are obligated to ensure the social and economic development of its citizens while preserving the ecosystem for future generations. If these rights are achieved it will increase the livelihood of the most vulnerable, protect the environment from degradation and stimulate economic development that will contribute to the necessary infrastructure that could reduce the risk of disasters or the impact of disasters.

- Chapter 3 involves the cooperative government function in relation to intergovernmental relations.

3.2. Disaster Management Act, 2002 (Act 57 of 2002)

The Disaster Management Act provides for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, and ensuring emergency preparedness, rapid and effective response to disasters, and post-disaster recovery. Disaster management should also be a continuous multi-spectral and multi-disciplinary process.

3.3. National Disaster Management Framework, 2005

The National Disaster Management Framework comprises four key performance areas (KPA's) and three supportive enablers to achieve the objectives set out in the KPA's as outlined below:

TABLE 1: KEY PERFORMANCE AREAS AND OBJECTIVES

KEY PERFORMANCE AREAS	OBJECTIVES
KPA 1: Integrated institutional capacity for disaster risk management	Establish integrated institutional capacity within the national sphere to enable the effective implementation of disaster risk management policy and legislation
KPA 2: Disaster risk assessment	Uniform approach to assessing and monitoring disaster risks that inform disaster risk management planning and reduction by organs of state and other role players
KPA 3: Disaster risk reduction	Ensure all disaster risk management stakeholders develop and implement integrated disaster risk management plans and risk reduction programmes in accordance with approved frameworks
KPA 4: Response and recovery	Ensure effective and appropriate response and recovery programmes

ENABLERS

Enabler 1: Information and communication management

Enabler 2: Education, training, public awareness and research

Enabler 3: Funding arrangements

3.4. Fire Brigade Service Act (Act 99 of 1987)

The Act provides for the establishment, maintenance, employment, coordination and standardisation of Fire Brigade Services (FBS) and related matters therewith.

3.5. Public Finance Management (Act 1 of 1999)

- To regulate financial management in the government spheres;
- To ensure that all revenue, expenditure, assets and liabilities of governments are managed efficiently and effectively;

3.6. Local Government: Municipal Finance Management (Act 56 of 2003)

To secure sound and sustainable management of the financial affairs of municipalities and other institutions within the local sphere of government;

3.7. Local Government: Municipality Systems (Act 32 of 2000)

- To provide the core principles, mechanisms and processes necessary to allow for progressive municipal growth towards the social and economic upliftment of local communities, and ensure affordable universal access to essential services for all.

3.8. The Intergovernmental Relations Framework (Act 13 of 2005)

To facilitate the coordination between the three spheres of government through the implementation of policy and legislation;

2. STATUS OF THE DISASTER MANAGEMENT CENTRE**DISTRICT DISASTER MANAGEMENT CENTRE**

Currently the Disaster Management Centre is a Unit within the Environmental and Disaster Management Section, which is under the Department of Community Services. According to the Disaster Management Act (Act 57 of 2002) as amended, section 43 (1) states that "Each district municipality must establish in its administration a disaster management centre for its municipal area."

The KCDM DMC was established in 2005 as per the Minimum Infrastructure Guidelines but currently the DMC houses three other sections which is in contravention with the guidelines. The process and engagements are planned to commence in the financial year 2022/ 23 for the re-establishment of the new disaster management centre.



DISASTER MANAGEMENT STRUCTURE

Figure 1. displays the organisational structure for the Unit: Disaster Management during the financial year 2021/ 2022.

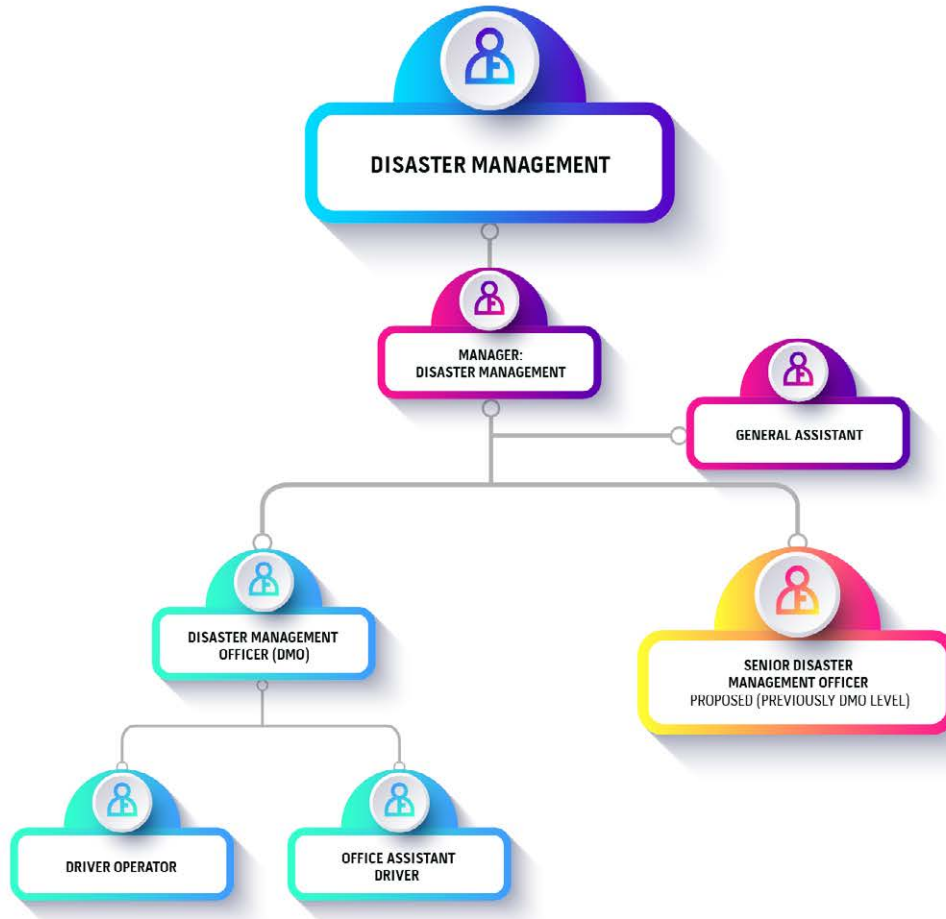


Figure1: Disaster Management Unit's organogram

DISASTER MANAGEMENT ACTIVITIES DURING THE 2021/2022 FINANCIAL YEAR

Disaster Management Service Delivery: Disaster Management has the following key performance areas:

- Building institutional capacity
- Executing risk assessment
- Reducing disaster

BUILDING INSTITUTIONAL CAPACITY:

Introduction

The focus for Integrated Institutional Capacity is to establish the necessary institutional measures for implemented disaster risk management within the District. It specifically addresses the application of co-operative governance principles for the purpose of disaster risk management. It also emphasises the involvement of all stakeholders in strengthening the proficiencies of municipal state structures to reduce the likelihood and severity of disasters.

Municipal Disaster Management Advisory Forum (DMAF)

The Disaster Management Advisory Forum (DMAF) is a multi-stakeholder body in which the KCDM and relevant external role players or stakeholders in King Cetshwayo consult one another and coordinate their disaster management actions and interventions in order to create a disaster-resilient community.

The forum is being utilised as “a body in which a municipality and relevant disaster management role players in the municipality consult one another and coordinate their actions on matters relating to disaster management.” The Forum meets at least four times per annum and the special meetings are called as and when the need arises.

The dates of the forum were scheduled as follows:

DMAF Meetings 2021/2022:

- Q1: 01 July 2021
05 August 2021 (Special DMAF)
- Q2: 21 October 2021
- Q3: 24 February 2022
- Q4: 02 June 2022

District Practitioners Forum Meetings:

The District, together with Local Municipalities convenes the District Disaster Management Practitioners Meeting. The aim of these meetings is to deliberate, strategise and plan, to ensure a well-coordinated and standardised approach to disaster management. The Practitioners’ meetings are convened every second month and were scheduled as follows:

TABLE 2: KCDM DMC STATUS QUO

MINIMUM PERFORMANCE STANDARD	KCDM
Head of Centre	Appointed
Annual reports	Submit
Active Advisory Forum	Active and meets quarterly
Risk Assessment (RA)	RA for specific hazards that was undertaken in 2021 and documented as per the DMP.
Framework	Has a framework
Disaster Management Plan	Has a disaster management plan – approved in 2022

Municipal Disaster Management Inter-Departmental Committees:

There is a senior management committee (MANCO) where issues pertaining to disaster management are discussed. This structure substitutes the Inter Departmental Committee structure as devised by the DMF.

The District's nerve centre is another structure which comprises the accounting officer, all deputy municipal managers, relevant senior managers, and managers from emergency and communication units within KCDM that deal with major disaster cases.

All the monthly activities, including incidents, public awareness, contingency plans and any other disaster-related activities are reported to the Community Services Portfolio Committee that sits on a monthly basis.

Joint Operations Centre (JOC) Responsibilities:

In the event of a major incident or disaster, the Joint Operations Centre (JOC) at King Cetshwayo District Disaster Management Centre, located at No.9 Bronze Street, Empangeni, assumes full responsibility. The objectives of the JOC are to provide centralized coordination, direction and control of any or all disaster-related matters.

Disaster Management Unit Capacity:

Approved Personnel Structure for District Disaster Management Centre is as follows:

- The Manager
- Disaster Management Specialist (new and vacant)
- 1 x Officer: Disaster Management
- 2 x Driver/ Office assistant: Disaster Management
- 1 x Administrative Assistant
- 1x Intern (New and vacant)

Crisis communication procedure:

Depending on the nature of the incident, the JOC handles and manages all incidents as per the procedure. For major incidents, the coordination is then transferred to the District Development Model (DDM) that will drive one coordinated plan for response, intervention and rehabilitation.

Reporting requirements:

- a) Monthly reports are submitted to the PDMC, not unless there are disasters, then they are submitted more frequently.
- b) Reports are submitted to the Community Services Portfolio Committee on a monthly basis, reflecting the Unit's activities, including preparedness to respond and the record of incidents that would have occurred at the local municipality level.
- c) Reports submitted to PDMC are meant to ensure they reach the National Disaster Management Centre (NDMC) for inclusion in the overall national statistics.

Status of Readiness to Deal with a Disaster, Including Financial Capabilities:

The District Municipality in partnership with the family of Local Municipalities is ready to deal with incidents/ disasters, though there are issues of human capacity. The District, as well as Umhlathuze and Umlalazi Local Municipalities, each have 24hr emergency Call Centres that are available for reporting of emergency incidents. The District Call Centre also supports the other local municipalities by recording incidents reported and facilitating the necessary response. The Control Centre operates on a shift system, with two operators on each shift.

In terms of financial capabilities, in the Financial year 2021/ 2022, the district had budgeted an amount of **R 780 000** for disaster management (see Table 3) which was for Fire & Rescue Services and Disaster Management operations, as well as response and recovery. In the financial year 2022/ 2023 an amount of **R 2 774 936** was approved to cater for Disaster Management and **R 1 274 000.00** for Fire & Rescue Services. Disaster Management Budget for the upcoming financial years is detailed in Table 4.

The following are the projects implemented in the financial year 2021/ 2022:

TABLE 3: PROJECTS IMPLEMENTED AND THE BUDGET ALLOCATION FOR 2021/ 2022

PROJECT DESCRIPTION	FINAL BUDGET 2021/22
Disaster Management Plan	124 515
Temporary Shelter	350 000
Disaster Stock Items	305 485

TABLE 4: THE OPERATIONAL BUDGET FOR PROJECTS OVER THE 3 FINANCIAL YEAR PERIOD

ENTITY PROJECT	BUDGET 2022/2023	BUDGET 23/2024	BUDGET 2024/2025
KZN Flood Relief	200 000	-	-
Disaster Management Plan	500 000	-	450 000
Relief Shelter	1 337 000	1 372 500	1 400 000
Disaster Risk Reduction Programme	315 500	215 500	230 000
Disaster Stock Items	346 500	346 500	346 500
TOTAL	2 774 936	2 014 992	511 822

Section 44 of the DMA makes reference to the powers and functions of the Disaster Management Centre, supported by Section 42 that refers to the framework, which also needs to be implemented. Due to limited human resources and lack of internal expertise, some of the functions are not implemented internally. This then requires that some of the services be outsourced, e.g. Risk Assessment reviews, Disaster Management Plan reviews, etc.

The District is in a process at establishing a new disaster management centre due to the current infrastructure housing other sections and the building no longer ascribing to the disaster management centre minimum infrastructure standard guidelines. Engagements are underway with the Local Municipalities to acquire land and about R500 000 has been set aside to undertake feasibility studies in financial year 2022/ 2023.

TABLE 5: INDICATION OF THE STATUS OF THE DMP AT THE LOCAL LEVEL

MUNICIPALITY	REMARKS
UMfolozi	PDMC has committed to assist in Q3 FY 2022/2023 The plan was approved in 2018
UMhlathuze	The plan was approved in 2019
Umlalazi	The plan was approved in 2016
Mthonjaneni	The plan was approved in 2020
Nkandla	The plan was approved in 2020

Disaster Management Framework:

The Disaster Management Framework (DMF) is a strategic policy document that guides all spheres of government in the implementation of the DMA. The KCDM DMF serves as a guide for all local municipalities within the District to ensure the implementation of disaster management requirements. This is in line with the National Disaster Management Framework. The DMF of KCDM proposed five Key Performance Areas (KPAs), namely;

- Institutional Capacity Building for Disaster Management.
- Pre-Disaster Risk Reduction.
- Post-Disaster Recovery.
- Public Awareness, Education, Training and Research.
- Monitoring, Evaluation and Improvement.

In compliance with Section 42 of the Disaster Management Act No 57 of 2002 which compels each district municipality to establish and implement a Disaster Management Framework that is aimed at ensuring an integrated and uniform approach to disaster management, KCDM Disaster Risk Management Policy Framework was then developed and approved by Council in 2021.

The Disaster Risk Management Policy Framework was developed in such a way that it is consistent with that of the Province and National Government Framework. KCDM Disaster Risk Management Policy Framework is based on the nationally accepted four key performance areas (KPA) each of which is underpinned by three “Enablers” that facilitate a consistent approach to the function.

Status and Results of Disaster Risk Assessments undertaken:

The National Disaster Management Framework's Key Performance Area 2 sets out a uniform approach to assessing and monitoring disaster risks that will inform disaster risk management planning and disaster risk reduction undertaken by organs of state and other role players. It is within this Framework that the District Disaster Management Centre developed a standardised best practice risk assessment methodology.

The DDMC's standardised risk assessment methodology proposes a comprehensive disaster risk assessment approach that incorporates two components, i.e. a community-based risk assessment and a scientific-based disaster risk assessment. This methodology ensures that all disaster risk assessments in the process are conducted in a uniform manner that can translate as a District overview of disaster risks.

The outcomes of disaster risk assessments directly inform the development of disaster risk management plans. The Disaster risk assessment is the first step in planning an effective disaster risk reduction programme. It also examines the likelihood and outcome of expected disaster events, which include investigating related hazards and conditions of vulnerability that increase the chances of loss.

The typical hazards in KCDM were identified through a consultative process with the local municipalities and other relevant stakeholders.

TABLE 6 PROVIDES AN OVERVIEW OF THE HAZARDS AS IDENTIFIED, AND A RISK PRIORITIZATION IN TABLE 7.

RISK	UMLATHUZE	UMFOLOZI	MTHONJANENI	KANDLA	UMLALAZI
STRUCTURAL FIRE					
VELD FIRE					
STRONG WINDS					
LIGHTNING					
HAILSTORM					
HEAVY RAIN					
FLOODS					
DROUGHT					
HAZMAT					
COASTAL EROSION					
ROAD ACCIDENT					
AIR POLLUTION					
DISEASE: HUMAN					
STOCK THEFT					
DROWNING					

TABLE 7: RISK PRIORITIZATION FOR KCDM

HAZARD SCORE					
1	Hazard Rating	Vulnerability Rating	Manageability Rating	Relative Risk Rating	Relative Risk Priority
2					
3					
4					
5					
Structural Fire	19.5	14	23	11.9	Extremely High
Drought	17.5	15	26	10.1	Extremely High
Human Diseases	18.5	16	32	9.3	High
Veld Fire	16.5	12	24	8.3	High
Floods	16.0	14	28	7.8	High
Strong Winds	16.0	12	24	7.8	High
Lightning	15.0	10	20	7.5	Tolerable
Industrial Accident	15.5	12	25	7.4	Tolerable
Pollution: Air	16.5	10	23	7.2	Tolerable
Coastal Erosion	13.5	9	17	7.1	Tolerable
Geochemical Hazards	16.0	11	25	7.0	Tolerable
Social Unrest	16.0	9	21	6.9	Tolerable
Heavy / Persistent Rain	15.0	11	25	6.6	Tolerable
Erosion	12.0	9	17	6.4	Tolerable
Land Degradation	12.0	9	18	6.0	Tolerable
Heat Wave	13.5	9	22	5.5	Low
Road Accidents	17.5	8	26	5.4	Low
Leak / Spill	13.5	10	26	5.2	Low
Pest Infestation	11.0	8	18	4.9	Low
Hail	12.0	8	23	4.2	Low
Mudslide	11.5	7	19	4.2	Low

DISASTER RESPONSE AND RECOVERY

This key performance area includes the implementation of priorities concerned with disaster response and recovery and rehabilitation in the District. It addresses the requirements in the Act for an integrated and co-ordinated policy that focuses on rapid and effective response to disasters and post-disaster recovery. When a significant event or disaster occurs or is threatening to occur, it is imperative that there is no confusion in roles and responsibilities and the necessary procedures to be followed. It describes measures to ensure effective disaster response, recovery and rehabilitation planning.

Disaster Response:

During the reporting year the DDMC experienced the following disaster incidents:

- Severe Weather Events (Floods)

KCDM is one of the districts that are vulnerable to natural hazards, which in most cases result in major disasters and incidents like heavy rain, strong winds and severe thunderstorms. Analysis indicates that it is the coastal area that gets widely affected most of the time. King Cetshwayo District Disaster Management Centre noted early warning alerts from South African Weather Services (SAWS) that indicated disruptive rains that were expected from 08-11 April 2022. The early warning alerts on 08-09 April 2022 indicated a Level 2 which was localised flooding and on 10-11 April it was a Level 2 alert which indicated the areas that would be affected, namely Mthonjaneni, uMlalazi and uMhlathuze. It then moved to Level 5 and Level 8, which indicated high likelihood and high impact.

KCDM did experience challenges in terms of responding, due to heavy rain and floods that resulted in structural damage, fatalities and challenges in accessing the areas because of muddy roads. The structural damages were mostly noted on the informal houses that are built with mud and other materials that could not withstand the type of weather that the district experienced over that week.

- Declaration of the National state of Disaster

Considering the magnitude and severity of the damage caused by the strong winds and floods of tropical storm Eloise and the summer seasonal rains, the occurrence was classified as a national disaster by the Head of the National Disaster Management Centre in terms of Section 27(1) of the Act.

INCIDENTS EXPERIENCED WITHIN THE DISTRICT DURING YEAR 2021/ 2022

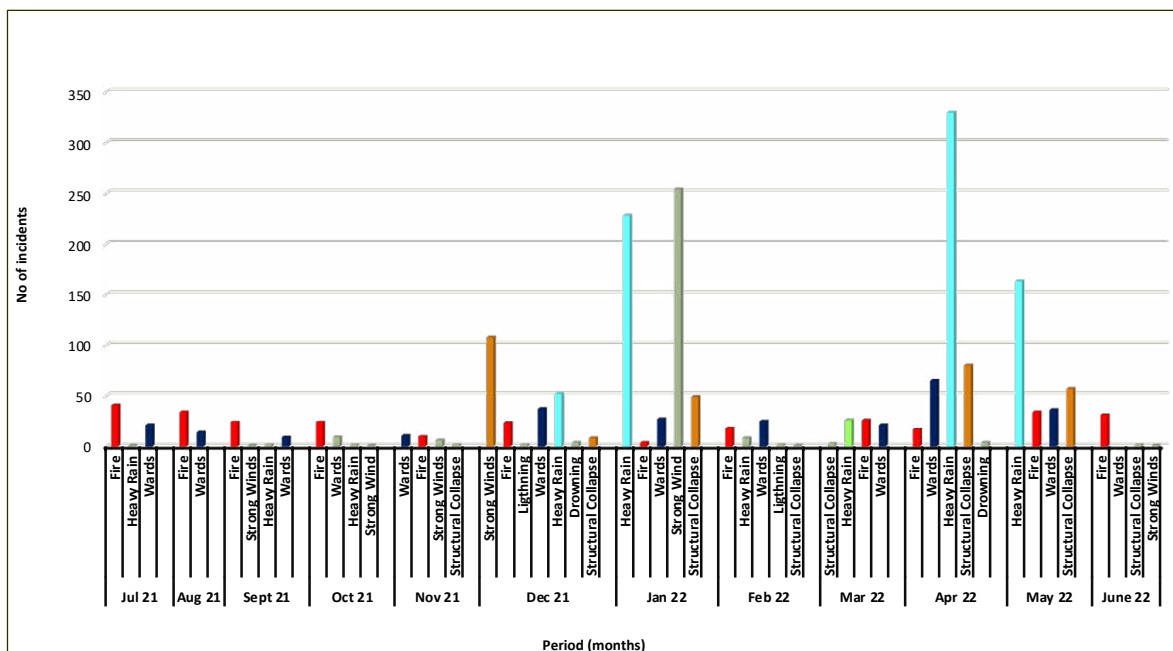


Figure 2: Disaster Incident type and number of wards affected per month for the 2021/ 2022 financial year

COVID 19 PANDEMIC:

The first case of COVID was reported on the 05 March 2020 in South Africa, in Pietermaritzburg, KwaZulu-Natal. The Novel Coronavirus (COVID-19) is an infectious disease caused by a virus which emerged during 2019, and was declared a global pandemic by the World Health Organisation (WHO) during February 2020.

The Head of the National Disaster Management Centre after assessing the potential magnitude and severity of the COVID -19 pandemic in the country, gave notice that on 15 March 2020, in terms of section 23(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002) (the Act), the COVID-19 pandemic was classified as a national disaster. Section 15(2)(a) of the Act, read with section 23(8), was used to call upon organs of state to further strengthen and support the existing structures to implement contingency arrangements and ensure that measures were put in place to enable the national executive to effectively deal with the effects of the COVID disaster. Emanating from the classification, and the assistance provided by organs of state in terms of Section 23(8) and Sections 15(2) (a) of the Act, organs of state were required to prepare and submit reports, as required by the National Disaster Management Centre and as outlined in Section 24(4) -(8) of the Act, to the respective intergovernmental forums as listed therein. KCDM also established a JOC and other forums that were meant to ensure information collection and dissemination to all relevant structures.

These forums continued to operate until such time that the State of Disaster was lifted.

DISASTER RECOVERY

Relief Issued by KCDM: Temporal Shelters

The following are the temporal shelters that were provided by KCDM for its communities in the financial year.

QUARTER 1

TABLE 8: TEMPORAL SHELTERS ISSUED TO HOUSEHOLDS UNDER UMLALAZI MUNICIPALITY

NO	SURNAME AND NAME	WARD	PLACE
1	Zuma Tshitshana	27	Ngidini
2	Mngomezulu Thembisile	16	Hemfane
3	Ntuli Kikizile Veronica	10	Mbiza

QUARTER2

TABLE 9: TEMPORAL SHELTERS ISSUED TO UMLALAZI

NO	SURNAME AND NAME	WARD	PLACE
1	Ngema Bhekizenzo	1	Yanguye Mthonjaneni
2	Sithole Zanele	9	Bhonkolo Mthonjaneni
3	Zulu Fanifani Velengazlwa	6	Mathiya Nkandla

6.1. Relief distributed during heavy rains in April and May 2022

TABLE 10. INDICATES THE TOTAL RELIEF ITEMS THAT WERE DISTRIBUTED TO ALL THE LMS.

MUNICIPALITIES	BLANKETS	FOOD PARCELS	MATTRESSES/ SPONGES	BOX B	PLASTIC SHEETING
UMFOLOZI	46	5	27	3	7
UMHLATHUZE	113	3	97	2	4
UMLALAZI	104	52	5	1	0
MTHONJANENI	6	1	4	1	0
NKANDLA	122	53	17	2	0
TOTAL	391	114	264	9	11

The Disaster Management Unit within the Community Services Department received food parcel donations from MTN (who had donated 28 food parcels and 180 blankets), and the PDMC donated 450 blankets (only 170 were distributed). The plan was to distribute food parcels to the households that were affected by the heavy rains experienced in April and in May 2022. The beneficiaries were nominated from the beneficiary lists through the LM's.



Photos 1 and 2: Donations received from MTN

PUBLIC AWARENESS PROGRAMMES

As part of community-based risk reduction measures the District embarked on the following capacity building programmes:

Community Awareness Campaigns:

A number of School and Community Based Awareness campaigns were conducted in different parts of the district covering the five Local Municipalities. The main objective of these campaigns was to reduce disaster risks while building resilient communities.

TABLE 8: TEMPORAL SHELTERS ISSUED TO HOUSEHOLDS UNDER UMLALAZI MUNICIPALITY

PERIOD	AREA	PURPOSE	TARGET DATE	TARGET AUDIENCE
Quarter 1	Nkandla Municipality	The DMC conducted awareness campaigns, which were aimed at creating awareness on the risks faced by people with disabilities, child headed and senior citizens' households and to share information on how to minimize or prevent the risks and save the lives of the disabled.	24 Aug 2021	Child Headed household
	Umlalazi Municipality		26 Aug 2021	
Quarter 2	Mthonjaneni Municipality	The awareness was conducted to create awareness on the safety and precautionary measures in case of adverse weather events.	04 Nov 2021	Mcakwini Primary School
	uMfolozi Municipality		03 Nov 2021	Magwaza Primary School
			23 Nov 2021	Sokhulu and Njeke Primary Schools.
Quarter 3	uMhlathuze Municipality	Public awareness campaigns were conducted in schools and public facilities in collaboration with stakeholders (EHS and EDTEA)	08 February 2022	Nseleni Clinic Ward 8
	Umlalazi Municipality	Public awareness on flood and disasters in general	09 February 2022	War Room Ntumeni - Ward 8
	UMhlathuze Municipality	Public awareness on flood and disasters in general	14 February 2022	Kangikho Primary - Ward 25
	uMhlathuze Municipality		17 February 2022	Qhamuka Primary Ward 31
	Mthonjaneni Municipality		24 February 2022	Emasangweni Primary Ward 9
Quarter 4	Mthonjaneni Municipality	Disaster Management collaborated with EDTEA at Mthonjaneni in May 2022 to raise awareness on floods	25 May 2022	Ward 7
			25 May 2022	Ward 7 KwaNgconco Primary School Ndundulu Clinic
				26 May 2022
			Provincial Winter Season Launch	



Social grant pay-points disaster risk awareness further promotes a culture of risk avoidance and establishes good relations with communities



Picture 3: Top A Taxi Rank- Ward eMpangeni

BEST PRACTICE / ACHIEVEMENTS / SUCCESSES

This financial year the DDMC managed to undertake risk reduction awareness campaigns with a zero budget. The summer and winter season contingency plans were drafted to ensure the District's preparedness and response. The District partnered with the Provincial Disaster Management Centre (PDMC) to launch the Winter Season under Mthonjaneni Municipality Ward 12, Mawande Community Hall. The event was aimed at increasing awareness on fire safety and prevention measures.

CHALLENGES AND CONCERNS:

- Funding for the establishment of the new Disaster Management Centre remains a concern. The District is to continuously engage the PDMC. Confirmation from the Provincial and National government for assistance in funding would be appreciated. The district has budgeted R500 000 for the feasibility studies to ensure that the identified sites(uMlalazi Municipal area) are suitable and meet the minimum infrastructure guidelines for the DMC.
- Lack of capacity such as human resources, as the district has 105 wards and the personnel directly involved are limited, i.e. Manager: Disaster Management, Disaster Management Officer and 2 x drivers.
- Disaster management submissions not done timeously by the local municipality, which in turn affects the reporting to the PDMC. One of the resolutions taken during the engagement sessions was that each municipality should ensure that there are adequate disaster management personnel who will deal specifically with disaster-related matters.
- King Cetshwayo District Municipality is predominantly rural and the characteristics of our areas are poverty, non-registration documentation as citizens, lack of proper housing (mud and thatch which are vulnerable to any kind of weather), lack of basic services etc. and these communities are always at the forefront of disasters. They do not have the capacity to deal with incidents, and they are vulnerable to any weather patterns. The Department of Human Settlements should ensure that the backlog and implementation of the housing projects are done according to the project plans.
- At the Council Meeting held on the 28 April 2022 a motion was raised for the council's consideration of the lack of capacity of the Disaster and Fire unit to respond to the increasing disasters, including fire and rescue response. Though there were new positions in the new approved organogram, the capacity will still remain a challenge.

RECOMMENDATIONS OF THE DISASTER MANAGEMENT CENTRE

The report is an indication of the continuous progress and improvement in the implementation of the Disaster Management Act. The district is implementing the DMF by emphasising the KPA Risk Reduction and Enabler 1.

As per the recommendation of the NDMC Handbook 2 of the South African Disaster Risk Management Handbook Series, it was suggested that in order “to optimally perform all statutory responsibilities for the direction and execution of the municipality’s disaster risk management policy framework, the King Cetshwayo (uThungulu sic) Municipal Disaster Risk Management Centre must be adequately resourced in terms of personnel, systems and infrastructure. In this regard, it must comply with the minimum criteria for the employment of suitably skilled personnel, systems and infrastructure set out in the National Disaster Risk Management Guidelines”.

The KCDM Disaster Section hereby recommends the following:

- Continuous education and awareness for the communities in order to be able to deal with incidents at a local level.
- The establishment of the DMC be prioritised by the stakeholders, to ensure funding is available for the building, and ensure that the site identified is suitable and in alignment with the minimum infrastructure guidelines for the DMC.

CEMETERY SERVICES

CEMETERY AND CREMATORIA MANAGEMENT

1. Introduction

The Cemetery Section under Community Services is responsible for providing cemetery services in terms of burial space, cemetery management and maintenance to the population of the District as a whole, but predominantly it serves as a cushion and a support to those local municipalities within the District who do not have their own cemeteries.

2. Legal aspect for cemetery management.

The establishment, management and the administration of cemeteries are the functions of the municipalities in terms of Schedule B of the Constitution. Provincial administration has only a monitoring and support role with respect to such functions.

3. Cemetery Management - Staff structure

TABLE 1: CEMETERY STAFF

PERSONNEL	NUMBER
Manager Cemeteries	1
Cemetery Supervisor	1
Cemetery Administrator	1
General Worker (8 Males and 1 Female)	9
General Workers (EPWP)	7
Total Regional Cemetery Staff	19

BEST PRACTICE / ACHIEVEMENTS / SUCCESSES

4. Interments/ Burial Statistics 2021/2022

The Regional Cemetery had responded to and processed the total number of 397 burial applications including reservation, during the period from July 2021 to June 2022. The number of tombstone permits issued were 158 in the year under review.

TABLE 2: BURIAL STATISTICS 01/07/2021 – 30/06/2022

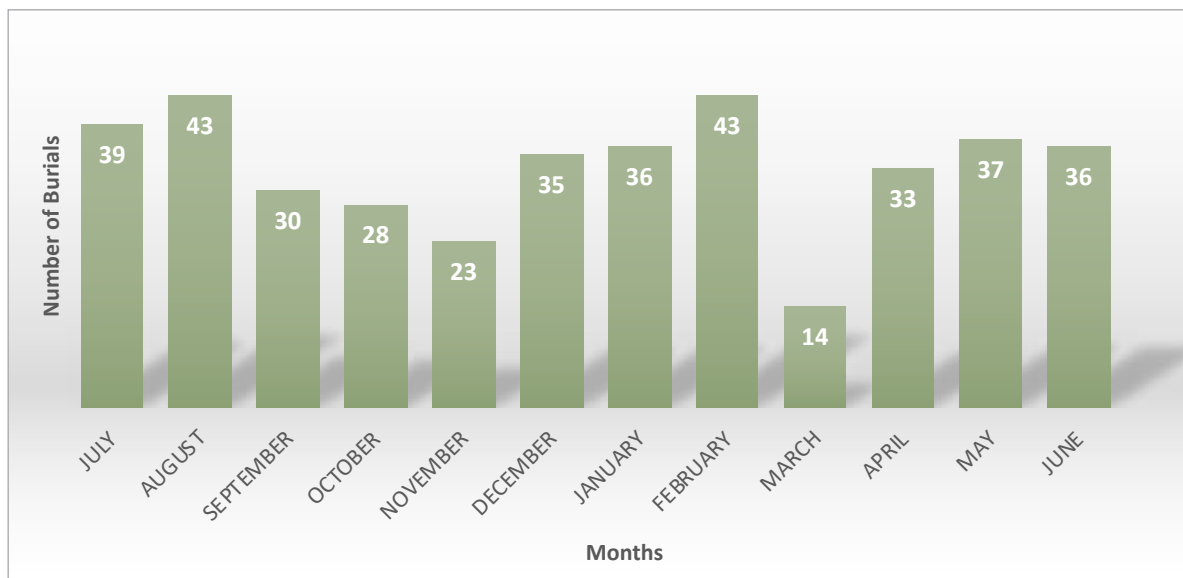
Annual burials summary conducted during 2021/2022 financial year

MONTH	NUMBER OF BURIALS	REVENUE
JULY	39	R39 978.00
AUGUST	43	R45 386.00
SEPTEMBER	30	R33 060.00
OCTOBER	28	R28 348.49
NOVEMBER	23	R25 596.06
DECEMBER	35	R35 570.48
JANUARY	36	R36 000.49
FEBRUARY	43	R44 091.94
MARCH	14	R16 428.03
APRIL	33	R34 366.06
MAY	37	R40 975.46
JUNE	36	R37 987.96
TOTALS	397	R417 788.63

TABLE 3: TOMBSTONE PERMITS 01/07/2021 – 30/06/2022

Annual tombstone permits summary - issued during 2021/2022 financial year

MONTH	NUMBER OF TOMBSTONE PERMITS
JULY	02
AUGUST	08
SEPTEMBER	15
OCTOBER	25
NOVEMBER	17
DECEMBER	11
JANUARY	12
FEBRUARY	07
MARCH	19
APRIL	13
MAY	14
JUNE	15
TOTALS	158

FIGURE 1: FLUCTUATING NUMBER OF BURIALS DURING THE FINANCIAL YEARS 2021/ 2022

FINANCIAL YEARS VS NUMBER OF BURIALS

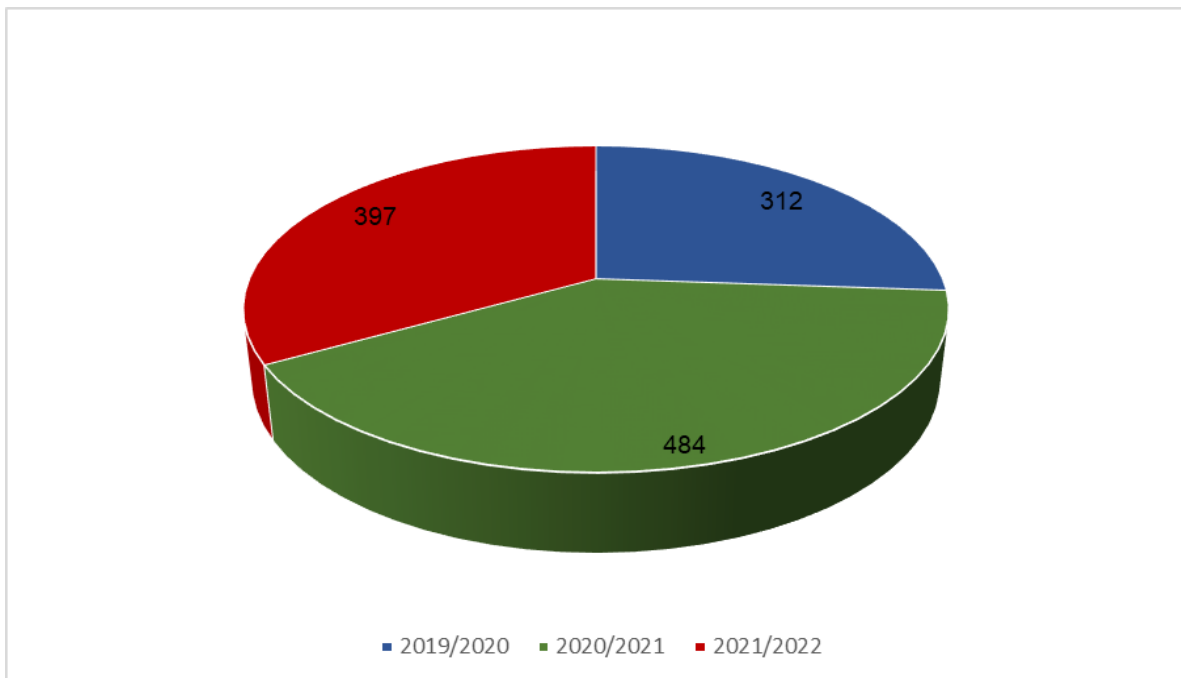


Figure 2: Summary of the number of burials for the three financial years

The monthly burial average for the year under review decreased to 33, with the annual average of 397 as reflected in the table above. The projected revenue collection was set at R427 979.00 for the 2021/2022 financial year and R417 788.63 was the actual revenue generated from all revenue-related functions at the cemetery. The figures above indicate a 97.6% accurate projection of the revenue collected when compared to what was set at the beginning of the financial year.

The overall revenue generated by the cemetery is R417 788.63 which is (-11,8%) less than the revenue of R473 902.76 which was collected in the 2020/2021 financial year. This could be due to the introduction of the vaccines which had strengthened the immunity against the Covid-19 related infections in the communities, therefore reducing the death rate.

5. Maintenance of the Regional Cemetery Grass cutting and Pruning cycles

The yard maintenance was carried out by employees hired through the Expanded Public Works Programme (EPWP) for a period of 12 months. The maintenance included but was not limited to, planned cycles of cutting and maintaining grass to an acceptable height on a fortnightly basis, pruning of trees and shrubbery as well as the maintenance of flower beds for a healthy and aesthetic environment at the cemetery. The planned grass cutting cycles also incorporated the yard maintenance of the Disaster Management Centre in Empangeni.

6. Cemetery and Crematoria Bylaws Gazetting

The KCDM Cemetery and Crematoria Bylaws were gazetted into law on 30 September 2021 under Municipal Notice 93 of 2021 (No.2326).

7. Cemetery Management System (SOLAR)

The Cemetery Management Unit successfully implemented the cemetery management system in October 2021, which has addressed the challenges of information /data risk and introduced an innovative way to efficiently respond to cemetery-related functions.

ENVIRONMENTAL HEALTH/MUNICIPAL HEALTH SERVICES

MUNICIPAL HEALTH SERVICES

REGULATORY MANDATE

The Constitution of the Republic of South Africa allocates Municipal Health Services as a Local Government function under Part B of Schedule 4, Section 156(1)(a), and according to section 32 of the National Health Act, 2003 (Act No 61 of 2003), every metropolitan and district municipality must ensure that appropriate municipal health services are effectively and equitably provided in their respective areas. The Municipal Structures Act, 1998 (Act No. 117 of 1998), Section 84(1) (i), states that Municipal Health Services (MHS) are the responsibility of Category C Municipalities, which are District and Metropolitan Municipalities.

ENVIRONMENTAL HEALTH DEFINITION

Environmental Health is defined as those aspects of human health, including quality of life, that is determined by physical, chemical, biological, and psychosocial factors in the environment. It also refers to the theory and practice of assessment, monitoring, correction, control, and prevention of environmental factors that can adversely affect human health.

This annual report comprises work undertaken by five (5) sub-districts i.e. uMhlathuze, uMfolozi, uMlalazi, Nkandla and Mthonjaneni.

The Environmental Health Services activities undertaken are described as follows:

- **Water Quality Monitoring:** Monitoring and surveillance of the quality and availability of water that is intended for human consumption, and recreational and industrial use. A total of three hundred and sixty (360) water samples were taken during the year under review in order to safeguard communities from waterborne diseases.
- **Food Control:** Food control is described by the World Health Organisation (WHO) as a mandatory regulatory activity of enforcement by National and Local authorities to provide consumer protection and ensure that all food during production, handling, storage, processing and distribution are safe, wholesome and fit for human consumption; conform to quality and safety requirements and are honestly and accurately labelled as prescribed by law.
- A total of two hundred and thirty (230) swabs and fifty-four (54) food samples were taken during the year under review in order to safeguard communities from foodborne diseases.
- **Waste Management:** Monitoring of waste management systems - refuse, health care waste and sewage.
- **Health Surveillance of Premises:** The identification, monitoring and evaluation of health risks, nuisances and hazards and instituting remedial and preventative measures.
- **Surveillance and Prevention of Communicable Diseases, excluding immunisations:** The identification, monitoring and prevention of any disease which can be communicated directly or indirectly from any animal or through any agent to any person or from any person suffering thereof or who is a carrier to any other person.
- **Vector Control:** Monitoring, Identification, Evaluation and Prevention of vectors. A total of two thousand five hundred and forty-three (2543) premises were inspected, comprising food premises, bed & breakfasts, accommodation establishments, schools, childcare facilities, clinics, mortuaries and hospitals, during the financial year under review. This was to ensure that precautions, and preventative and control measures were being implemented by the premises to prevent and control insect and rodent infestations.
- **Environmental Pollution Control:** The identification, evaluation, monitoring and prevention of land, soil, noise, water and air pollution. A total of two thousand five hundred and eighteen (2518) tobacco legislation inspections were undertaken in the year under review to reduce exposure to cigarette smoke by patrons in various establishments.

- **Disposal of the Dead:** Compliance monitoring of funeral undertakers, mortuaries, embalmers, crematoria, graves and cemeteries to manage, control and monitor exhumations and reburials or disposal of human remains. A total of fifty four (54) funeral parlours and mortuaries were inspected to ensure compliance with the regulations relating to the management of human remains in the year under review.
- **Chemical Safety:** Monitoring, identification, evaluation, and prevention of the risks of chemicals that are harmful to human health.

FUNCTION	NUMBER OF INSPECTIONS
Food Control	
Condemnation/ surrender of Foodstuffs	19 644 kg
Food Audits	23
Waste Management	
Inspection of Health Care Risk Waste generators	167
Health Surveillance of Premises	
Inspection of Schools, Early Childhood Development Centres, Places of Safety, Health facilities, Prisons etc.	568
Building plans scrutinised	104
Land use Planning applications and consent use applications	103
Business licence applications received and commented on	121

ENVIRONMENTAL HEALTH AWARENESS EDUCATION

Environmental Health education is associated with positive social and behavioural outcomes, such as prevention and health promotion programmes that encompass Environmental Health matters, with the aim to reduce the spread of diseases and maintain a safe and clean environment. Environmental health education is a critical component that addresses and intervenes in any negative effects.

Three hundred and ninety-three (393) health awareness/education sessions were undertaken and fifty-six thousand and three-hundred (56 300) participants were reached during the 2021/2022 financial year.

QUARTER	NUMBER OF SESSIONS	TOPICS
Quarter 1	105	- Food Safety and Hygiene Awareness Sessions - Covid-19 Health Awareness - Rabies Health Awareness at Clinics and Schools. - Bilharzia Education Awareness
Quarter 2	91	- Food Safety and Health Awareness Sessions. - Informal Traders Health and Hygiene education. - Personal Health and Hygiene education at Schools and Communities. - Rabies Health Awareness at Clinics and Schools. - Covid-19 Health Awareness. - Waste Management Health Awareness. - Bilharzia Health Awareness.
Quarter 3	124	- Informal Traders Health and Hygiene Awareness. - Health and Hygiene Awareness at Schools and Communities. - Rabies Health Awareness at Clinics and Schools. - Environmental Health Awareness Communities, and Schools. - Good Waste Management. - Bilharzia Health Awareness.
Quarter 4	73	- Food Safety and Hygiene Awareness Sessions. - Health and Hygiene Awareness at Schools and Communities. - Informal Traders Health and Hygiene education. - Rabies Awareness at Clinics and Schools. - Good Waste Management practices - Bilharzia education





ENVIRONMENTAL HEALTH TECHNICAL INFORMATION SESSION

The municipality supports and prioritizes the quality of Environmental Health Services rendered within KCDM communities, thus ensuring the implementation of the Environmental Health Technical Information Session (EHTIS). The primary objective of the EHTIS is to encourage the Environmental Health team to continuously enhance their knowledge, increase practical understanding, and be updated on the emerging Environmental Health related issues. The secondary objectives:

- To identify the existing skills and gaps amongst Environmental Health team members through their presentations;
- To promote innovations, professionalism, ethics, and teamwork;
- To keep abreast of the latest developments in the Environmental Health profession and academia;
- To encourage continuous development and research;
- To enable the Environmental Health staff to comply with HPCSA Continuous Professional Development (CPD) requirements, and all the presentations are HPCSA accredited.

Both the technical sessions were approved and accredited by the Health Professions Council of South Africa (HPCSA) for CPD credits with Continuing Education Units (CEUs) points, as detailed below.

VENUE	DATE	HPCSA CPD POINTS
UMlalazi local Municipality- Town Hall	20-21 October 2021	Generic-16 Ethics-3
UMhlathuze Local Municipality- Bon Hotel	7 -8 June 2022	Generic-15 Ethics-3

The technical sessions covered comprehensive topics relating to the Environmental Health profession and were attended by various stakeholders including the Acting Municipal Manager, Deputy Municipal Manager - Community Services, Community Services management, the representatives from the National and Provincial Department of Health, South African Local Government Association (SALGA), Centre for Children's Environmental Health of South Africa (CCEHSA)-NPO, EThekweni Municipality, Academics and the Environmental Health team.



MILESTONES ACHIEVED IN THE 2021/2022 FINANCIAL YEAR

- All the King Cetshwayo District Municipality Environmental Health Practitioners are designated as health officers and authorized as inspectors, which is in line with section 80 (4)(a) of the National Health Act, 2003 (Act 61 of 2003) and section 10 of the Foodstuffs Cosmetics and Disinfectant Act, 1977 (Act 51 of 1977).
- The municipality has a budget allocated to ensure that all Environmental Health Practitioners and Environmental Health Assistants are registered with the Health Professions Council of South Africa (HPCSA).
- Environmental Health Services Section together with Local Economic Development Office of uMlalazi Local Municipality held a World Food Day at the Eshowe Taxi Rank upon which various food safety topics were shared with informal food traders.
- The section also embarked on an Environmental Health Awareness Month in February 2022 whereby each Environmental Health Practitioner, Environmental Health assistants and Management had to share the Environmental Health Scope with communities and stakeholders within the King Cetshwayo District Municipality.
- The KCDM Environmental Health Services conducted a concerted blitz operation in an effort to bolster the Nkandla Sub-district work output.
- The King Cetshwayo District Municipality Environmental Health Practitioner pledge was developed, which was the first of its kind within the profession. This pledge initiative has received positive support from the National Department of Health and Health Professions Council of South Africa and discussions are currently underway to endorse it to be used nationally. It was unveiled during the Environmental Health Technical Information Session by the Accounting Officer.
- The Environmental Health frontline workers were awarded certificates of recognition by the Accounting Officer as a form of appreciation for the role they played during the Covid-19 pandemic.

CHALLENGES

The staff shortage is a major hindrance in the rendering of quality, equitable and efficient Environmental Health services, as stipulated in the National Environmental Health Norms and Standards.

Currently, the Environmental Health component comprises twenty (20) Environmental Health Practitioners, which is not in line with World Health Organization (WHO), National Environmental Health Policy and Norms and Standards for Environmental Health Services and Applicable Monitoring Standards, which state that there should be 1 (one) operational Environmental Health Practitioner provided for every 10 000 persons in the population.

COMMUNITY DEVELOPMENT UNIT

SPORTS SECTION

King Cetshwayo District Municipality (KCDM) is responsible for the coordination of sport development programmes within the district in collaboration with Local Municipalities, the Sports Confederation and DSR (Department of Sports and Recreation).

King Cetshwayo District Municipality has 16 active federations that are affiliated to the Sports Confederation. The Federations submit their sports year plans annually to King Cetshwayo District Municipality for assistance. Federations are assisted on rotation and in consultation with the sports confederation.

The sport unit is also responsible for the implementation of other programmes and activities that will add value to sport within the municipality. Such activities are aimed at encouraging social and community cohesion. As such the sport unit comprises of programmes implemented under the following: Sport Development, King Cetshwayo June – Traditional Horse Racing, District Elimination Games and SALGA DSR Games. The District Elimination Games and the SALGA DSR Games did not take place during the 2021/2022 year due to COVID-19.



The following are the programmes implemented by the Sport Unit in the year 2021/2022 in quarter 3:

South African Males Netball National Championships: 06-12 February 2022

A request was received from the Netball Federation, requesting assistance with transport for netball players travelling from King Cetshwayo to Northern Cape, Upington, to participate in the South African Males Netball National Championships from 06 to 12 February 2022.

There were two male teams that represented King Cetshwayo District in Upington, therefore a 35-seater bus was procured. King Cetshwayo Under 23 team won 04 out of 07 games in the group stages and qualified for the semi-finals in Johannesburg. They won the semi-final by 42 - 39. They lost the final against Ekurhuleni by 36 - 45. The senior team won 2 games in the group stages.

Two players from King Cetshwayo Under 23, both from the City of uMhlathuze (Esikhaleni & Nseleni) plus 1 player from the senior team, were selected to represent Netball South Africa at the Males International in Morocco.



King Cetshwayo Chess Anniversary: 12-13 March 2022:

The 2022 King Cetshwayo Chess anniversary was held on the 12th and 13th of March 2022 where 120 players participated. The players came from various schools within the City of uMhlathuze. During this year's competition only under 10, 12, 14, 16, 18, 20 and adult divisions competed.

King Cetshwayo District Municipality (KCDM) supported the programme with 24 trophies for positions one (1), two (2) and three (3). Each trophy was of a different size and branded with the KCDM logo. Trophies contributed by KCDM were awarded to each target group for positions one (1), two (2) and three (3).

To encourage participation, the 4th place winners were acknowledged and the under 20 and adult divisions received both trophies and cash prize winnings. The winners were announced on the chess webpage indicating the national ranking of all players by age group.

Boxing Youth Championship: 11 March 2022:

The King Cetshwayo District Boxing Association travelled to Durban to compete in the Youth Championships. The tournament was held on the 19th of March 2022, with 26 athletes travelling to compete. The athletes that competed in the championships were selected on the 11th of March 2022.

The Boxing Association requested that King Cetshwayo District Municipality assist with a 60-seater mini bus to transport the athletes to the event. This request extended upon the sport year plan the Association submitted to the King Cetshwayo Sports Confederation at the start of the year.

The following are the programmes implemented by the Sport Unit in the year 2021/2022 in quarter 4:

KZN Junior Knockdown Development Tournament: 02 April 2022:

The King Cetshwayo (KC) Karate Association was travelling to iLembe District to compete in the KZN Junior Knockdown development tournament, scheduled for the 2nd of April 2022 at Mandeni, Sibusisiwe Hall. The selections for the tournament took place on the 26th of February 2022 in uMzinyathi. There were 22 athletes chosen, which are inclusive of both female and male competitors.

Thus the association requested that King Cetshwayo assist with a 22-seater mini bus to transport athletes to the event. The request extends upon the sport year plan the association submitted to the King Cetshwayo Sports Confederation at the beginning of the year.



Elite Boxing Championship: 25 June 2022

The King Cetshwayo District Boxing Association travelled to Camperdown, uMkhambathi Municipality to compete in the Elite Boxing Championships on the 25th of June 2022.

The Boxing Association requested that King Cetshwayo District Municipality assist with a 22-seater mini bus to transport the athletes to the event. This request extended upon the sport year plan the Association submitted to the King Cetshwayo Sports Confederation at the start of the year.

KING CETSHWAYO JUNE – TRADITIONAL HORSE RACING EVENT: 24 -25 JUNE 2022

King Cetshwayo District Municipality hosted its 1st Annual Traditional Horse Racing event from 24 to 25 June 2022. The vision behind this event was to meet the standard of this municipality's name (King Cetshwayo) with the quality associated with traditional horse racing. It was also to encourage growth within rural horse riding through participation. The event was aimed at encouraging the participation of rural horse riders and owners.

The King Cetshwayo June encompassed a series of events which started on Friday 24 June with a Carnival Parade, Car Spinning and the Miss and Mr. King Cetshwayo beauty pageant. On Saturday 25 June was the traditional horse racing event and the Music Festival.

The festivities commenced with the carnival parade show that started from Bullion Boulevard in Richards Bay and concluded at the sports complex. The show comprised costumed multi-skilled performing artists who added a high visual and entertainment impact that created the desired festive atmosphere to the parades.

The performers included bikers; convertible Jeeps; cheer leaders, a Band from eChibini Church, Stilt walkers; Unicyclist clowns; Mini cyclist clown and a Clown on a hobby horse. His Worship the Mayor of KCDM Cllr AT Ntuli and His Worship the Mayor of uMhlathuze Cllr XE Ngwezi led the major part of the parade as the leadership rode horses.



The car spinning started straight after the Carnival parade, where there were 10 car spinners, all from Richards Bay, who put on quite a show, welcoming the carnival parade crew. The car spinning show was held at the Sports Complex.



The 25th of June 2022 was the main racing day where His Worship the Mayor of King Cetshwayo District Municipality Cllr AT Ntuli, did the honours of awarding the winning horses for the main race as follows: position 1 (Nxakanxaka from uMzinyathi District), position 2 (Trouble Maker, aMajuba District) and position 3 (Album, aMajuba District). The winning stake money was R100 000.00.



Later that evening on the 25th of June a music festival took place at the Richards Bay Sports Complex from 16:00 until the early hours of the next day.



ARTS, CULTURE AND HERITAGE

The Arts, Culture & Heritage programme was compiled in order to prioritize and promote Arts, Culture and Heritage activities within the district. It was designed taking into cognisance the provincial Department of Arts & Culture guidelines, also working collaboratively with local municipalities, government departments and other stakeholders.

The 2021/22 Arts, Culture and Heritage Plan focused on the following activities:

July 2021:

- District Arts and Culture Quarterly Meeting (virtual) on 08 July 2021. The purpose of the meeting was to present programmes to be implemented during the 1st quarter of 2021/2022 financial year and report on the programmes held the previous quarter.

August 2021:

- A Musical Instruments handover was held on the 6th of August 2021, where the MEC for Arts, Culture, Sports and Recreation Hon. Hlengiwe Mavimbela handed over musical instruments to groups from King Cetshwayo and Zululand District Municipalities. This handover also served the purpose of capacitating artists with tools to nurture their skills and revive the sector.
- Women in Arts and Culture Dialogue held on 11 and 12 August 2021 at uMlalazi Municipality, Aloe Hotel. The aim of the programme was to afford a platform to women in the creative arts sector to have a conversation on programmes and initiatives which can be implemented to revive the creative industry. Information was shared to assist women in arts to earn a living through their arts, and they were enlightened on various funding opportunities specific to the Cultural and Creative Industry.
- Social cohesion community dialogue: The Office of the Premier in collaboration with the Department of Arts and Culture conducted a community dialogue on 25 August 2021 at Nzalabantu Hall, uMfolozi Municipality. The dialogue was intended to ensure that communities participate in sharing constructive information as well as reach a common perspective to discover strategic solutions.

September 2021:

- Capacity building and awareness on geographical naming: The King Cetshwayo District Municipality was invited by the Department of Arts and Culture to attend the capacity building held on 15 September 2021 at the Playhouse, Durban. The aim of this capacity building was to raise awareness on the subject of renaming and to introduce the KZN Geographical Names Committee. The MEC for Arts, Culture, Sports and Recreation introduced the committee as the team responsible to ensure that awareness is done in Local Municipalities.
- Maidens session: This moral regeneration and culture preservation programme was held to promote and preserve culture in the District. The maiden's session was held on 16 September 2021 at the City of uMhlathuze, Port Durnford Thusong Centre. The role of matrons and maidens was highlighted.
- Isithangami Samadoda: This was a nation-building programme which targeted men. The Isithangami Samadoda was held on 17 September 2021 at the Nkandla Multipurpose Hall. The focus of the programme was on the value, contribution and responsibilities of men in the society.

October 2021:

- The District Quarterly meeting was held on the 7th of October 2021 at Empangeni Disaster Management Centre. The purpose of the meeting was to report on programmes implemented during the first quarter and to plan for quarter two upcoming programmes.

November 2021:

- The Men's cultural programme was held on the 9th of November 2021 at Nkangala Community Hall. The focus of the programme was on the value, contribution and responsibilities of men in the society. Inyosi Mdletshe, the cultural expert was invited to offer cultural presentation on Amahubo and provide guidance to all men present.

December 2021:

- Maidens graduation programme was held on the 9th of December 2021 at Mpushini Park Hall at uMlalazi Municipality. The programme was coordinated to promote, preserve culture and award maidens that have remained pure.
- Beautification of Early childhood development Centres: 08-18 December 2021. Two (2) Childhood Centres per municipality were beautified.

January 2022:

- A visual arts material handover programme was conducted on the 18th of January 2022 at King Cetshwayo District Municipality. This project was coordinated to ensure craft development and support. It included a handover to 10 arts sector co-operatives (2 per local municipality) - all five municipalities benefited from this project.
- The District Arts and Culture quarterly meeting was held on the 21st of January 2022 at King Cetshwayo Finance Boardroom. The aim of the quarterly meeting was to report on programmes implemented in the previous quarter by the District, Local municipalities and the Department of Arts and Culture and to plan for programmes to be implemented on the 3rd quarter.
- The King Cetshwayo Lecture was held on the 28 January 2022 at uMfolozi Casino commemorating Isilo uCetshwayo kaMpande, whom the District Municipality is named after. King Cetshwayo District Municipality hosted Impi yase Sandlwana and the King Cetshwayo Lecture to ensure culture and heritage preservation and promotion in the District.

April 2022:

- King Cetshwayo District Municipality hosted its 1st Annual District Prayer on the 7th of April 2022 at Esikhaleni TVET College. This was a social cohesion programme which was held in order to pray for safety and protection during the Easter Holidays. It is also served as a platform to pray for social ills prevalent in the District and also to pray for those affected by the Covid-19 Pandemic.



May 2022:

- Capturing of heritage sites on 10 to 13 May 2022. The unit, in consultation with local municipalities, embarked on the journey of archiving the heritage sites which were identified. Cultural experts for each heritage site were requested to give the background of the sites and their significance in the heritage sector.
- The District Arts and Culture quarterly meeting was held on the 19th of May 2022 at Cogta Boardroom. The aim of the quarterly meeting was to report on programmes implemented in the 3rd quarter to plan for programmes to be implemented during the 4th quarter.

June 2022:

- King Cetshwayo District Municipality Arts, Culture and Heritage Unit conducted Visual Arts Trainings (fashion design and interior design) as part of craft development and empowerment and as per the request made by the Arts sector. The aim of the programme was to capacitate crafters on the current trending art works and provide guidance in kick-starting their businesses. The trainings, which were separated into two-fold (interior design and fashion design), were held at Mfolozi TVET Lodge. Interior design training took place from 6-10 June 2022, while fashion design training took place from 27 May-3 June 2022.
- King Cetshwayo District Municipality partnered with Northern KZN Ambassadors of Choral and Opera Music to coordinate the signature event of the municipality which is named after Princess Magogo. Princess Magogo's outstanding contribution to the preservation and development of traditional music in South Africa made it befitting for the event to be named after her. The Princess Magogo Choral Music Launch was held on 10 June 2022 at the eMpangeni Civic Centre.

SPECIAL PROGRAMMES UNIT

The King Cetshwayo District Municipality Special Programmes Unit is tasked with a responsibility of advancing the programmes that benefit the vulnerable and marginalized groups within the District. The vulnerable groups include Children, Senior Citizens, Women, and the Disabled People.

The 2021/22 Special Programmes (Senior Citizens and Children's Rights) Plan focused on the following activities:



CHILDREN'S RIGHTS

September 2021

On 10 – 12 September 2021 King Cetshwayo District participated in the Provincial Boys Camp organized by the Office of the Premier at Hippo Lodge under uMkhanyakude District. King Cetshwayo District was represented by 12 boys identified by Local Municipalities, Local and District Coordinators.

The programme was planned to address the issue of gender equality and Gender Based Violence. The Office of the Premier provided accommodation and transport for all participants. King Cetshwayo District was requested to identify participants.

NOVEMBER 2021

The Commemoration of National Children's Day 2021 & Child Ambassadors One-On-One Breakfast Session with the Premier and MEC's:

National Children's Day and the one-on-one breakfast was celebrated on the 20th of November 2021 at Margate Hotel, Ugu District. King Cetshwayo District was represented by five delegates.



GIRLS EMPOWERMENT CAMP

King Cetshwayo District Municipality received a letter from the Office of the Premier to coordinate 50 young girls between the ages of 13 – 18 years to attend the Provincial Girls Empowerment Camp. The Provincial Girls Camp was held from 19 - 20 February 2022 at Ngodini Bunduz and Aloe Lifestyle Hotel, uMlalazi Municipality.

This came after it was discovered that King Cetshwayo District had a large number of teenage pregnancies during the year 2021. The Camp was attended by 50 girls (10 girls from each local municipality).

PROVINCIAL CHILD AMBASSADOR DEVELOPMENT PROGRAMME HELD ON 10 – 12 JUNE 2022

King Cetshwayo District Municipality received a letter from the Office of the Premier to submit and transport 5 Local Ambassadors and 1 District Ambassador between the ages of 13 – 18 years to attend the Child Ambassador Development programme that was held at Battlefield Country Lodge, Dundee, under uMzinyathi District.

DAY OF THE AFRICAN CHILD

The Day of the African Child Programme was held from 22 - 23 June 2022 at Hippo Lodge, Kosi Bay in uMkhanyakude District.

The main objective of the Day of the African Child is to celebrate, popularize and promote the Constitutional mandate to ensure that the South African society upholds the human rights of children.

SENIOR CITIZENS

SEPTEMBER/OCTOBER 2021:

The Office of the Premier in partnership with the Provincial Legislature and the Department of Social Development hosted the Senior Citizens Month Activities at Abaqulusi Municipality under Zululand.

District on 29 September 2021 to 01 October 2021, i.e. the Senior Citizens Parliament and the International Day for Senior Citizens. King Cetshwayo District was represented by 4 delegates.

SENIOR CITIZENS SUMMIT HELD ON 21 - 23 MARCH 2022

The Office on the Rights of Senior Citizens within the Office of the Premier hosted the Provincial Senior Citizens Summit on Elder Abuse. King Cetshwayo District Municipality received a letter from the Office of the Premier requesting three representatives to attend the Provincial Summit that was held at Hluhluwe Anew Hotel, uMkhanyakude District on 21 – 23 March 2022.

The Provincial Senior Citizens Forum had requested the Summit with the Premier of KwaZulu-Natal to discuss issues of elder abuse. This came after the increasing number of elderly abuse cases reported where some of these acts are perpetrated by members of communities they live in, including some traditional healers and pastors. This is sometimes due to misconception of the mental diseases (Alzheimers/Dementia) that occur as part of natural ageing process. King Cetshwayo District was requested to identify and transport three (3) delegates.

DISABILITY RIGHTS

The Office of the Premier in partnership with the KZN legislature, the Department of Public Works and all District Municipalities held a feedback session on the resolutions taken at the annual Disability Parliament. The programme took place at the Premier Hotel - The Richards, on 01 December 2021.

This programme was followed by the Disability Parliament and the International Day for People With Disabilities. This programme took place on 02-03 December 2021 at Mthonjaneni Local Municipality.

HIV/AIDS AND OSS

The International Conference for AIDS and STI's in Africa was held at Mzingazi Community Hall on 06 – 11 December 2021. This was a catch-up programme after the pandemic of COVID-19 that stole the limelight, thus affecting the battle and the strides that had been made in the fight against the HIV/AIDS and STI'S.

ANNUAL REPORT: 2021/2022 YOUTH DEVELOPMENT

King Cetshwayo District Municipality is responsible for implementing Youth Development Programmes in the District. The Youth Development Unit is expected to work in collaboration with all local municipalities and other relevant stakeholders to ensure successful implementation of youth programmes.

The 2021/22 Youth Development Plan focused on the following activities:

December 2021:

In line with the Tertiary Registration Assistance Programme, an advert was placed on the Zululand Observer Newspaper of 21 December 2021 and on the official Facebook Page of King Cetshwayo District Municipality, inviting students to apply for registration grants of R5000 each, offered by King Cetshwayo District Municipality.

February 2022:

Following a stringent selection process and in consultation with all local municipalities, the students who were to receive the tertiary registration grants, were selected. His Worship the Mayor Cllr AT Ntuli hosted the Mayoral Matric Excellence Awards at Empangeni on 4 February 2022.

Joined by the daughter of our soil, Miss South Africa, Ms Lalela Mswane and the Political leadership of all five local municipalities in the King Cetshwayo Family, we awarded the deserving students with tertiary registration grants of R5000 each.

April 2022:

The Youth Development Unit conducted a Career Expo in all five municipalities within King Cetshwayo District Municipality, with the aim of equipping learners on the correct career choices and for institutions to share necessary information aimed at shaping a bright future for learners. Learners from various schools within King Cetshwayo District Municipality came in numbers to interact with different tertiary institutions and stakeholders that were invited.

There were 14 institutions, 1 Company and 4 Government Departments who participated, namely: Tshwane University of Technology, CAO, Successors Training Institute, Mangosuthu University of Technology, Rosebank College, UNISA, Durban University of Technology, University of Kwa-Zulu Natal, Richfield, Berea Technical College, Mancosa, Owen Sithole College of Agriculture and uMfolozi TVET, Transnet, Department of Public Works, Department of Agriculture, Department of Labour and Department of Higher Education & Training.

The Career Expo dates were supported by the Department of Education and were as follows:

HOSTING MUNICIPALITY	DATE	NUMBER OF STUDENTS
uMlalazi Municipality	25 April 2022	2000
Nkandla Municipality	26 April 2022	2500
Mthonjaneni Municipality	27 April 2022	1500
City of uMhlathuze	28 April 2022	4000
UMfolozi Municipality	29 May 2022	3540

June 2022

The Youth Development Unit successfully conducted the King Cetshwayo June Beauty Pageant at the Umfolozi Casino, with the aim being to uplift youth using the modelling talent and showcase the beauty and intelligence of the young people of the District. Various young people (males and females) from all municipalities between the ages of 18-35 were selected in their respective locals to be part of the District Beauty Pageant. 30 participants in total competed for the crowning of Miss & Mister King Cetshwayo June 2022.

The top 6 winners of the Miss and Mr. King Cetshwayo June received hampers from uMhlathuze Water worth R100 000, in a form of cash prizes and Woolworths shopping vouchers. The top 6 winners received cheques of R20 000 for Mr and Miss King Cetshwayo respectively, R10 000 was given to each first runner-up, and R5 000 to each second runner-up. MTN sponsored all participants with 10gig data and The Top Six were to receive tablets.

Mr. & Miss King Cetshwayo District winners were:

NAME OF WINNER	LOCAL MUNICIPALITY	POSITION
Lumkile "Lumka" Mahlaba	City of uMhlathuze	Miss King Cetshwayo
Awethu "Kim" Biyela	uMfolozi Municipality	First runner up
Nomcebo Shandu	City of uMhlathuze	Second runner up
Sandile Mkhize	Nkandla Municipality	Mr King Cetshwayo
Nsindiso "Talent" Mthimkhulu	Nkandla Municipality	First runner up
Sthembiso Mahaye	Mlalazi Municipality	Second runner up



COMPONENT F: PROPERTY AND LEGAL

LEGAL SERVICES ANNUAL REPORT

The role of Legal Services is to ensure that the Municipality conducts its business within the applicable legal framework. In this regard, Legal Services provides an information legal service to the Municipality.

Legal Services plays an active role in the development and review of various policies in the organisation in order to ensure that necessary controls are implemented and maintained to ensure compliance with laws. The supply chain management process to appoint a panel of attorneys for a period of three years to assist the Municipality with litigation matters, is underway.

The Senior Manager: Legal Services presented to the Governance, State Capacity and Institutional Development (GSCID) Cluster meeting the Municipal Systems Amendment Bill, giving the background on why the Bill is being enacted. This presentation further highlighted the mischief that the Bill seeks to address.

Legal Services presented to the Corporate Services meeting the Municipal Staff Regulations which took effect on 1 July 2022. The impact of these Regulations was clarified in the presentation. This presented culminated in an item being taken to Council for noting of the Municipal Staff Regulations.

ANNUAL PERFORMANCE REPORT FOR THE 2021/2022 FINANCIAL YEAR

COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes:

ANNUAL PERFORMANCE SCORECARD REPORT FOR THE CURRENT YEAR.

ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM.

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ANNEXURES

- 1. Organisational Performance Management Scorecard**

ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

1. Legislative Requirements

Section 40 of the Municipal Systems Act of 2000 (MSA) outlines that “a municipality must establish mechanisms to monitor and review its Performance Management System”, so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. In terms of Section 34 (a)(i) of the MSA, it is expected that a municipal council must review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41. During the IDP review process the Key Performance Areas, Key Performance Indicators and performance targets are reviewed, this review forms the basis of the review of the Organisational Performance Management Scorecard and performance contracts of Section 54/56 Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Annual performance reports

- (1) A municipality must prepare for each financial year a performance report reflecting:
 - (a) The performance of the municipality and of each external service provider during the financial year;
 - (b) A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year;
 - (c) Measures taken to improve performance.
- (2) An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Financial Management Act.

2. Introduction

The 2021/2022 Performance Management Framework and Standard Operating Procedures (KCDMC: 2963 / 2021) was approved on 25 June 2021 for the 2021/2022 financial year. The performance management policy is in place and was last reviewed and approved in preparation for the 2020/2021 financial year (KCDMC: 2535/2020) on 30 June 2020.

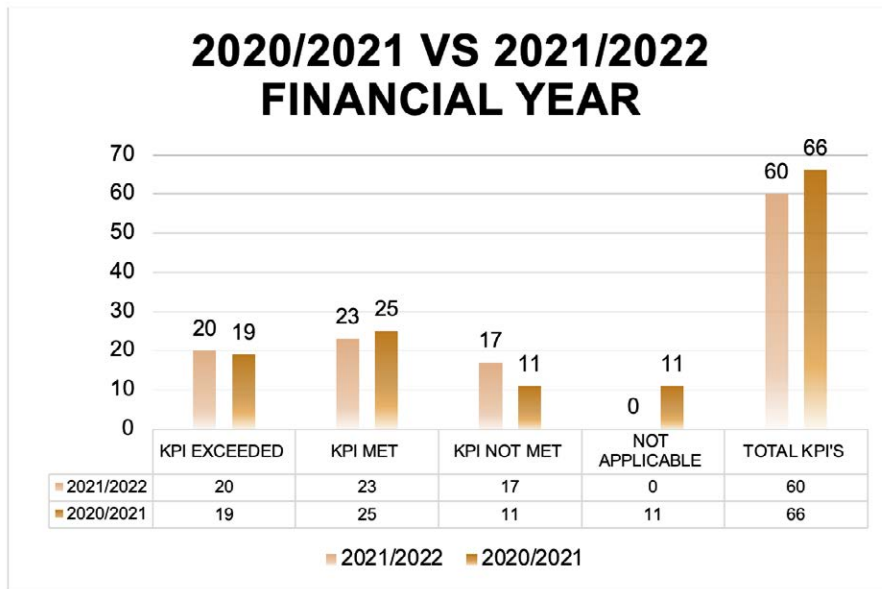
The approved Performance Management Framework included a review of the Standard Operating Procedure to clarify the processes to collect, collate and verify performance information.

This report includes highlights from the key performance measures included in the Integrated Development Plan (IDP) for the 2021/2022 financial year. These priority measures constitute the Organisational Performance Management Scorecard (OPMS) / Top Layer Service Delivery & Budget Implementation Plan (TL SDBIP) for the 2021/ 2022 financial year.

At the end of the financial year (01 July 2021 to 30 June 2022) 71,66% of priority performance measures have met or exceeded the year-end target. Areas for improvement are detailed in the report and are shown in the Organisational Performance Management Scorecard for the 2021/2022 financial year. The accountable officials have provided commentary to put performance into context and identified actions that are taken to address under performance.

Performance and monitoring underpin the municipality’s IDP in terms of reviewing progress regularly as well as achieving priorities and delivering value for money to the communities that we serve. Early investigation of variances enables remedial action to be taken where appropriate. The overall performance for the 2021/2022 financial year shows a decline of 8.34% when compared to the 2020/2021 financial year.

The following graph compares the overall performance for the 2021/2022 financial year and the 2020/2021 financial year:



Graph 1: Comparative Annual achievement information

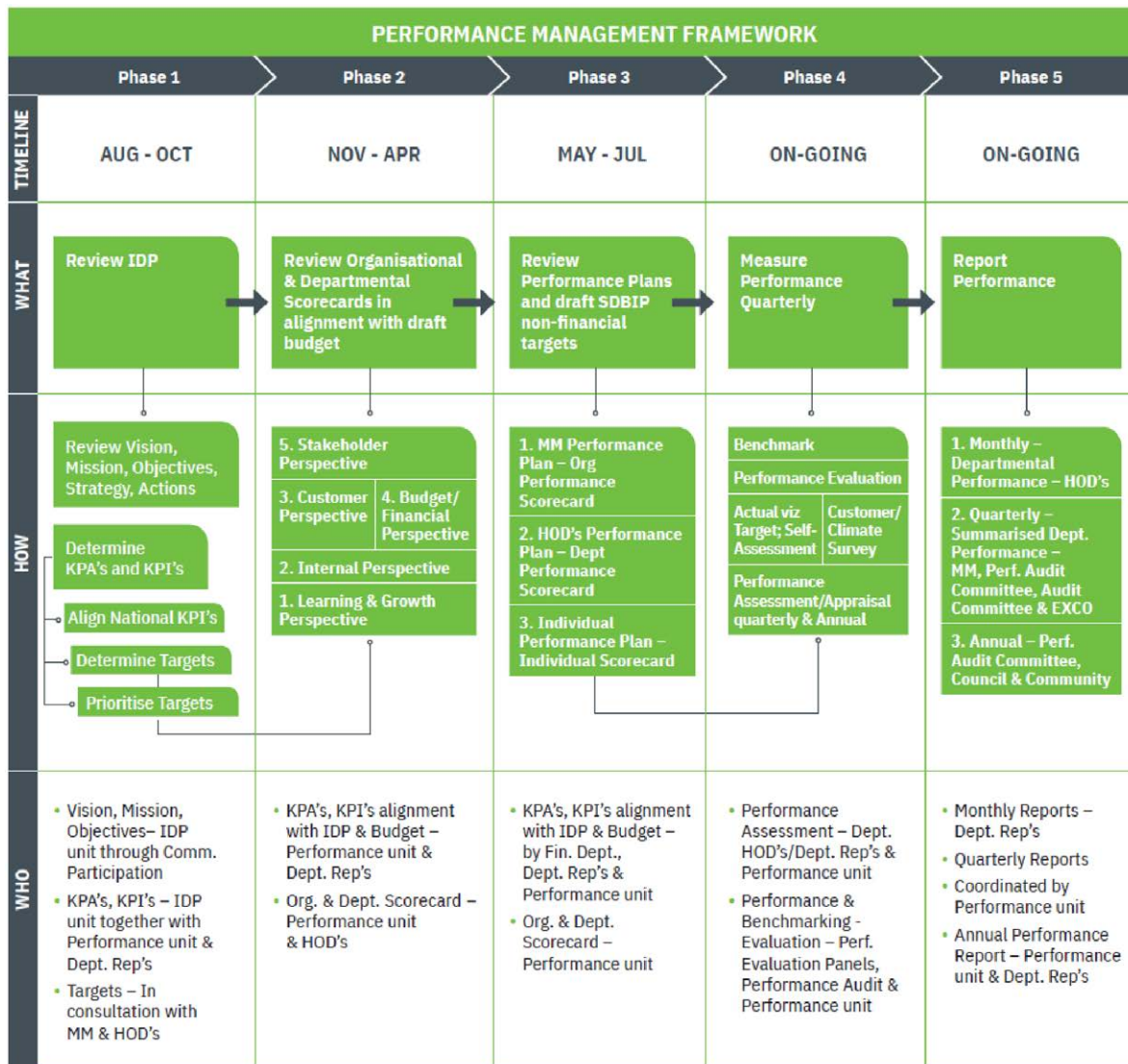
3. Organisational Performance Management Process

Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework and will remain for the duration of the IDP period for consistency in measuring and reporting on long term strategies and projects. Measurable performance targets with regarding each of these development priorities and objectives were established. A process to ensure regular monitoring of performance is in place through the submission of quarterly performance reports to the Performance Audit Committee and thereafter Council.

Individual agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager and Senior Managers. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act.

The Performance Evaluation Committee was established for the assessment of the performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager. The committee meets on a quarterly basis to evaluate individual performance.

The following diagram illustrates a summary of the performance management framework for King Cetshwayo District Municipality for performance measures and reporting adhering to the guidelines suggested by Kwa-Zulu Natal Province, Department of Cooperative Governance and Traditional Affairs:



4. Audit and Performance Audit Committee

The Audit and Performance Committee members for the 2020/2021 financial year were as follows:

- Mr M Ncube – Chairperson
- Mr RJ Monyokolo – Member
- Ms P Mbanjwa – Member
- Mr BI Dladla – Member

The Audit and Performance Committee meets on a quarterly basis of each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported on the Top Layer Service Delivery & Budget Implementation Plan (TL SDBIP) as well as the performance achievements reported in terms of the Departmental Service Delivery & Budget Implementation Plans.

During the 2021/2022 financial year, a joint resignation letter was submitted to the municipality on the 1st of March 2022 from the Chairperson and Members of the Committee and was received by the Executive Mayor and the Acting Municipal Manager. The joint resignation letter indicated that all members were resigning from the committee with immediate effect. The members who resigned had been officially appointed on the 16 August 2019 to serve on the District's Audit and Performance Committee for the 2019/2020, 2020/2021 and 2021/2022 financial years. Following the resignation, a process to appoint new members of the committee commenced and the final results were submitted to Council on 29 June 2022. The Municipality took a decision to establish two Committees namely the Audit Committee and Performance Audit Committee, which are oversight Committees of Council. The decision was based on a necessity to strengthen the governance, risk management and control systems of the municipality as well as to ensure accountability. The Chairperson of the Performance Audit Committee shall be a member of the Audit Committee in order to enable effective coverage and escalation of performance management issues to the Audit Committee. The Council meeting held on 29 June 2022 (KCDMC: 407/2022) approved the appointment of the Audit Committee members, five members were appointed to serve as Audit Committee members for a period of three (3) financial years namely, 2022/2023, 2023/2024, 2024/2025 financial years ending 30 June 2025.

The Audit and Performance Committee meetings took place as required by legislation on the following dates:

- 24/08/2021- Ordinary
- 27/08/2021- Ordinary
- 23/09/2021- Special
- 16 /11/2021 Ordinary

The minutes of the meetings are available in the Portfolio of Evidence of the Municipal Manager.

5. Performance Evaluation Panels

During the 2021/2022 financial year the municipality welcomed the newly elected Council which was inaugurated on 26 November 2022 (KCDMC 01/2021). The composition of the municipal representatives was therefore reviewed and the nomination of members to serve on the performance evaluation panels of the municipal manager and the managers directly accountable to the municipal manager was approved by Council (KDCMC: 397/2022) on 29 June 2022.

Performance Evaluation Panels for the evaluation of Top Management are established per the Local Government: Municipal Performance Regulations for the Municipal Manager and Managers directly accountable to Municipal Managers, 2006, as follows:

- A. For purposes of evaluating the annual performance of the Municipal Manager (Section 54A), an Evaluation Panel constituting of the following persons was established
 - (i) Executive Mayor or Mayor;
 - (ii) Chairperson of the Performance Audit Committee;
 - (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
 - (iv) Mayor and/or Municipal Manager from another Municipality; and
 - (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor.
- B. For purposes of evaluating the annual performance of Managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:
 - (i) Municipal Manager;
 - (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
 - (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
 - (iv) Municipal Manager from another Municipality.

Performance Evaluation sessions are to be conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted in the presence of the Evaluation Panel for the mid-year (quarter two) and full year (quarter four) performance achievements. The final (annual) formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager.

The outstanding performance evaluations of the Managers directly accountable to the Municipal Manager for the 2017/2018, 2018/2019 and 2019/2020 financial years were concluded on 27 and 29 July 2021.

Unfortunately, due to the election of a new Council and the vacancy of the Chairperson of the Audit Committee, the municipality was unable to constitute performance evaluation panels to review and monitor the quarterly performance of the Municipal Manager and Managers directly accountable to the Municipal Manager.

The outstanding performance evaluations of the former Municipal Manager was cancelled as a result of the separation agreement entered into between incumbent and the organisation.

The final 2020/2021 annual performance evaluation of the Managers directly accountable to the Municipal Manager will be finalized by October 2022 and the evaluation results will be reported to Council upon conclusion thereof.

Final annual performance evaluation sessions covering the 2021/2022 financial year are performed once the Auditing of the Interim Annual Financial Statements and the Predetermined Objectives has been finalised by the Auditor General. A report on achievements as per the Individual Performance Scorecard of the Acting Municipal Manager for the period 01 January 2022 to 30 June 2022 is due to His Worship The Mayor upon finalisation of the auditing by the Auditor General.

6. Auditing of Performance Information

The Municipal Systems Act 2000, Section 45 requires that the results of the performance measurements in terms of section 41 (1) c, must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

Messrs Ngubane and Company was appointed by King Cetshwayo District Municipality to perform the Internal Audit function within the municipality. As part of their scope of work, auditing of the Performance Management System and relevant Performance Information, was performed and reports were received for each quarter in terms of the following:

Quarter 1:

Review the functionality of the Performance Management System and management's compliance thereto. The auditing commenced on 13 December 2021.

Quarter 2:

Review the functionality of the Performance Management System and management's compliance thereto. Review scorecards on a test basis to supporting evidence on a sample basis, record the systems that are used to generate the performance information and perform walkthrough testing to validate (AOPI), and perform detailed testing on selected performance information (AOPI). The auditing commenced on 24 January 2022.

Quarter 3:

Review the Mid-Year Performance Report and to confirm the validity, accuracy, and completeness of reported performance information. The auditing commenced on 13 June 2022.

Quarter 4:

Review scorecards on a test basis to supporting evidence on a sample basis, perform detailed testing on selected performance information (AOPI); and ensure the accuracy and validity of the information included in the annual report based on the evidence inspected, on a sample basis. Performance Information reported in Quarter 4 is currently being audited, and the audit has not yet been finalised.

There were delays experienced in finalising the reports due to contractual issues, however, reports for Quarter 1, Quarter 2 reports were finalised on 11 August 2022 and the Quarter 3 and Quarter 4 reports are currently being finalised.

7. Performance of External Service Providers

The monitoring of the service provider performance is ensured through the signing of Service Level Agreements. It is currently being done on a user department level. The end user department provides reports on performance of service providers by submitting reports to the performance management unit and through Council's committee structures.

The following are the service providers engaged in each business unit during the 2021/2022 financial year focusing on the critical functional areas of the municipality:

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Inside Data KCDM/21/2019	Printing of monthly debtor statements	Ending 30 June 2022	The tender is for the printing of monthly debtor statements as well as the emailing of statements where the consumer has elected for such.	Statements were printed and forwarded to SAPO or e-mailed as per requirements of the Municipality in accordance with timeframes and specifications as stipulated in the SLA.	3	4
G4S Cash Management KCDM/11/2019	Provision of the cash on transit facility	1 January 2020 -30 June 2022	The tender is for the provision of cash in transit facility, including the following: • Collect cash from each of Councils various cash offices and transport the cash to the banks cash handling facility. • Provide the consumables required for the safe storage of cash. • Provide insurance for cash held during transportation to the bankers.	No issues were noted during the period. Work was carried out in accordance with timeframes and specifications as stipulated in the SLA. A key accounts manager is appointed to address any matters that may arise, and the said individual does make regular contact ensuring that there are no issues with their service.	3	4
Cross Check KCDM/20/2019	Online tracing of debtors through credit records	February 2020 to 30 June 2022	The service provider is to provide a system which assists with online tracing of debtors through credit records as well as provide profiling of consumers to assist in making write off or indigent determinations.	Services were used for new application and indigent vetting. All requests are performed online and reports are provided immediately.	3	4

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Solar-Business Connexion Sole Provider	Provision, maintenance, support and ongoing development of the financial system	Ongoing - Current SLA expired 31 March 2022. Awaiting extension after Council resolution of 29 June 2022.	The contract is for the provision, maintenance, support and ongoing development of the financial system with cognizance to applicable legislation and accounting standards.	Revenue There were no issues to note in the period under review. Expenditure The system and support from BCX during this month were satisfactory, the consultants were booked for the period of 28 June 2021 to 01 July 2021, and assisted with the financial year end on the system. Budget The Budget Monitoring Module (BMM) was fixed in September 2021. There were glitches which were subsequently sorted. The deployment of the live environment has been performed in May 2022 and the staff in the Budget Section is currently testing the functionality of the module. Man Accounts The services rendered by the service provider during the period under review is satisfactory. Year-end assistance was rendered by the service provider. Assets The services rendered by the service provider during the period under review is satisfactory. SCM The service rendered by the service provider during the period under review was not satisfactory. The system changes were done by the service provider after the report that information was not correctly reflected on the system.	4	3
NEDBANK UDM /26/2015	Provision of a banking facility	1 July 2016 to 30 June 2022.	The service provider performs the function as the District's bankers.	The services were rendered to the satisfaction of the department during the period under review. The new tender was taken through the bid committees, unfortunately the tender was cancelled. The department had taken an item to Council requesting the extension of the contract on a month-to-month basis (Section 116) pending the finalisation of a new tender process. The section 33 process to facilitate the new award of the new bankers served at Council on 21 January 2022, and the contract finalised by the Acting MM thereafter. The tender has been awarded to First Rand Bank Limited and the implementation of the changeover in banks is underway and envisaged to be completed with NT by the first quarter of 2022/2023 financial year.	4	4

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
SANKOFA (PTY) Ltd KCDM/01/2021	Administration of Council's insurance portfolio.	1 July 2021 – 30 June 2024	The Contract entails the administration of Council's insurance portfolio.	The tender was finalised and awarded to Sankofa PTY LTD effective 1 July 2021. Ongoing engagements are held with the service provider and quarterly SLA meetings are also held. The services have been rendered satisfactorily during the period under review. The insurance sector however did experience challenges in the last quarter of 2021/2022 due to the impact of the KZN floods in April 2022.	3	3
Ngubane and Partners KCDM/02/2018	01 July 2018 to 30 June 2020 Contract commenced 03 May 2021 on a month-to-month basis pending the appointment of a new panel of Internal Auditors.	The contract entails the provision of internal audit services.	Provision of Internal Audit Services.	The service provider was able to meet expectation in the audit, all audit projects were started and finalized. All the outstanding projects are in a process of being discussed with management and issued.	3	3
Vanmark Resources (PTY) Ltd KCDM/05/2021	Provision of stationery.	01 July 2021- 30 June 2022.	Tender for the Supply, Delivery and off-loading of stationery for King Cetshwayo District Municipality for three years.	The Service Provider has sent a letter of termination of services with the effect of 14 June 2022. The matter was referred to Contracts Management Services / Legal.	2	N/A
RIS Vehicle Hire cc KCDM/08/2018 & Scelo Business Consultancy	The service providers provide the municipality's fleet.	The RIS tender is on a month to month. The Scelo Consultancy tender expires on 30 June 2024.	Tender for the supply and delivery of a motor vehicle fleet on a full maintenance lease for the period.	Both service provider's performance was good.	3	4
Tsalach Consulting service (PTY) LTD KCDM/19/2020	SCM enhancements.	Ending 30 June 2023.	Tender for the SCM enhancements within the organisation.	During the period under review the service provided was rendered satisfactory.	3	3
Ultimate Recruitment Solutions KCDM/14/2020	Advertisements for the municipality.	August 2020 to June 2023.	Tender for the placing of advertisement services for King Cetshwayo District Municipality for the period ending June 2023.	During the period under review the service provided was rendered satisfactory.	4	4
KEV Accurate Measuring (PTY) Ltd KCDM/61/2021	Meter- readings within the district	Ending December 2021. Contract extended to June 2023.	The service provider is appointed to read all conventional water meters in the District and provide readings within prescribed timeframes. A tender has since been awarded with effect from 01 January 2022.	The services were rendered per specifications and there were no issues to note.	3	N/A

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
INCA Portfolio Managers KCDM/52/2018	Compilation of a Long-Term Financial Plan	August 2019-June 2023.	Tender for the Compilation of a Long-Term Financial Plan.	The Service Provider was appointed on 26 July 2020 to assist the municipality in analysing and preparation of the Long-Term Financial Plan. The appointment with the service provider was cancelled in September 2021 due to disagreement. The matter is to be further deliberated with the Municipal Manager and the report will be submitted to Council.	2	4
ECA Consultants	NKANDLA VUTSHINI SSA 5: PHASE 02 BULK: Construction of Bulk Pipelines, Reservoirs and Pump Station	Appointed 02 June 2010	Construction of Bulk Pipelines, Reservoirs and Pump Station	Contractor's performance is very good	4	4
ZAI		Appointed 28 October 2008-completed November 2021		Contractor's performance is good-Project completed	3	3
Icon Construction	Middledrift SSA3: Phase 1a: Bulk Infrastructure and Reticulation services.	26 November 2021-November 2022	The installation of 6km of PVC bulk pipeline and the installation of 5km of reticulation and the construction concrete reservoir with associated pipework.	Contractor's performance is good.	4	N/A
SMMMS (Pty) Ltd KCDM/ MIG/02/2020	Mhlana Somopho Phase 3C SSA17: Portion 3A-1: Construction of Bulk Pipelines, Water Tower and Pump Station.	December 2020 – February 2022 (Anticipated completion is 31 August 2022.).	Consulting Engineers- Construction of Bulk Pipelines, Water Tower and Pump Station.	Contractor's performance is good.	3	3
Makheleni Construction			Construction of Pump station, bulk pipeline and pressure testing.	Completion delayed due to abnormal weather. Contractor's performance is good.	3	3
Sivest KCDM/ MIG/01/2020	Middledrift SSA 5 Phase 3: Construction of Reticulation within SSA5 of Middledrift Phase 2.	23 November 2020-24 May 2022	Construction of Reticulation within SSA5.	Contractor's performance is good.	3	4
	Middledrift SSA 5 Water supply.	Appointed 20 January 2006		Contractor's performance is good.	3	3
Dummy & Themby Trading	Middledrift SSA5 Phase 3- Construction of water reticulation.	23 November 2020- 30 September 2022	The Contractor is behind schedule overall at 62%.	Contractor's performance was unsatisfactory. The performance did not meet some contractual, technical and professional requirements. Corrective actions were not fully implemented. Performance needs improvement.	2	2
Abraham Mashego JV Amazwide Builders	Middledrift SSA5 Phase 3- Construction of water reticulation.	23 November 2020- 30 September 2022	The Contractor is behind schedule overall at 62%.	Contractor's performance was unsatisfactory. The performance did not meet some contractual, technical and professional requirements. Corrective actions were not fully implemented. Performance needs improvement.	2	2
Sivest KCDM/ MIG/03/2018	Middledrift SSA 2 Construction of Rising Main, Reservoir and Reticulation.	October 2019 -June 2022	Construction of Rising Main, Reservoir and Reticulation.	Quarterly progress meetings, scope was under estimated.	3	3

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Middledrift SSA 2 Leomat Construction (Pty) Ltd			Construction of Rising Main, Reservoir and Reticulation.	Contractor's performance is good.	3	3
Eyethu Engineers KCDM/ RBIG/01/2018	Upgrade of Bulk Water Supply and reticulation to Kwahlokhloko SSA 1 Phase 1C: Mechanical and Electrical works.	26 March 2019 – December 2021	Upgrade of Bulk Water Supply and reticulation.	Contractor's performance is good.	3	3
Kwahlokhloko SSA 1 Phase 1C Patterson Candy International SA (Pty Ltd) T/A PCI Africa			Upgrade of Bulk Water Supply and reticulation.	Contractor's performance is good.	3	3
Hidrotech Infra (Pty) Ltd KCDM/ WSIG/01/2018A	Upgrade of sewage infrastructure for Melmoth Phase 1 – Thubalethu Sewer Reticulation and Associated Structures.	18 Apr 2019- 20 June 2023	Upgrade of sewage infrastructure for Melmoth Phase 1 – Thubalethu Sewer Reticulation and Associated Structures -The quality of work on site is good. Contractor re-established on site and 03 March 2021. The alternative route used to install the main pipe. Contractor is busy with yard connection.	Contractor's performance is very good.	4	4
Nhloso Development Consultants cc KCDM/16/2019	KCDM VIP Sanitation Programme - Construction of the VIP Sanitation Infrastructure.	01 July 2021- 30 June 2022	Construction and management of VIP Sanitation Infrastructure.	Contractor's performance is not satisfactory, delays due to challenges of material supply on site there has been some improvement in quarter 3 and quarter 4 however project is still behind schedule.	2	2
Nkandla Vutshini SSA 5 - ZAI KCDM/ MIG/01/2019:	Tender for the Completion of Water Reticulation for Supply Zone 2,12 and 16-18: Gravity Main in Ward 13 under Nkandla Local Municipality.	05 October 2020 – November 2021	Water Reticulation for Supply Zone 2,12 and 16-18: Gravity Main in Ward 13 under Nkandla Local Municipality - Contractor issued notice for extension of time. Project completed in November 2021.	Engineer's performance is good. Quarterly progress meetings.	3	3
Bayside Engineering	Upgrading of sewage infrastructure for Eshowe— Construction of sewer reticulation and refurbishment of pump station.	March 2020- April 2022 (Revised)	Construction in progress, contractor is behind schedule due to main contractor and sub-contractor's poor performance and challenges of existing services. Contractor busy with yard connections, project is at 99% completion. Some householders delay the contractor access to their houses, project estimated to be completed by mid-July 2022.	Contractor's performance is good.	3	3
Dolphin Coast Waste Management (Pty) Ltd KCDM/47/2018	Solid waste management and operation.	1 May 2019 to 31 May 2022	Provision of alternative solid waste management and operation of the King Cetshwayo District Municipality Regional Solid Waste Site for a period of three years ending in April 2022.	Contractor's performance is very good.	4	4

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Sector 5 Turn Key contractor/ consultants	Construction of Empangeni solid Waste– Cell 3.	05 October 2021- 30 May 2024	Construction of Empangeni solid Waste–Cell 3. Fencing has been completed and installation of cameras is at 80%. Awaiting approval of cell 3 design and work permit by DWS.	Contractor's performance is good.	3	N/A
uMgeni Water	Bulk Water services provider.	01 October 2020- 01 October 2035	• Provision of bulk water • Volume of water produced and maintenance conducted.	Contractor performance is unsatisfactory. The performance did not meet some contractual, technical and professional requirements. Corrective actions were not fully implemented. Performance needs improvement.	2	3
Khabeni Projects	To deliver water via motorised water carts.	23 December 2020- 30 June 2022	• Number of load and total distance covered. • Total distance (km) covered.	Contractor's performance is good.	4	4
Scelo Business Consultancy	To deliver water via motorised water carts.	23 December 2020- 30 June 2022	• Number of load and total distance covered. • Total distance (km) covered.	Contractor's performance is good.	4	4
Aquacon	Attend to maintenance issues and break downs.	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was very good.	4	4
Rural pump	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was very good.	4	4
Silver streaks	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
Striving for the best	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
Dummy and Themby	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
Amandlela	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
GWSB	Attend to maintenance issues and break downs.	04 April 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was very good.	4	4
RC industrial	Attend to maintenance issues and break downs.	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
Firstworks	Attend to maintenance issues and break downs.	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3
Polyarcs (PTY) Ltd	Attend to maintenance issues and break downs.	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was good.	3	3

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Best thoughts	Attend to maintenance issues and break downs.	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Respond within 24 hours.	Contractor's performance is good.	3	3
Impophoma	Attend to maintenance issues and break downs	01 June 2021- 30 June 2023	Attend to maintenance issues and break downs. Response within 24 hours.	Contractor's performance was very good.	4	4
Ginti Projects	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance was very good.	4	N/A
Bhekapezulu Investment	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
AC Industrial	Attend to maintenance issues and break downs	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Tloutona/ Masana JV	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Sholo Trading	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Lakhimu Investment	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Sibusiso projects	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
NS Construction	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Somhlaba Holding	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Kosotobe	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Siluleme projects	Attend to maintenance issues and break downs.	10 January 2022- 30 June 2023	Attend to maintenance issues and break downs.	Contractor's performance is good.	3	N/A
Ginti Projects	Development of Eviceni spring in Mthonjaneni LM.	01 June 2021- 06 August 2021	Excavation, pipe laying and backfilling of 50mm and 63mm diameter HDPE pipe, construction of pump house, installation of 2 x 10 KL storage tank, construction of standpipes.	Contractor's performance is good.	3	3
Striving to satisfy Trading and projects 106	Construction of Mawande extension in Mthonjaneni LM.	03 July 2021- 15 August 2021	Excavation pipe laying and backfilling of 50mm diameter pipeline. Installation of standpipes.	Contractor's performance is good.	4	3

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS					2021/2022 FY	2020/2021 FY
EXTERNAL SERVICE PROVIDER	SERVICE PROVIDED IN TERMS OF SIGNED SLA	PERFORMANCE TIMEFRAMES	DESCRIPTION OF SERVICES PROVIDED	PERFORMANCE REVIEW	PERFORMANCE RATING AND CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE 1=POOR; 2=FAIR; 3=GOOD; 4=VERY GOOD; 5=EXCELLENT	
Aquacon Hydro Industries	Construction of Cinci extension in uMfolozi LM.	25 June 2021- 03 August 2021	Installation of 200kl steel tank, excavation, playing of 110mm,63mm and 50mm pipeline and backfilling. Construction of standpipes.	Contractor's performance is good.	3	3
Rural Pumps	Construction of Qwayinduku extension in uMlalazi LM. Construction of Bhade (Entumeni extension) in uMlalazi LM.	01 June 2021- 30 August 2021	Excavation pipe laying and backfilling of 50mm diameter pipeline. Installation of standpipes. Installation of storage tanks.	Contractor's performance is very good.	4	3
Tiloti Trading cc	Construction of kwaZondi extension in Nkandla LM.	28 June 2021- 31 July 2021	Excavation pipe laying and backfilling of 50mm diameter pipeline. Installation of standpipes.	Contractor's performance is good.	3	3
Big-Mac Construction	Construction of Shobalenyathi extension in Nkandla LM.	06 July 2021- 19 August 2021	Excavation pipe laying and backfilling of 50mm diameter pipeline. Installation of standpipes.	Contractor's performance is very good.	4	3
Izinga Holdings	Non-revenue Water reduction programme.	01 April 2020 -30 June 2022	Non-revenue Water reduction programme.	Service provider performance good.	3	3
Mariswe	Planning and Design of Nkandla Weir.	01 March 2020 -30 June 2022	Planning and Design of Nkandla Weir.	Consultant's performance is good.	3	3

CORRECTIVE MEASURES FOR CONTRACTORS PERFORMING BELOW THE ACCEPTABLE STANDARD	
NAME OF CONTRACTOR	MANAGEMENT COMMENTS
1. Dummy and Themby - Middledrift SSA 5 Phase 3	Project is behind schedule, contractor was put under terms (DCC 2015) by the Project Engineers, progress will be monitored on the new programme submitted by the contractor, the revised completion date is 30 September 2022.
2. Nhloso Development Consultants cc - Construction and management of VIP Sanitation Infrastructure	There was a slow start with the project however there was some level of improvement towards the end of Quarter 2 when cessionary was engaged, however project is still behind schedule due to the slow start.
3. INCA Portfolio Managers	The appointment with the service provider was cancelled in September 2021 due to a disagreement. The matter is to be further deliberated with the Municipal Manager and the report will be submitted to Council.
4. Vanmark Resources (PTY) LTD	The Service Provider has sent a letter of termination of services with the effect of 14 June 2022. The matter was referred to Contracts Management Services / Legal.
5. Umgeni Water	Response time to issues or challenges not acceptable and the overall compliance for the third quarter was 88%. A letter has been sent to Umgeni Water highlighting the issues.

8. Annual Organisational Performance Information

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering services that are of value to the community we serve. Early investigation into variances enables remedial action to be taken where appropriate.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) for the 2021/2022 financial year. These priority measures constitute the Organisational Performance Management Scorecard / Top Layer of the Service Delivery and Budget Implementation Plan (OPMS/ TL SDBIP) on basic service delivery targets prioritised for the 2021/2022 financial year.

The Annual Performance Report for the 2021/2022 financial year has been completed and reflected in the Organisational Performance Management Scorecard in a table format (as prescribed by KZN CoGTA). The Organisational Performance Management Scorecard will be presented to the Auditor General for auditing by 31 August 2022.

The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide has been included.

This Annual Performance Report will form part of the Annual Report, which is inclusive of the Annual Financial Statements (AFS) as well as the Auditor General Report on the Annual Financial Statements and Performance Information for the 2021/2022 financial year, once all reports are finalised.

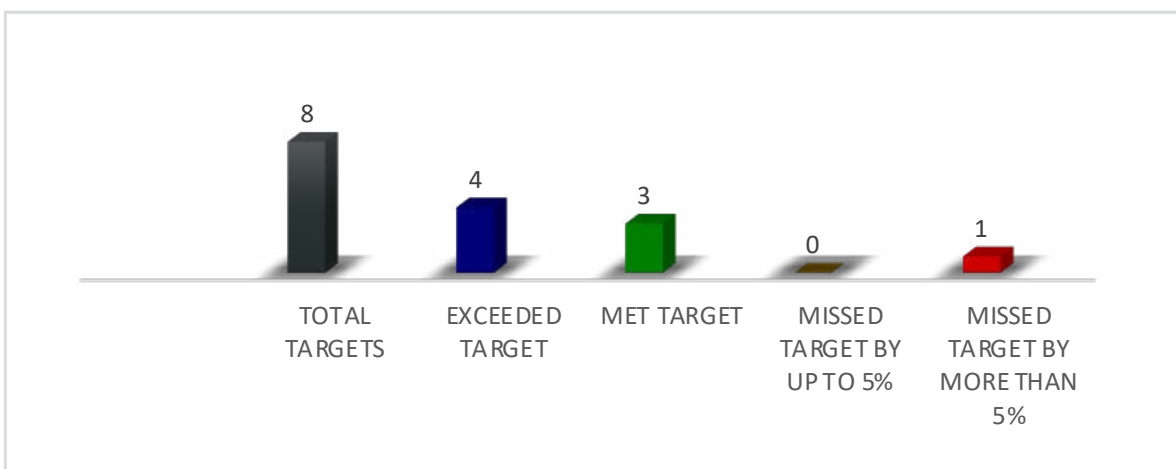
Analysis of reported achievements

In the 2021/2022 financial year there were 60 targets contained in the OPMS / Top Layer SDBIP. Out of the 60 targets, 43 targets were achieved or exceeded and 17 of the set targets were not achieved.

The following is a breakdown of the indicators per National Key Performance Areas:

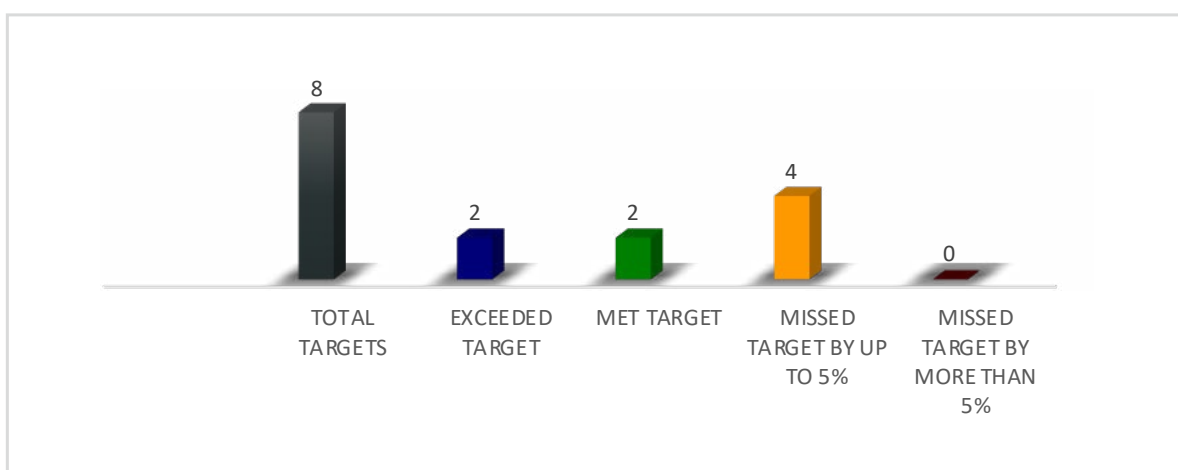
Key Performance Area 1: Municipal Transformation and Institutional Development:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
8	4	3	0	1	87.50%



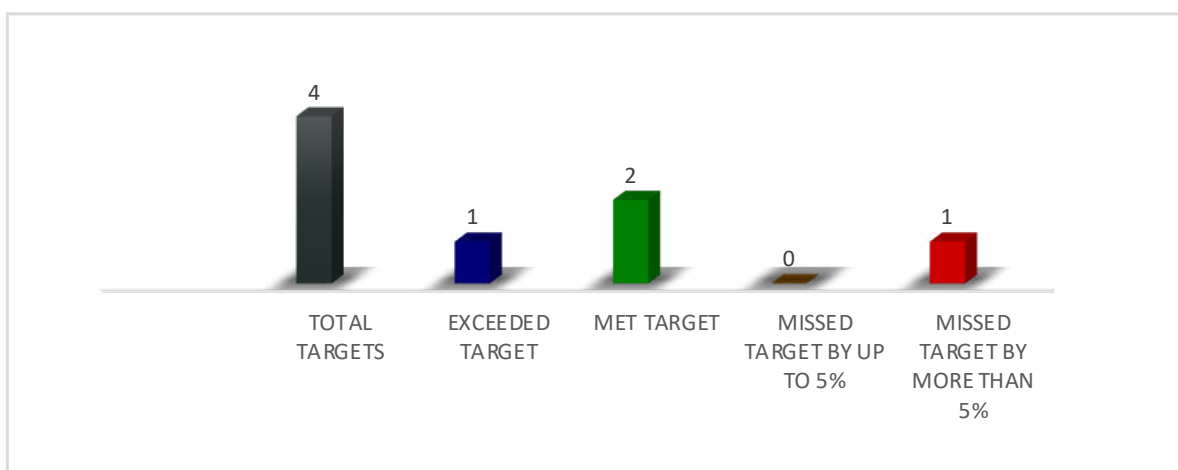
Key Performance Area 2: Basic Service Delivery:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
8	2	2	4	0	50%



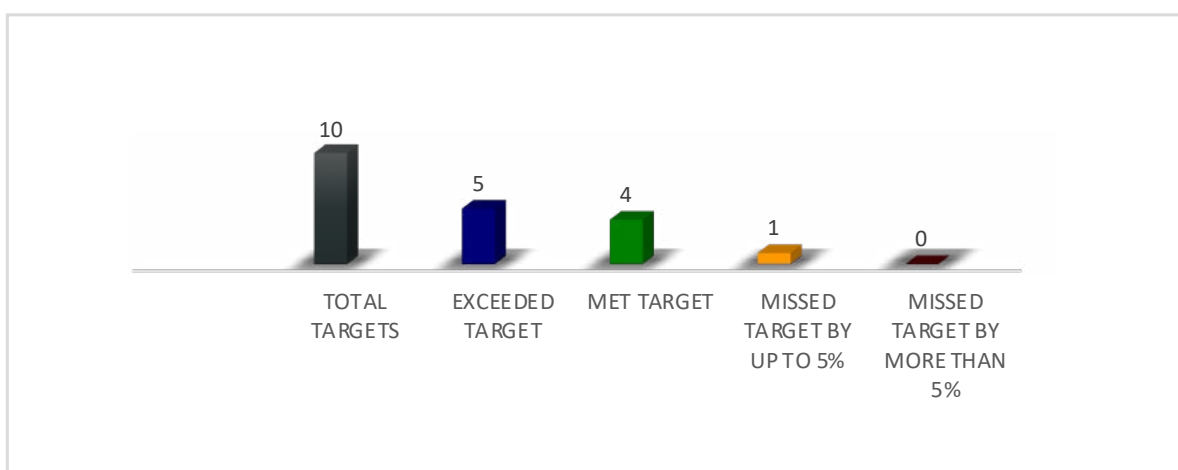
Key Performance Area 3: Local Economic Development:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
4	1	2	0	1	75%



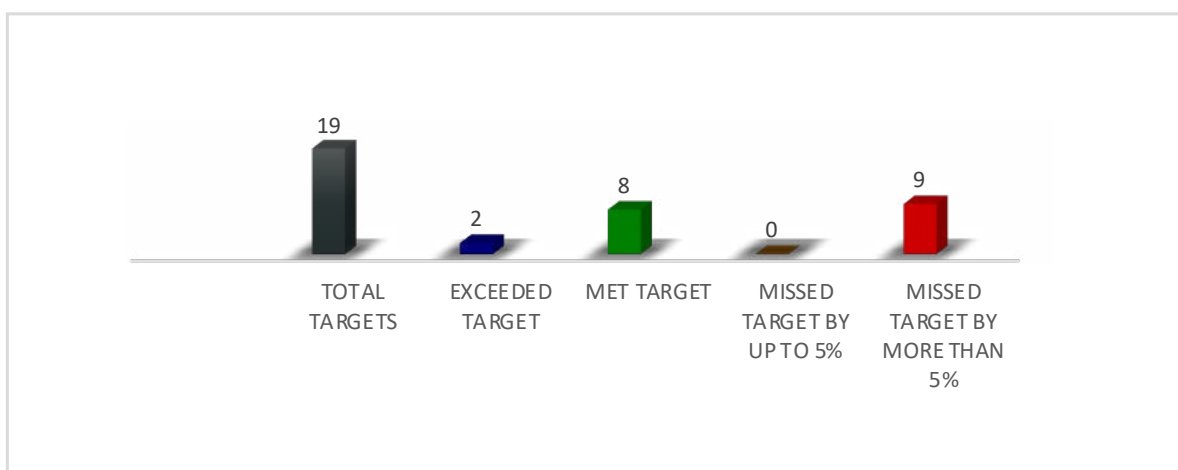
Key Performance Area 4: Municipal Financial Viability and Management:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
10	5	4	1	0	90%



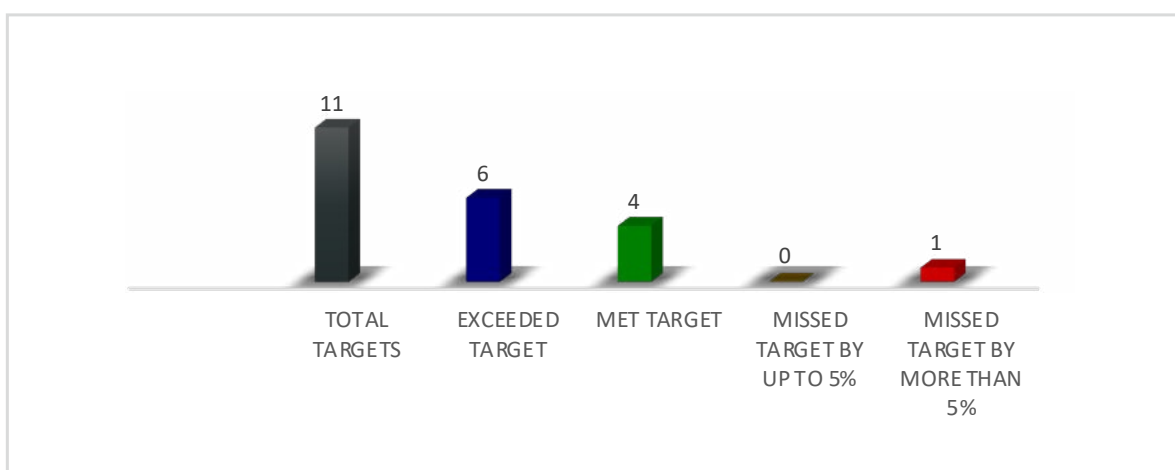
Key Performance Area 5: Good Governance and Public Participation:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
19	2	8	0	9	52.63%



Key Performance Area 6: Cross Cutting:

TOTAL NUMBER OF TARGETS	NUMBER OF TARGETS EXCEEDED	NUMBER OF TARGETS MET	NUMBER OF TARGETS MISSED BY UP TO 5%	NUMBER OF TARGETS MISSED BY MORE THAN 5%	OVERALL PERCENTAGE
11	6	4	0	1	90.91%



In relation to the 2021/2022 financial year-end performance results, the final position shows that:

- 71.66% of measures met or exceeded the year-end target.
- 28.33% of measures were not achieved which is an 8.34% decline on the overall performance compared to the 2020/2021 financial year.
- The percentage calculation is based on the targets achieved against the total number of targets.

The colour coded system used to report performance is as follows:

- **Blue** – Performance above 2% of the target
- **Green** – Performance meets targets
- **Amber** – Performance less than 5% adverse target
- **Red** – Performance more than 5% adverse target

The performance results for the organizational priorities can be summarized as follows:

COLOUR CODED STATUS	2019/2020 PERFORMANCE	2020/2021 PERFORMANCE
Blue – Exceeded target	28.33%	30.91%
Green – Met target	38.33%	49.09%
Amber – Missed target by up to 5%	0%	5.45%
Red – Missed Target by more than 5 %	33.33%	14.55%

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

This result of the KPA at the end of the financial year was 87.50% which is a slight improvement of 1.79% in comparison with the 2020/2021 financial year's achievement of 85.71%.

The implementation of the Employment Equity Plan was a notable success in terms of the appointments made for the year. Fourteen (14) officials from employment equity groups were employed in the three highest levels of management, this achievement exceeded the target of 6 appointments which had been targeted for the year. The municipality excelled in the implementation of the Workplace Skills Plan by exceeding the set target for the number of staff members trained. The set target was 20 officials however at the end of the financial year, a total of 105 officials had been trained. Continuous development as well as an enabling environment for equal opportunities continue to be a priority of the municipality. It is therefore important to consider that training plays a critical role in bridging the gap and in ensuring that the municipal staff and Councillors acquire the necessary development and training to ensure continuous improvement as well as personal development. The municipality developed a training programme consisting of various training interventions geared towards addressing existing gaps and to ensure that there is deliberate action towards addressing the employment equity requirements as indicated in the table below:

NAME OF ACCREDITED PROGRAM	NQF LEVEL	OCCUPATIONAL LEVEL	EMPLOYMENT EQUITY GROUP	NUMBER OF ATTENDEES
STRUCTURED TRAININGS				
Municipal Finance Management program	6	Senior Management	1x Male	1
Basic Map projections	6	1 x Mid Management and 1 x Skilled	1 x Female 1 x Male	2
ArcGIS Pro Standard	4	Skilled	1x Female	1
Information Technology Management Program	8	Senior Management	1x Female	1
Artisan Plumbing Trade Test	Trade Test	Unskilled	4 x Male	4

ANNUAL PERFORMANCE REPORT:

In determining the percentage of households with access to basic water and sanitation, the municipality utilizes the demographic information as per the 2011 National Census Report along with the historical accumulation of new household connections from 2011 onward. The population data does not include the number of households for the City of uMhlathuze as the City is a water services authority.

The 2011 National Census Report identified that there are 116 367 households in the King Cetshwayo District that require access to basic water. Based on the 2021/2022 achievements, there is a backlog of 35 304 households that currently do not have access to basic water.

Due to the outdated nature of the 2011 National Census Report, it is assumed that there was an increase in the number of households within the district. This has led to the over-achievement of households with access to basic sanitation.

All demographic information will be updated accordingly upon publication of the 2022 National Census Report.

BASIC SERVICE DELIVERY

The results of the KPA at the end of the 2021/2022 financial year indicates an achievement of 50%. There is no decline or improvement on the reported result in comparison to the 2020/2021 financial year achievement of 50%.

The municipality did not achieve its annual target of 1528 new water connections however there was an overachievement in the number of new sanitation connections. The targeted number of households for new water connections in the 2021/2022 financial year was 1528 and the municipality managed to achieve 765 connections. The achievement is however an improvement when compared to the 2020/2021 financial year achievement of 343 water connections, however there is room for improvement. The variance was due to the non-achievement of the planned connections for the remaining half of the financial year on the Middle drift SSA5: Phase 3 project which was behind schedule. The number of sanitation connections exceeded the set target of 2160 with a commendable achievement of 2276 sanitation connections, this is a notable increase on sanitation connections in comparison to the 2020/2021 financial years' achievement of 1849. A notable achievement was made on the number of EPWP jobs created, the target was set at 450 jobs however 783 EPWP jobs were created in the 2021/2022 financial year, this is an improvement of 152 jobs created in comparison to the 631 EPWP jobs reported in the 2020/2021 financial year.

In determining the percentage of households with access to basic water and sanitation, the municipality utilizes the demographic information as per the 2011 National Census Report along with the historical accumulation of new household connections from 2011 onward. The population data does not include the number of households for the City of uMhlathuze as the City is a water services authority.

The 2011 National Census Report identified that there are 116 367 households in the King Cetshwayo District that require access to basic water. Based on the 2021/2022 achievements, there is a backlog of 35 304 households that currently do not have access to basic water.

Due to the outdated nature of the 2011 National Census Report, it is assumed that there was an increase in the number of households within the district. This has led to the over-achievement of households with access to basic sanitation.

All demographic information will be updated accordingly upon publication of the 2022 National Census Report.

The table below outlines the 2021/2022 achievements in comparison to the 2020/2021 financial year for indicators located in the Basic Services Delivery Key Performance Area:

BASIC SERVICE DELIVERY		
KEY PERFORMANCE INDICATOR	2020/2021 ACHIEVEMENT	2021/2022 ACHIEVEMENT
Percentage of households with access to basic water services	69.66%	70.32%
Number of households with access to basic water	81063	81828
Number of new water connections	343	765
Percentage of households with access to basic sanitation services	98.54%	100.50%
Number of households with access to sanitation services	114 669	116945
Number of new sanitation connections	1849	2276
Maintain the Regional Solid Waste Site as well as the transfer station in order to ensure effective operation of the sites by ensuring 85% compliance with the permit's conditions.	71%	84%

The municipality conducts compliance audits to ensure effective operation of the Regional Solid Waste site as well as the transfer station. The compliance audits are conducted on a quarterly basis and all four audits were conducted. Three of the reports were conducted internally and one report was conducted by the Department of Economic Development, Tourism and Environmental Affairs which is therefore the annual achievement of the municipality. The following table outlines the compliance ratings for each quarter as well as the overall compliance level for the 2021/2022 financial year as issued by the Department of Economic Development, Tourism and Environmental Affairs:

AUDIT PERIOD	COMPLIANCE RATING	SOURCE
Quarter 1	86%	Internal report
Quarter 2	79.4%	External report
Quarter 3	84%	External report
Quarter 4	81%	Internal report
Annual Achievement	84%	External Report on the compliance level issued by the Department of Economic Development, Tourism and Environmental affairs

LOCAL ECONOMIC DEVELOPMENT (LED)

The results for this KPA for the 2021/2022 financial year was met at 75% which is a decline of 25% in comparison with the 2020/2021 achievement of 100%.

During the 2021/2022 financial year the municipality was able to secure 8 tourism partnerships which is a notable increase from the 2021/2022 financial years' achievement of 1 partnership. The municipality also supported 28 co-operative farmers with agricultural implements, equipment as well as infrastructure materials which is huge increase in comparison to the 3 farmers supported in the 2020/2021 financial year

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The result for the KPA was 90% for the 2021/2022 financial year which is the same achievement as that of the 2020/2021 financial year achievement which was also 90%

R 95 750 890 was collected from customers during the 2021/2022 financial year. The rand value collected decreased by R 1 112 654 in comparison to the 2020/2021 financial year figure of R96 863 544.

The municipality achieved 99.06% expenditure on grants and subsidies which is a 0.80% decline in comparison to the 99.87% expenditure reported in the 2020/2021 financial year. The decline can be attributed to the delays experienced in the appointment of a service provider due to a cancellation in the tender process. A commendable 93.47% was achieved in debt collection which exceeded the set target of 85%, although it is a slight decline from the previous financial year achievement of 97%, the set target for the year was exceeded.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The KPA result for the 2021/2022 financial year was 52.63%, this a 22.37% decline when compared with the 2020/2021 financial year's results of 75%.

During the 2021/2022 financial year, the municipality welcomed the new Council of the municipality, all municipal councillors were sworn into office on 26 November 2021. Compliance reporting on the Circular 88 Quarterly Back to Basics CMET tool continues to be a success, reports are submitted on a quarterly basis to CoGTA. The quarterly monitoring tool incorporates the new reporting reform standard indicators with the focus of reforming and institutionalising a singular yet differentially applied set of indicators for all local government. The assessment tool ensures that municipalities are assisted with their respective challenges through providing the necessary support where required.

The district experienced heavy rains throughout the district in the months of April 2022 and May 2022 respectively which led to deadly floods, all the local municipalities within the district were affected however hard-hit areas were in and around uMlalazi Local Municipality followed by uMhlathuze Local Municipality where five (5) people lost their lives as a result of the floods. The municipality responded by assisting affected community members with the required support.

On 07 April 2022 the district hosted a District Prayer in remembrance of community members who succumbed to the Covid-19 virus, a prayer for the Easter holiday season as well as the social ills prevalent within the district. The prayer was embraced by community members from different faith-based organisations as well as councillors.

The municipality continues to support further education and is passionate about assisting members of the community to achieve their educational goals, hence, this year the number of youths assisted with registration grants was 52 students which is a great achievement for the municipality.

Cross Cutting

The KPA result for the 2021/2022 financial year was 90.91% which is slight decline of 0,75% improvement in comparison to the 91.66% achievement in the 2020/2021 financial year.

Great emphasis was placed on Environmental Health Awareness campaigns in the 2021/2022 financial year, the target set for the year was 80 campaigns however, an overwhelming 305 awareness campaigns were conducted. Although the achievement was exceeded, it does not exceed the reported achievement of 426 in the 2020/2021 financial year.

A notable increase on the Arts and Culture programmes was noted in the financial year, the set target was four (4) Arts and Culture programmes implemented, however the municipality achieved fifteen (15) Arts and Culture programmes in the 2021/2022 financial year. This is an increase in comparison to the 2020/21 achievement of the implementation of one (1) Arts and Culture programme. The municipality partnered with the northern KZN ambassadors of Choral and Opera music to co-ordinate the first ever signature event of the municipality named after Princess Magogo. The Princess Magogo event pays homage to Princess Magogo's outstanding contribution to the development and preservation of traditional music in South Africa. She is known for composing and singing Zulu classical music and was gifted in playing indigenous instruments namely Isigubhu and Makhweyana. The event took place on 10 June 2022, the main aim of the event was to create a platform for Choral Artists to showcase their talent and creativity.

The event was embraced by His Excellency, Prince Mangosuthu Buthelezi and Isilo Samabandla, King MisiZulu ka Zwelithini who highlighted how the event would positively contribute to the music industry.

Towards the end of the financial year, the municipality successfully hosted its first King Cetshwayo Traditional Horse Racing event on 25 June 2022. The aim of the annual event is to celebrate the legacy left behind by King Cetshwayo ka Mpande whilst promoting and preserving tradition through indigenous horseracing as well as serving as a tourism attraction for the district which will have economic benefits for the tourism and hospitality industry.

9. Non-Achievements for the 2021/2022 Financial Year

The organisation achieved 43 targets out of a total of 60 targets on the Top Layer SDBIP.

The table below provides an analysis of the 17 targets that were not achieved inclusive of reasons for the non-achievements and measures for improvement.

Key Performance Area 1: Municipal Transformation and Institutional Development:

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Municipal Transformation and Organisational Development	None	None	Number of Employee Assistance Programme awareness campaigns	4	3	Corporate Services
Reasons for non-achievement: EAP awareness campaign could not be conducted due to clash in dates with programmes that were conducted in Quarter 4.				Measures for improvement: To verify the municipal calendar before planning awareness campaigns to avoid clashing events.		

Key Performance Area 2: Basic Service Delivery:

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Basic Service Delivery	Efficient operation and maintenance of Waste Disposal Site	Ensure Compliance to Waste Disposal Licence	Maintain the Regional Solid Waste Site as well as the transfer station in order to ensure effective operation of the sites by ensuring 85% compliance with the permit's conditions.	85%	81%	Technical Services
Reasons for non-achievement: Audit conducted by the regulating Department, EDTEA. The findings are projects that are in progress and/or planned in the current project.				Measures for improvement: a) Leachate management, although leachate is discharged to the Municipal Sewer Line, there is no existing authorisation from the City of uMhlathuze. KCDM has engaged the new Technical Services Director from the City to intervene on this matter. b) Uncovered condemned food stuff, brown bread observed on site. The safe disposal of food stuff is practised on site, and reclaimers are not allowed to reclaim any food waste, disciplinary action is taken against the site reclaimers found with food waste. c) Ground water leaks from Borehole number 3 still evident. This is due to the high-water table at the sump, and a new Borehole is planned to be drilled during the construction project. d) Unlined dam and failure to implement SWDFMC on a quarterly basis. Construction of lined and approved Leachate and Storm water ponds planned during the construction of Cell 3.		

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Basic Service Delivery	Long term: Provision of infrastructure and basic service delivery	Develop the three (3) year Implementation Programme in line with the Water Services Master Plan (including submission and approval of business plan, issue of EIAs, Water Use Licence, detailed designs, etc.)	Percentage of households with access to basic water services	70.97%	70.32%	Technical Services
			Number households with access to water services	82 591	81 823	
			Number of new water connections	1 528	765	
Reasons for non-achievement: Variance is due to the non-achievement of the planned 778 new connections on the Middle-drift SSA5: Phase 3 project which was behind schedule. The project fell behind schedule due to Contractor's under performance and they were put under terms due to mora debitoris.				Measures for improvement: Notwithstanding the Contractor being on terms, the Engineer and Technical staff is providing support and increased close monitoring. Further poor performance, even after close support, other contractual remedies are to be implemented. The connections can only be realized in the new financial year.		

Key Performance Area 3: Local Economic Development

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Local Economic Development	To develop, market and promote investment and tourism	Promote, develop and market Tourism products	Number of Tourism product owners training sessions held through stakeholder initiatives	2	1	Planning and Economic Development
Reasons for non-achievement: The department is reliant on stakeholder collaboration opportunities as a result of internal funding availability. Due to COVID-19 pandemic, training collaboration opportunities were limited. The department managed to do conduct one training session for the year in collaboration with an external stakeholder.				Measures for improvement: Additional collaboration partnerships to be secured in the new financial year to facilitate training.		

Key Performance Area 4: Municipal Financial Viability and Management

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Municipal Financial Viability and Management	Ensure spending of grant funding	Improve grants and subsidies expenditure	Percentage of Grants and Subsidies spent	100%	99.00%	Finance Department
Reasons for non-achievement: Implementation on Rural Transport Services and Infrastructure objectives was delayed by the non-appointment of a professional service provider. The tender for the appointment of the service provider which was provisionally awarded in December 2021 had objections which resulted in cancelation of the tender process. The tender was therefore delayed as well at the procurement.				Measures for improvement: Application for rollover to be done in August 2022.		

Key Performance Area 5: Good Governance and Public Participation

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Good Governance and Public Participation	Promote good Governance and enhance Public Participation	Enhance Stakeholder Relations and Public Participation	Number of District Technical Hub meetings held	4	3	Office of the Municipal Manager / COO
Reasons for non-achievement: District Technical Hub meeting was not successfully convened in Q2 due to local Government Elections and introduction of new leadership.				Measures for improvement: District Technical Hub Meetings continued to be held in Quarters 3 and 4. The District Technical Hub meetings took place on 24 January 2022 and 22 June 2022 respectively		
Good Governance and Public Participation	Promote good Governance and enhance Public Participation	Enhance Stakeholder Relations and Public Participation	Number of District Political Hub meetings held	4	3	Office of the Municipal Manager / COO
Reasons for non-achievement: The District Political Hub meeting attempted to take place on 16 September 2021 and 29 September 2021 however these attempts were unsuccessful. The District Political Hub meeting meetings was not successfully convened in Q2 due to local Government Elections and introduction of new leadership.				Measures for improvement: The District Political Hub Meetings continued to be held in Quarters 3 and 4. The District Political Hub meetings took place on 01 February 2022, 31 March 2022 and 28 June 2022 respectively.		

Key Performance Area 5: Good Governance and Public Participation (continued)

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Good Governance and Public Participation	Promote good Governance and enhance Public Participation	Enhance Stakeholder Relations and Public Participation	Number of Men's programmes in collaboration with the Premier's Office	1	0	Community Services
Reasons for non-achievement: Special Programmes Unit did not have budget in Quarters 1 and 2. Budget was received in Quarter 3. Funding was allocated during adjustment budget on 25 February 2022. Programmes had to be submitted for approval, whilst waiting for approval in Quarter 4 funds were moved to augment the District Career Expo.				Measures for improvement: The Men's programme has been prioritised and will be implemented in the next financial year		
Good Governance and Public Participation	Coordinate Corporate Citizenship	Operation Sukuma Sakhe (OSS)	Percentage of OSS needs referred to relevant stakeholders	100%	50%	Community Services
Reasons for non-achievement: The District Political Hub meeting attempted to take place on 16 September 2021 and 29 September 2021 however these attempts were unsuccessful. The District Political Hub meeting meetings was not successfully convened in Q2 due to local Government Elections and introduction of new leadership.				Measures for improvement: The District Political Hub Meetings continued to be held in Quarters 3 and 4. The District Political Hub meetings took place on 01 February 2022, 31 March 2022 and 28 June 2022 respectively.		
Good Governance and Public Participation	Coordinate Corporate Citizenship	None	Number of HIV/AIDS Commemoration in collaboration with the Premier's Office	1	0	Community Services
Reasons for non-achievement: During Quarters 1 and 2 of the financial year, lockdown regulations were still in place as result of that gatherings were not permitted as per the regulations.				Measures for improvement: HIV/AIDS awareness campaigns have been prioritised and will be conducted in the new financial year.		
Good Governance and Public Participation	Practice Risk Governance	Comply with legislative and policy framework of government	Number of Annual Risk Assessments completed	1	0	Office of the Municipal Manager / COO
			Number of Annual Fraud Risk Assessment completed	1	0	
Reasons for non-achievement: The Annual Risk Assessment was planned to be conducted in the 4th quarter of the 2021/22 financial year, in preparation for the internal audit plan of 2022/23. However, there were unforeseen delays that held up finalisation of the Panel appointment for the Internal Audit Tender. The situation was further exacerbated by the subsequent cancellation of the internal audit tender no. KCDM 13/2021. In addition, the Risk Management Unit is grossly understaffed.				Measures for improvement: A quotation document requesting the service has been finalised. The quotation to source a service provider to assist with Annual Risk Assessment including fraud assessment was issued on the 29th July 2022, and appointment of service provider expected to be finalised by the 12th August 2022.HIV/AIDS awareness campaigns have been prioritised and will be conducted in the new financial year.		

Key Performance Area 5: Good Governance and Public Participation continued

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Good Governance and Public Participation	Practice Risk Governance	Comply with legislative and policy framework of government	Number of fraud risk awareness campaigns	1	0	Office of the Municipal Manager / COO
Reasons for non-achievement: The Risk Management is understaffed. The CAE was handed over with the responsibility of Risk Management and Fraud Prevention in May 2022 which was quite late for planning and execution of the awareness campaign.				Measures for improvement: On 01 June 2022, an email communication was sent out to at least bring awareness to staff regarding the existing Anti-fraud and corruption policy. Planning is already in progress to organise and host an event around Fraud Awareness within the District Municipality.		
Good Governance and Public Participation	Practice Risk Governance	Business Continuity Plan	Percentage of BCP Site deployed	100%	0%	Corporate Services
Reasons for non-achievement: Equipment procured for BCP and DRP i.e., printers, laptops and servers were allocated to new staff and used to replace old and obsolete equipment and the servers were allocated to MSCOA project for the subsystem integration. There were building structure issues with the BCP site however this is out of the ICT scope.				Measures for improvement: Procure Laptops, Printers and Servers for the BCP site. Revamp back-up solutions that support the back-up and restore of servers off site and cloud-based servers. The rollover of funds was also requested.		

Key Performance Area 6: Cross Cutting

NATIONAL KPA	OBJECTIVE	STRATEGY	PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	RESPONSIBLE DEPARTMENT
Cross Cutting	To enhance effective preparedness to disaster response	To enhance effective preparedness to disaster response	Percentage of temporary shelters procured	100%	0%	Community Services
Reasons for non-achievement: The target was not achieved due to changes that KCDM Disaster Management had to implement following the heavy floods that the District experienced in April 2022. Management requested that the provision of Wendy houses (wooden) shelters be discontinued but instead permanent structures be built for the affected communities.				Measures for improvement: 1. Budget was increased for the FY 2022/ 23 in order to allow the provision of permanent structures. 2. A memo was submitted to the MM for the approval of the tender process to commence in order to ensure that the Disaster Management Unit has the relevant suppliers of building materials readily available should there be disasters. The proposal is to appoint a panel of service providers that will supply KCDM with building material in case incidents are experienced. 3. BSC Tender Document and an Item have been drafted..		



KING CETSHWAYO
DISTRICT MUNICIPALITY

ANNEXURE A

**ORGANISATIONAL PERFORMANCE
MANAGEMENT SCORECARD FOR THE
2021/2022 FINANCIAL YEAR**



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

ADMINISTRATIVE STRUCTURES

The Organisational Structure was reviewed and adopted by Council at the beginning of the financial year. A revised recruitment and selection policy that seeks to address the imbalances in the employment profile of the Municipality, has been adopted by Council. There are 493 employees in the Municipality. Council approved six departments in the Municipality; the departments are as follows:

- Office of the Municipal Manager
- Corporate Services
- Technical Services
- Finance Services
- Community Services
- Planning and Economic Development Department

1. STAFF COMPONENT

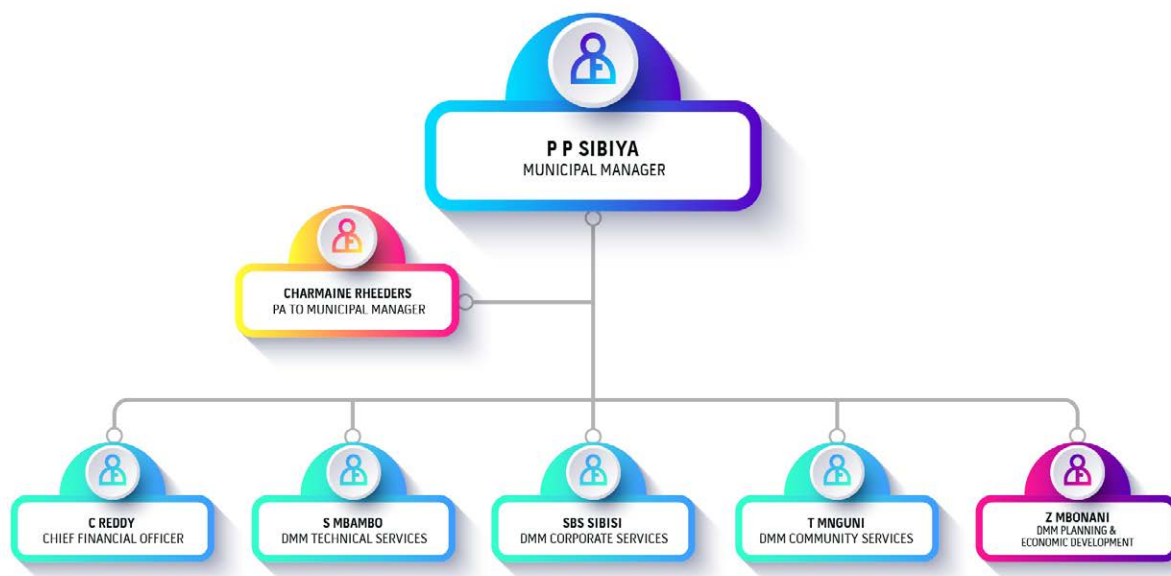
The Municipality had a compliment of 493 staff members, inclusive of five Section 57 staff members as well as five financial intern staff members included in these statistics.

Staff component

DEPARTMENT	NO OF STAFF
Office of the Municipal Manager	31
Budget and Treasury Office	91
Corporate Services	67
Community service	72
Technical Services	218
Planning service	14
Total	493

Senior Management:

All Senior Managers are responsible for portfolio committees in their departments.



EMPLOYMENT EQUITY DEVELOPMENT

The Municipality developed and approved the employment equity plan in June 2021 and this plan is being reviewed from time to time. There has been a major improvement in this regard. (See the table below)

EMPLOYMENT EQUITY IMPLEMENTATION	DESIGNATED GROUP	NON-DESIGNATED GROUP	WOMEN	TOTAL
Senior Management	6	0	3	6
Managers	20	0	10	20
Middle Management	51	2	25	53

One hundred percent of the total top management is made up of the designated group, while the non-designated group is zero percent. The senior management is one hundred percent from the designated group. Ninety-eight percent (98%) of the total staff complement is made up of the designated group and forty-five percent (45%) consists of women. In addition to that, two comma two percent (2,2%) of our staff falls under the category of people living with disabilities. See the table below which illustrates the figures:

ADMINISTRATIVE STRUCTURES

OCCUPATIONAL LEVEL DEPARTMENT	MALE				FEMALE				
	A	C	I	W	A	C	I	W	TOTAL
Senior									
Middle	10	Nil	Nil	Nil	08	Nil	01	01	20
Other Staff	26	Nil	01	01	19	Nil	01	01	53
	233	01	01	01	167	02	09	06	420
Total Staff	269	01	02	02	194	02	11	12	493



HUMAN RESOURCE SERVICES AND POLICIES

Human Resources' main areas of focus for the year were Employee Wellbeing, Health and Safety of employees, as well as pro-active and engaged Labour Relations. Towards these ends, we were responsible for Employment Equity, Training and Development, the Workplace Skills Plan, Employee Assistance Programme, Occupational Health & Safety and the Local Labour Forums.

POLICIES:

NAME OF POLICY	COMPLETED	REVIEWED	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
Acting Allowance Policy	Yes	Yes	27.05.2022
Code of Conduct for employees	Yes	N/A	As per Schedule 2 of Local Government Systems Act
Disciplinary Code and Procedures	Yes	N/A	As per Collective Agreement and Disciplinary Procedures
Emergency Evacuation Procedure	Yes	Yes	26.05.2017
Employee Assistance / Wellness	Yes	Yes	26.02.2021
Employment Equity	Yes	Yes	13.07.2016
Essential Services	Yes	N/A	Minimum Services Collective Agreement was rectified by CCMA on 10.10.2019. To be reviewed 1st quarter 2022/2023 FY.
Exit Interview Policy	Yes	No	12/09/2007 – to be reviewed in 2022/2023 FY
Grievance Procedures	Yes	N/A	As per Main Collective Agreement and grievance procedure
HIV/Aids	Yes	Yes	13.07.2016

POLICIES:

NAME OF POLICY	COMPLETED	REVIEWED	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
Leave Policy	yes	Yes	25.09.2020
Long Service Leave Policy	N/A	N/A	As per the existing KZN Conditions Collective Agreement
Occupational Health and Safety	Yes	Yes	13.07.2016
Reviewed 25.02.2022 (to be approved).	Yes	Yes	26.05.2017
Official Housing	Yes	Yes	21.08.2013
Overtime Policy	Yes	Yes	27.05.2022
Organisational Rights	Yes	N/A	As per Main Collective Agreement
Placement Policy	Yes	N/A	15.06.2020
Recruitment, Selection and Appointments	Yes	Yes	27.05.2022
Relocation Assistance to Officials	Yes	Yes	11.11.2009
Rental Allowance Scheme	Yes	Yes	17.03.2011
Sexual Harassment	Yes	No	30.11.2018 to be reviewed in 2022/2023 FY
Succession and Retention	Yes	No	12.03.2008 to be reviewed in 2022/2023 FY
Smoking Policy	Yes	No	22.06.2018
Scarce Skills Allowance Policy	Yes	Yes	05.12.2014
Study Aid Policy for Officials	Yes	Yes	27.05.2022
Substance Abuse Policy	Yes	Yes	26.03.2021
Subsistence & Travel Allowance Policy	Yes	Yes	09.03.2011 administratively amended 01.07.2022
Training and Development Policy	Yes	Yes	13.07.2016
Termination Policy	Yes	No	24.06.2015 – to be reviewed in 2022/2023 FY
Travel Allowance Policy for Management Officials	Yes	Yes	12.03.2008; to be reviewed in 2022/2023 FY
Travel Allowance Scheme for Non-Management Officials	Yes	Yes	28.08.2014 to be reviewed in 2022/2023 FY

EMPLOYEE TOTALS: APPOINTMENTS BY GENDER AND OCCUPATIONAL LEVELS

APPOINTMENTS MADE IN THE 2021/2022 FINANCIAL YEAR

(01 JULY 2021 TO 30 JUNE 2022)

TOTAL NUMBER OF APPOINTMENTS	70
Internal	7
External	60
Placement	2
Secondment	1
Appointments by Gender	70
Females	32
Males	38
Appointments by Occupational Level	70
Top Management	01
Top-Management (secondment)	01
Senior Management	07
Professional / Mid-Management	08
Skilled	08
Semi-Skilled	45
Unskilled	-

ANNUAL REPORT FOR LABOUR RELATIONS

The Labour Relations unit's core function and main focus is to maintain and control the application of specific procedures associated with a sound industrial relations climate, and strengthen the relationship between employer, employee and trade unions.

All disciplinary processes and grievance processes are dealt with in terms of the Disciplinary Procedure Collective Agreement. Labour Relations represents Council in all matters that falls within their scope of work.

The Labour Relations section is also responsible for the following:

- Facilitation of preparation meetings for Local Labour Forum (LLF Prep);
- Attending of Local Labour Forum meetings;
- Refer employees with drug and alcohol complications to the Employee Assistance Programme (EAP) and conduct awareness sessions with employees;
- Workshop disciplinary processes and procedures with employees;
- Foster better relationships between management and Trade Unions;
- Assist and advise line management and employees on conflict management and healthier relations.

LABOUR RELATIONS INTERVENTIONS CONDUCTED IN 2021/2022 FY

QUARTERS	TOPICS
QUARTER 1	▪ DISCIPLINARY PROCEDURE & CODE OF CONDUCT
QUARTER 2	▪ CODE OF CONDUCT ▪ ETHICS ▪ IR & EE INTERVENTIONS
QUARTER 3	▪ CAREER AWARENESS AND SKILLS DEVELOPMENT
QUARTER 4	▪ BULLYING AT THE WORK PLACE & IR INTERVENTION

COMPONENT B: CAPACITATING THE MUNICIPAL WORKFORCE

SKILLS DEVELOPMENT AND TRAINING

The Municipality strives to improve the skills of employees through facilitating the provision of quality NQF aligned training in order for the employees to acquire skill programmes, as well as preparing them for management levels. It also addresses the compulsory competency level which is a requirement of the Municipal Finance Management Act. Proper training and development is continuously needed as technology changes and new developments are uncovered in the industry. The Municipality offers bursaries to employees to assist them to broaden their skills and careers.



TRAINING INTERVENTIONS FOR THE 2021/2022 FY

TYPE OF TRAINING INTERVENTION		TOTAL NUMBER OF OFFICIALS TRAINED: 128
NQF Aligned Trainings		04
Continuous Professional Development Trainings		88
Compliance Trainings		16
TYPE OF TRAINING INTERVENTION		TOTAL NUMBER OF COUNCILORS TRAINED: 07
NQF Aligned		07
CPD		0

Employment Equity Report

KCDM recruits for vacancies against an approved employment equity plan. The employment equity plan is approved internally and has to be considered by the Department of Labour. There are Employment Equity quarterly meetings that monitor the implementation of the Employment Equity Plan. KCDM is committed to ensuring that the overall purpose of the EE Act is achieved in the workplace by:

- promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination
- implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups (black people, women and people with disabilities), in order to ensure their equitable representation in all occupational categories and levels in the workforce.

ACCREDITED PROGRAMME	NQF LEVEL	OCCUPATIONAL LEVEL	ADDRESS THE EE	NUMBER OF ATTENDEES
STRUCTURED TRAININGS				
Municipal Finance Management	8	Senior Management	1x Male	1
Managing for Impact	6	Mid Management	1x Female	3
Artisan Plumber trade	N/A	Unskilled	4x Males	4
Basic Map projections	6	Mid Management	1x Female	2
ArcGis Pro Standard	4	Skilled	1x Female	1

KCDM will demonstrate its commitment by taking active steps to promote employment equity in the workplace by:

- Implementing transformation interventions, which are aligned with and driving KCDM's business strategy.
- Facilitating an equitable representation of the workforce by attracting, developing and retaining employees from the designated groups.
- Implementing effective diversity management initiatives to establish and maintain an all-inclusive culture conducive to transformation.
- Making reasonable accommodation for employees from the designated groups and to provide a safe and enabling work environment for all employees.

The following are the Employment Equity (EE) Committee members:

EE REPRESENTATIVES	CONSTITUENCIES REPRESENTED
MS T MNGUNI	TOP MANAGEMENT OCCUPATIONAL LEVEL
MR S. NGWENYA	SENIOR MANAGEMENT OCCUPATIONAL LEVEL
MR C MNTAMBO	PROFESSIONAL/ MIDDLE MNGT OCCUPATIONAL LEVEL
MR Z DLAMINI	SKILLED OCCUPATIONAL LEVEL
MS Z MYEMI	SEMI – SKILLED OCCUPATIONAL LEVEL
MS A. HADEBE	UNSKILLED OCCUPATIONAL LEVEL
MR B HLOPHE	AFRICAN MALES
MS C MULQUEENY	COLOURED MALES AND FEMALES
MS L. DHLODLO	AFRICAN FEMALES
MRS N SINGH	INDIAN MALES AND FEMALES
MS C COOK	ALL FEMALES & MALES
MR S. MLONDO	SAMWU
MS C COOK	IMATU
MR B. ZWANE	PEOPLE WITH DISABILITIES

The EE Committee submitted its reports to the Department of Labour on EEA2 and EEA4 on 30 November 2021. The table below provides the numeric targets, including People with Disabilities, as at 30 June 2022. The EE Target for the 2021/2022 financial year is 50% per quarter, and the achievement for the year is as follows:

1ST QUARTER 1 JULY TO 30 SEPT. 2021	2ND QUARTER 1 OCT. TO 31 DEC 2021	3RD QUARTER 1 JAN TO 31 MARCH 2022	4TH QUARTER 1 APRIL TO 30 JUNE 2022
90.47% %	59.37%	100%	100%
Overall percentage average achieved for the 2021/2022 FY Financial Year			87.46%
EMPLOYMENT EQUITY MEETINGS HELD DURING 2021/2022 FINANCIAL YEAR			
1 July to 30 Sept. 2021	1 Oct. to 31 Dec 2021	1 Jan to 31 March 2022	1 April to 30 June 2022
04.08.2021	10.11.2021	03.02.2022	21.07.2022

COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE

INJURIES AND WELLNESS OF EMPLOYEES

OCCUPATIONAL HEALTH AND SAFETY

The Occupational Health and Safety Act 85 of 1993 states that every employer and employee has a duty to comply with the requirements of the Act. The municipality must ensure that responsibilities for health and safety are assigned, accepted and fulfilled at all levels within the municipality, as well as promote a work environment where hazards and associated risks are eliminated and/ or mitigated through our Occupational Health and Safety solutions. The municipality has a functional OHS Committee led by the Municipal Manager.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETINGS

OHS MEETING	TARGET	NUMBER OF MEETINGS HELD
All the Health & Safety Reps from all the Departments attended the OHS meetings	4	4

INJURIES ON DUTY (IOD)

King Cetshwayo District Municipality has shown a marked improvement regarding compliance with administration of occupational health and safety. Employees are also better informed of their responsibility to report sustained injuries. King Cetshwayo District Municipality has shown a marked improvement regarding the management of Injury On Duty cases. The number of IODs reported for this financial year is eight (8) incidents. The eight (8) incidents/ injuries were recorded with the Department of Labour in line with the Occupational Health and Safety Act. The Municipality noted that there was an increase of incidents in this financial year.

NUMBER AND COST OF INJURIES ON DUTY				
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee
	Days	No.	No.	Days
Required basic medical attention only	7	2	0	3.5
Temporary total disablement	0			
Permanent disablement	0			
Fatal	0			
Total	7	2		3.5

EMPLOYEE ASSISTANCE PROGRAMME (EAP)

King Cetshwayo District Municipality cares about the health and social well-being of its employees and recognizes that there are a number of personal problems which impact negatively on the employees' personal and work lives. Personal problems can have a detrimental effect on performance, productivity and behaviour in the workplace.

Various EAP wellness programmes were held and awareness circulars made available to all staff in order to sensitize them about infectious diseases.

2021/2022 FINANCIAL YEAR WELLNESS PROGRAMMES AND AWARENESS	
WELLNESS PROGRAMMES	AWARENESS CIRCULARS CIRCULATED TO ALL STAFF
- Importance of vaccination for Covid 19 - Vaccines administered during Occupational medicals - Trauma debriefing for Cemetery employees	- Tuberculosis Awareness - Malaria and Tobacco Awareness - Cancer Awareness - Hepatitis Awareness - Monkey Pox Awareness

FLEET MANAGEMENT

Fleet (vehicle) management includes a range of functions, such as vehicle financing, vehicle maintenance, vehicle telematics (tracking and diagnostics), driver management, speed management, fuel management and health and safety management. These functions are dealt with by an in-house fleet department with the assistance of a service provider from whom Council leases the vehicles.

We have a pool of approximately one hundred and one (101) vehicles and forty-four water tankers, with two Fleet Officers and one General Assistant (Fleet) controlling the utilization and giving guidance to officials on vehicle utilisation. This is done in line with the Pool Motor Vehicle Policy and Procedures. The Officer controls the day-to-day management of the municipal fleet. The pool vehicles may only be used by licensed employees who are not on the subsidised scheme, to perform their duties.

Through the monthly reporting to Management on the mileage, fuel and oil consumption, Council prevents the occurrence of unnecessary costs and misuse of vehicles. The Policy on Upper Limits of Remuneration for Councillors, touching specifically on travel allowances and out of pocket expenses is reviewed regularly, and is currently being implemented in terms of the latest gazette issued. A policy also regulates the use of pool vehicles by councillors to ensure that it is in terms of the revised government notice of the time.





THE CURRENT FLEET COMPRISES AS FOLLOWS:

SERVICE PROVIDER	KCDM VEHICLE	NO. OF VEHICLES AS PER TENDER	AVAILABLE VEHICLES
Service Provider 1	Leased	50	50
Service Provider 2		51	51
As at 30 June 2022		101	101
KCDM Owned Vehicles	Water Tankers	44	44
	Leadership Vehicles	4	4



FINANCIAL SUPPORT, BUDGET PROCESS MANAGEMENT AND BUDGET REPORTING SUBSECTION

The process of planning to the approval of each MTREF (Medium Term Revenue and Expenditure Framework) is a continuous cycle, commencing immediately after the ensuing years' MTREF is approved by Council.

The 2021/22 (MTREF) was tabled before Council on 26 March 2021. The community consultation process was thereafter published on the municipality's website, and hard copies were made available on local municipalities' notice boards and in local newspapers. Due to the Covid-19 pandemic that had gripped our country and the subsequent proclamation of countrywide lockdown by our President, other innovative ways were employed to ensure the draft budget reached our communities.

These were:

- The municipal website
- 1KZNTV
- Radio interviews
- Publication of the draft budget supplement in the local newspapers
- Social media: Facebook, WhatsApp and Twitter

The public was asked to view the full budget on our website and social media, and to comment through email, Facebook Messenger, writing to the Municipal Manager or Fax.

All documents in the appropriate format (electronic and printed) were provided to Provincial and National Treasuries, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Following the community consultation process any additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant were considered as part of the finalisation of the 2021/22 MTREF. Council adopted the 2021/22 MTREF on 28 May 2021.

National Treasury strives to ensure that municipalities prepare a budget document that provides concise and understandable financial and non-financial information, which will ensure that informed decisions are made to promote effective financial management and service delivery. By ensuring that the allocation of financial resources is aligned to service delivery targets it will be clear what services are being promised when budgets are approved.

During the introduction of the Municipal Budget and Reporting regulations in 2009, National Treasury created a template called "Batho Pele City" as a guide for municipal officials responsible to produce their real municipal budget documents. The aim of the Budget Guide is to provide more detailed guidance on the format and content of a municipal budget so as to ensure full compliance with both the letter and the spirit of Schedule A of the Municipal Budget and Reporting Regulations.

In light of the above, Council's Tabled and Adopted Budget report was prepared in line with the template provided by National Treasury. An exceptional exercise in the 2021/22 financial year was the ongoing implementation of mSCOA. Although mSCOA is a business reform that requires transformation from the whole administration, the core operational steering team resides with the Budget & Reporting section. This was achieved in addition to the continued high standard of budget, control, reporting and support. The mSCOA uploads of the data string was successfully achieved in the 2021/22 financial year.

The municipality had four adjustment budgets that were approved during the 2021/22 financial year. These were the reasons for the adjustments:

- Rollover Adjustment Budget as per Section 28(2) (b) and (e) of the Municipal Finance Management Act (MFMA). This pertains to the Capital Internal funded projects and provincial grants.
- Main Adjustment Budget which was done in February 2022 after management had presented the midyear budget assessment report, where it identified gaps where shifting of funds could be applied based on prioritisation of projects.
- Additional Revenue Adjustment Budget

King Cetshwayo District Municipality made an application on the 22 June 2021 for additional funding for Middledrift Bulk Water Supply: SSA 3 – Phase 1a, of an amount of R14.6m. Only R10m was approved as contained in Gazette No. 46095 for Regional Bulk Infrastructure Grant (RBIG).

Regulation 23(3) of the Municipal Budget and Reporting Regulations, states that if a National or Provincial adjustments budget allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available Council meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustment budget referred to in section 28(2)(b) of the Act in the municipal Council to appropriate these additional revenues.

In accordance with the above, this adjustment budget was approved by Council on 28 April 2022 per resolution KCDMC: 180/2022.

- The fourth and final adjustment budget was tabled and approved by Council on the 29th June 2022 per resolution number KCDMC:412/2022. This was occasioned by the consequences of the floods in March/April 2022 which had a devastating effect on the Kwa-Zulu Natal Province.

The King Cetshwayo District was also affected as some families lost their loved ones as well as experienced destruction of their homes as a result of the floods. The municipal infrastructure was also damaged during these floods.

Following these severe weather events, the Municipality undertook an assessment of damages to various water, sanitation and solid water management infrastructure, which were estimated at R40,38m.

A letter from the National Treasury was received on the 15th of June 2022 wherein the approval to utilise a portion of the Municipal Infrastructure Grant (MIG) to alleviate the effect of the disaster, was granted by NT. Approval for the utilisation of the Water Services Infrastructure Grant (WSIG) was also subsequently received.



REVENUE

To deliver services effectively, municipalities rely on their own revenue and grants. However, to this end, the issue of non-payment of municipal consumer debts by recipients of services, including government departments, poses a serious threat to the financial health of municipalities in South Africa. This state of affairs cripples the cash position and the ability to fulfil the constitutional mandate responsibilities of municipalities and puts further reliance and pressure on government for grants.

The King Cetshwayo District Municipality is also affected by this persistent increase of consumer debt which to date stands at R 97 721 958 inclusive of current debts and VAT. Nevertheless, the Municipality is working tirelessly to put in place creative measures towards recovery of some of its debts and to curb the increase thereof. In the year under review each debtor account was profiled against private sector credit and consumer data so as to segment each consumer into categories. In cases where consumers were classified as financially vulnerable, such debts were written off. The amount written off by Council (Per KCDM: 404/2022) on 29 June 2022 was R4 992 013.

The major revenue streams of the municipality are service charges and government grants. The following are the main streams of revenue of the municipality:

- Water Revenue
- Sanitation Revenue
- Solid Waste Revenue
- Cemetery Revenue
- Rental and Air quality renewal

Revenue collection is made possible through two groups of individuals, firstly the Consumer Billing Staff, who are tasked with obtaining meter readings and billing of consumers. Their work then culminates into a debt obligation arising, whereupon a team of 6 credit controllers and 3 handymen will pursue debts under the supervision of the Chief Credit Controller.

The Key performance indicators of the units are to:

- Collect a minimum of 88% of all billed revenue
- Ensure that a minimum of 90% of all default notices prepared reach the intended recipients
- Hold at least 3 community meetings per quarter.

Aiding the revenue billing and collection processes are appointed service providers who provide their specialist services. These include;

Meter reading
 Printing of monthly statements
 Cash in transit facility
 On line debtor tracing

Revenue collection is based on the integrity of the two predominant components, i.e metered service delivery and billing. The municipality has constantly applied its Credit Control & Debt Collection Policy and continuously intensifies its debt collection strategies, such as the early reminder for payments of accounts using SMSs, engaging with government departments and indigent registration. In addition, households were randomly visited to verify that they are properly metered and paying for the services they are receiving.

Furthermore, the District monitors the top 20 debtors in each category very closely by engaging with them on an ongoing basis to ensure payments are made on time.

The District has explored the prepaid systems available in the marketplace, with projects being tested as early as in 2013. These systems have posed challenges, and though technological advances made over the years, it would seem that more development is required in the field of prepaid water meters. Council's long-term strategy with regards to future metering projects is therefore under review.

Revenue by Source

During the year service charges were received through the following core functions of the Municipality:

	2021/2022		
SERVICE	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL REVENUE
Water	87 200 579	61 420 092	61 144 488
Sanitation	8 676 785	8 676 785	8 556 813
Refuse	30 628 318	33 628 318	33 310 988
Cemetery	427 979	427 979	469 302

Water budgets were initially crafted, taking into consideration tanker deliveries to schools, in accordance with the KZN Department of Education's COVID-19 prevention measures. This programme did not continue into the year and as such the revenue was subsequently adjusted downwards.

The budget for solid waste was adjusted upwards following a better than anticipated waste intake over the year, especially from the domestic sector, and through intensive clean-up campaigns through the City of Umhlathuze

REVENUE BILLED VS COLLECTION PERFORMANCE

The COVID-19 lockdown fundamentally changed the payment patterns of certain consumers. Debt collection fell in the wake of the COVID-19 pandemic and though there was notable recovery as the country slowly recovered from the restrictions, the effects of the pandemic has extended far beyond the National state of disaster. Many consumer's inability to pay for their services due to the prevalence of unemployment and poverty within the municipality's boundaries, were exacerbated by the effect/impact caused by the Covid-19 pandemic season.

Unfortunately, the unprecedented challenge of COVID-19 was not an isolated case; to compound the devastation further, the unrest and acts of violence experienced in July 2021 created further mayhem for the District and its consumers, many of whom suffered losses to income, thus crippling their payment ability.

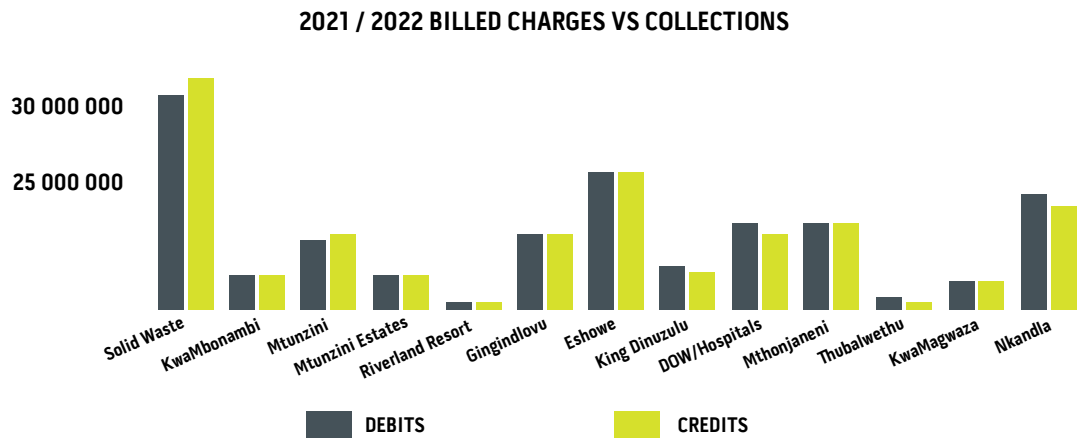
The analysis of the collection ratio for billing raised versus receipts per town for the year, is summarized below. To note the computations below summarize the total value of invoices generated for the period, in comparison to the amount of actual cash received from the respective area.

COLLECTION TRENDS PER AREA – 2021/2022

AREA	DEBITS	CREDITS	COLLECTION RATE	WRITE OFF AMOUNT	COLLECTION RATE EX. OF WRITE OFFS
SOLID WASTE	25 469 511.00	26 041 606.00	102%	-	102%
KWA-MBONAMBI	2 119 638.00	2 089 263.00	99%	31 741.33	97%
MTUNZINI	7 062 950.00	7 244 629.00	103%	63 777.48	102%
MTUNZINI ESTATES	2 122 472.00	2 012 266.00	95%	-	95%
RIVERLAND RESORT-MTUNZINI	94 255.00	95 515.00	101%	-	101%
GINGINDLOVU	7 576 484.00	7 261 440.00	96%	252 345.03	93%
ESHOWE	15 040 304.00	15 129 495.00	101%	466 858.05	97%
KING DINUZULU	4 400 032.00	3 372 250.00	77%	312 989.63	70%
DOW/HOSPITALS/CLINICS/SCHOOLS	7 217 791.00	6 414 392.00	89%	-	89%
MTHONJANENI	5 908 958.00	5 716 120.00	97%	143 638.28	94%
THUBALETHU	893 200.00	36 975.00	4%	450 929.59	-46%
KWA-MAGWAZA	1 716 559.91	1 542 908.00	90%	180 883.40	79%
NKANDLA	9 725 731.00	8 145 672.63	84%	636 320.77	77%
NZALABANTU / MZINGAZI	2 177 074.00	24 423.58	1%	2 794 824.08	-127%
TOTAL	91 524 959.91	85 126 955.21	93%	5 334 307.64	87%

The collection rates as quoted in the above table are inclusive of write-offs amounting to R4 992 013, that were approved by Council as per KCDM/404/2022 on 29 June 2022. The write-off evaluation was based on the critical analysis of each debtor's financial position.

GRAPH A:

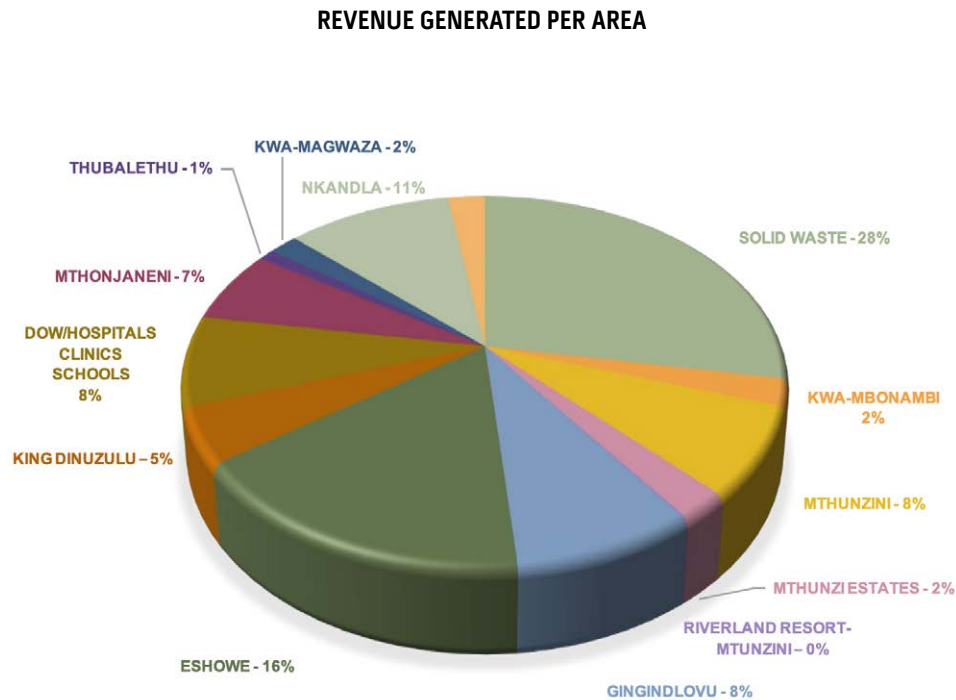


The graph above depicts the collections vs the billing per area as per the detailed preceding table

Revenue per area

The graph below depicts the areas where revenue is generated through service charges;

GRAPH B



INDIGENT

The provision of basic services to the poor remains a top priority for government. With over half of South Africa's population living in poverty and the economy still recovering from recession and the impact of the Covid-19 pandemic that resulted in communities losing their livelihoods, the indigent programme continues to be a vital lifeline for the municipal households that would otherwise not have had access to basic services.

In order to benefit from this programme households are required to register with the municipality to qualify for free basic services. The municipality's role is to vet every application, selecting only those households that meet various criteria; among these being a family earning a combined income of less than R3 960.00 per month. Successful applicants are granted indigent status.

The District often runs awareness campaigns to ensure that households are aware of the application process. An indigent status is not for life, as the economic status of a family might change and improve over time. Therefore, to ensure that only the poorest families are catered for, the District requires registered households to reapply for indigent status on a yearly basis.

Participation in Council's Indigent programme is subject to the following mandatory prescripts;

- a) Maximum property value to not exceed R 400 000.00 as determined through the MPRA.
- b) Maximum household income to not exceed the equivalent of two state old age grants
- c) Vetting through Council's service provider to verify through due diligence the information submitted and confirm the applicant's financial position.

The indigent package is as follows:

- Free Sewer charges (water borne systems)
- No refundable deposits
- 6 kilolitres free water

As at 30 June 2022 the following information was available on the water users who are registered as indigent: Registered number of Indigents – 746

Free basic services are funded through the equitable share allocation. It must be noted that the delivery of free basic water extends beyond the conventional metered house supply as many residents within the District access free water from standpipes, water tankers, jojo tanks, unmetered yard connections, stand pipes and boreholes.

Based on data as utilised by National Treasury for determination of the Equitable Share formula, there are a total of 242 016 households within the District.

Inclusive hereto is 121 624 households which are serviced by the City of uMhlathuze, who would apply their own Indigent benefits. The remaining households are serviced by the District per the table below;

AREAS	NUMBER OF HOUSEHOLDS	HOUSEHOLDS WITH MONTHLY INCOME LESS THAN 2 OLD AGE PENSIONS	EQS FOR WATER	EQS FOR SANITATION
UMfolozi	33 130	22 253	41 586 099	29 716 164
uMlalazi	49 268	33 096	61 648 536	44 195 086
Mthonjaneni	16 121	11 136	20 809 804	14 870 054
Nkandla	21 853	14 728	27 522 770	19 666 935
King Cetshwayo District Municipality	120 372	81 213	151 567 209	108 448 239
			260 015 448	

The cost of servicing the 120 372 consumers over the 2021/2022 financial year cost Council as follows:

SERVICE	OPERATIONAL EXPENDITURE	TRADING SERVICE CHARGED
Water	579 938 000	60 144 488
Sanitation	43 222 000	8 886 813
Total	623 160 000	69 031 301

The above highlights that a large population of our consumers are serviced through free basic services, thus the number extends to much more than the limited number of registered indigents who are predominantly metered-urban and semi-rural consumers only.

Tariffs

The District is a Water Services Authority (WSA) having a responsibility to ensure the sustainability of water supply in its area of jurisdiction. The costs involved in delivering water services need to be recovered by means of a tariff charge. A punitive measure in the form of stepped tariffs for both domestic and commercial consumers is implemented to continuously provide water supply and to support conservation of the water resource.

The district is also responsible for the provision of solid waste services, and such service operates under strict compliance to the environmental regulations. The operations and maintenance cost in running the landfill site is quite high. It is therefore extremely important that the determination of waste tariffs are affordable and equitable in order to generate the revenue required to cover all the costs incurred.

However, cognizance needs to be drawn to the fact that tariffs are at present not fully cost-reflective across all services due to the high cost associated with provision of services and such position is not financially sustainable to the municipality.

Average Tariff increases per category for 22/23 is as follows:

Water	-	7%
Sanitation	-	7%
Solid Waste	-	6%
Cemetery	-	5%

COMMUNICATION

The Municipality believes that a sound communication strategy is a critical element to the building of local government's long term sustainability. It is the municipality's belief that only through communication campaigns, can the expectations of customers and the municipality be clearly articulated and understood, thus strengthening the relationship between the municipality and its customers. It is for these reasons that the revenue section holds regular meetings and workshops with all relevant community stakeholders such as ward councillors, government organizations and other elected community leaders. Communication systems through email and sms have been implemented for some time and consumers have embraced this method, more especially after the disruption to postal services caused by the Covid-19 lockdown.

EXPENDITURE:

Introduction

The Expenditure Section is divided into two main subsections, that is Expenditure for processing of payments to creditors and Payroll for processing of salary-related transactions for councillors and staff. The section comprises 15 permanent employees as well as rotating interns who are students from tertiary institutions, with an aim of training them in the practical application of municipal finance and processing of payments.

Background

The Expenditure section is driven by the MFMA as the main legislation for compliance to payments within 30 days, as required by section 65 of the MFMA, particularly section 65 (e) "that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure."

The Payroll section is also governed by the MFMA and its circulars, as well as other legislation for payments of salaries and allowances. In addition, the section must keep up to date with statutory changes from SARS, Salga, and the South African Local Government Bargaining Council. The annual changes to employee salaries are effected through the collective agreement as negotiated in the bargaining council for annual increases. Other changes are effected through policies that impact on payments, Internal audit recommendations and business process improvements.

Key Performance Areas of the section include:

- Compliance with legislation
- Management of risk inclusive of Business Continuity Plan and implementation of proper internal controls
- Develop sound financial reporting mechanisms for the above functions
- Prompt payment of all categories of creditors being creditors, sundries and capital in nature
- Prompt payment of staff salaries and councillor allowances
- An accurate and effective financial management system
- Submission of financial information for AFS preparation
- Submission of information for budget compilation
- Prompt responses to internal and external audit queries
- Annual review of the Creditors, staff and Councillors payment policy

Statistical and performance information for Expenditure section for the year 2020/2021

Though the legislation requires that creditors are paid within 30 days, the municipality endeavours to pay SMME's within 14 working days of receipt of invoices, statements and supporting documents, to assist SMME's with cash flow due to it being a major problem for small businesses.

The challenges that are faced by the department are that of the suppliers' inability to send statements on a monthly basis in order to enable the department to fully achieve the vision of timely payments of creditors. There are however, mechanisms that are being used to encourage this best business practice and some positive results have been seen. In addition, there are instances where documentation may not be accurate, as well as Departments not being satisfied with the product or service and thus payments are delayed until such time that the contractual obligation is met.

The Expenditure Section has processed 3 930 Electronic Payments from 11 825 invoices received from suppliers in the 2021/2022 financial year, which resulted in Expenditure of more than R 888 million paid to suppliers.

The Expenditure section has paid 100% of their creditors, where invoices and budgets were correct, within 30 days in 2021/2022. From the total number of invoices processed, 3.9% of these were not paid within the 30-day period, as they had to be referred back to the various user departments for queries to be resolved, such as budgetary problems, incorrect information on invoices or lack of supporting paperwork.

The table below summarises the number of payments and the value paid each month.

NUMBER AND VALUE OF CONTRACT / CREDITORS PAID

	DATE	NO OF PAYMENTS	VALUE
2021	July	243	78 365 881.28
	August	241	49 128 886.89
	September	429	135 135 717.08
	October	323	63 121 716.52
	November	308	45 961 690.34
	December	247	67 527 344.47
2022	January	244	36 807 241.69
	February	422	79 596 573.11
	March	402	110 760 112.85
	April	249	55 949 975.56
	May	316	72 012 384.70
	June	506	94 086 127.57
	Totals	3 930	R 888 453 652.06

The payroll section processes the salaries and wages to permanent and contract staff.

The table below summarises the Salaries, 3rd party payments and statutory tax paid to SARS on behalf of employees and councillors.

PAYMENTS OF STAFF SALARIES, 3RD PARTIES AND SARS

	DATE	STAFF & COUNCILLORS SALARIES	3RD PARTIES	SARS
2021	July	11 139 663.26	5 266 362.06	3 923 344.52
	August	11 127 313.17	5 286 873.21	3 803 657.97
	September	11 127 524.66	5 263 610.90	3 886 901.09
	October	12 232 813.70	5 678 501.24	4 523 549.92
	November	21 530 520.55	5 172 328.91	4 000 096.65
	December	12 365 241.90	5 246 529.82	4 533 154.26
2022	January	11 448 363.71	5 439 912.13	4 269 871.75
	February	11 492 012.70	5 352 384.11	4 207 946.83
	March	10 999 391.89	5 336 302.18	4 186 603.05
	April	11 193 048.41	5 373 905.25	3 952 356.06
	May	11 497 682.14	5 337 472.38	3 874 750.71
	June	11 821 728.76	5 383 586.70	3 935 318.45
	Totals	R 147 975 304.85	R 64 137 768.89	R 49 097 551.26

The above table reflects the monthly employee related costs for the municipality, with the high salary bill for the month of November being a result of paying bonuses to staff. Included in the payments of salaries above are payments for overtime, leave pay, travel allowances and travel claims.

The annual increase for Councillors was published by COGTA on the 2 June 2022 (Gazette 46470), and it made provision for a 3% increase for all councillors, with effect from 1 July 2021. The increases and back pay were calculated and approved by the MEC for COGTA and paid to all councillors in July 2022.

Conclusion

The section has shown significant improvement over the years as staff has gained more knowledge and experience in their roles and responsibilities. Ongoing training on the use of the Financial System Solar was done throughout the year, in order to increase usage and performance of the section. Training on the new budgeting system was also done in the year. The section along with HR are in the process of initiating a new payroll system that will integrate with Solar.

The Expenditure Department had to adapt to the impact of the COVID-19 crisis, and has successfully managed a work from home system, as well as the reintegration back into working full time in the office. This ability to be able to work from home at short notice was put into use during the July 2021 riots, and the department was able to continue to work and process during this time.

MANAGEMENT ACCOUNTS AND ASSETS

Introduction

The Management Accounts and Reporting and Asset Sections is divided into two sections - Management Accounts & Reporting and Assets.

The Management Accounts and Reporting Section is primarily responsible for cash flow management, administration of the investment portfolio, borrowing portfolio, monthly reporting on the management accounts and the preparation of the annual financial statements.

The Assets Section is primarily responsible for financial asset management and administration of the insurance portfolio.

Key Performance Areas

- Compliance with legislation
- Management of risk
- Implementation of sound internal controls
- Implementation and the annual review of the District's Investment and borrowing and banking policy
- Develop sound financial reporting mechanism for the above functions
- Preparation of the Annual Financial Statements for Council
- Investment portfolio administration
- SDBIP for finance department
- Submission of financial information for AFS preparation
- Prompt responses to internal and external audit queries

INVESTMENTS, CASH FLOWS AND BORROWINGS

Cash flow is of vital importance to the health of a municipality. The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) requires that a municipality must establish an appropriate and effective cash management and investment policy. Under this policy framework, the municipality must:

- Conduct its cash management and investments; and
- Invest surplus cash that is not immediately required for expenditure purposes. This surplus could include income from trading services, rentals, grants and interest earned on investments.

One of the municipality's incidental revenue streams is that of interest earned from the placing of investments. In order to regulate the transactions pertaining to investments, an approved investment policy has been adopted and is reviewed on a yearly basis (Last review dated 27 May 2022 – KCDMC: 388/2022). The policy is aimed at gaining optimum return on investments without incurring undue risks. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management, which must identify surplus amounts to be invested and when those funds will be needed by the municipality's operations. All investments are made with institutions which comply with the Banks Acts, 1990 (ACT No.94 of 1990).

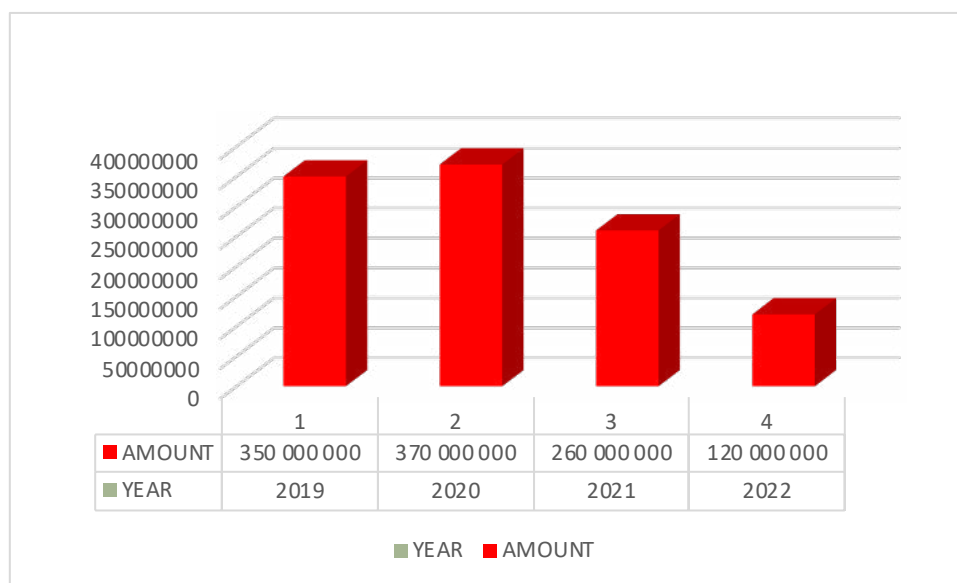
The value of invested funds at any point is purely as a result of cashflow requirements at a particular point in time, whereby the expenditure and receipt of funds are analysed so as to utilise unused funds in generating interest income (noting grant funding is received in tranches in advance). It must be noted that the value of investments unfortunately does not constitute as surplus funds as at all times the cash holdings are in lieu of certain reserves and cash flow commitments.

The Department reports regularly to His Worship the Mayor, the Finance Portfolio Committee, the National Treasury and Provincial Treasury in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations.

FINANCIAL INSTITUTION	MATURITY DATE	INVESTMENT AMOUNT
NEDBANK	On call	20 000 000
STANDARD	15 July 2022	30 000 000
STANDARD	15 August 2022	70 000 000
		120 000 000

The municipality's investment portfolio commenced the year with an investment holding of R260 000 000, invested R1 350 000 000 during the year and R 1 490 000 000 matured. An average interest rate of 4.64% (FY21 – 4.24% and FY 20 – 6.98%) was received on investments placed for the financial year and the result interest income of R12 503 623 (FY21 – R11 812 877) was realised for the year. It must be noted that the impact of the global pandemic affected the South African prime lending rates and as such, interest rates received from banks on investments placed in the financial year have steadily increased from the previous year.

INVESTMENT SUMMARY AS AT 30 JUNE



Leverage (Borrowing) and capital structure

The municipality evidenced a very strong gearing position, underpinned by very low utilisation of debt in the financial year.

Accordingly, net debt to income is negligible; while cash flow coverage ratios have declined in the year under review from 5.51 months in FY21 to 5.30 in FY 22, they still remain within the norm of three months.

The municipality reported outstanding debt with a principal value of R15.8m at FY22 (FY21: R24.3m). This comprises a facility with ABSA (R11 849 312) and one with INCA (R4 000 116). Both facilities have been steadily amortised for more than ten years, with two and one years remaining respectively until they are fully expunged.

Similarly, operating cash flow coverage of debt and interest has been very high. Accordingly, the municipality has a significant low gearing capacity (gearing ratio of 0.62%) and does not foresee any pressure from gearing over the short to medium term as the municipality has not budgeted for the uptake of any new loans.

The municipality regulates all transactions pertaining to borrowings through an approved borrowing policy, which has been adopted and is reviewed on a yearly basis (Last review dated 27 May 2022 – KCDMC: 388/2022).

The table below reflects all loan obligations as at 30th of June 2022:

FINANCIAL INSTITUTION	LOAN /ANNUITY	LOAN TERM	INTEREST RATE	REMAINING	OUTSTANDING
ABSA Bank	R 46 000 000	15 years	12.6%	2 years	R 11 849 312
INCA	R 30 000 000	15 years	11.95%	1 years	R 4 000 116

Credit rating assessment

The municipality continues to undertake a yearly credit assessment issued by a suitably qualified credit rating agency, namely Global Credit Rating (GCR) as part of the prescripts of the loans. The rating for the 2020/2021 financial year was concluded by the agency in June 2022 and the Municipality was awarded an (A1 short term credit rating) and an (A long term credit rating), which is indicative that the municipality has maintained its rating for the past ten years. Furthermore, the Municipality has received a stable rating outlook.

The table below outlines the municipality's credit rating since the initial rating to that of 2021:

The table below outlines the municipality's credit rating since the initial rating to that of 2021:

SECURITY CLASS	MEANING	09/10 RATING	10/11 RATING	11/12 TO 19/20 RATING	20/21 RATING
Short Term	Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.	A1-	A1 -	A1	A1
Long Term	High credit quality. Protection factors are good. However, risk factors are more variable and greater in A- periods of economic stress.	A-	A -	A	A

- Short Term Debt Rating Scale – rates an organisation's general unsecured credit worthiness over the short term (i.e. over a 12-month period). Such a rating provides an indication of the probability of default on any unsecured short term obligations, including commercial paper, bank borrowings.
- Long Term Debt Rating Scale – rates the probability of default on specific long term debt instruments over the life of the issue. It is possible that different issues by a single issuer could be accorded different ratings, depending on the underlying characteristics of each issue (e.g. is it a senior or subordinated debt instrument, is it secured or unsecured and, if secured, what is the nature of security).
- A Rating Outlook indicates the potential direction of a rated entity's rating over the medium term, typically one to two years. It reflects financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. The outlook may be defined as being "Positive" (the rating symbol may be raised), "Negative" (the rating symbol may be lowered) or "Evolving" (the rating symbol may be raised or lowered). The latter is recognized where the fundamental trend has strong, conflicting elements of both positive and negative. An outlook may be defined as "Stable" if there is nothing to suggest that the rating will change. An outlook is not necessarily a precursor of a rating change or future Rating Watch action.

Although the municipality has maintained its ratings over the last ten years and has also received a stable outlook from the rating agency, it must be noted that certain triggers may impact the municipality both negatively and positively.

Rating Triggers

KCDM's ratings are at the upper limit for South African District municipalities, with further progression unlikely unless there is a fundamental change in the District's operating structure. Conversely, downward ratings pressure could arise if the District evidences a marked reduction in government support or registers a deterioration in its operating balances, which could result in a significant weakening of liquidity.

Rating strengths

- Low level of indebtedness expected to ensue as capital expenditure is predominately grant funded
- Strong liquidity profile from negligible short term debt maturities and ample cash on balance sheet

Rating weaknesses

- Small municipality with weak socioeconomic profile
- Lack of income diversity and reliance on grant funding structure limits operating flexibility

It would be imperative for the municipality to not only manage the strengths outlined above but also try to change the weaknesses into opportunities.

FINANCIAL RATIOS

The following table depicts some of the key ratios which gives an overview of the performance of the district municipality over the years.

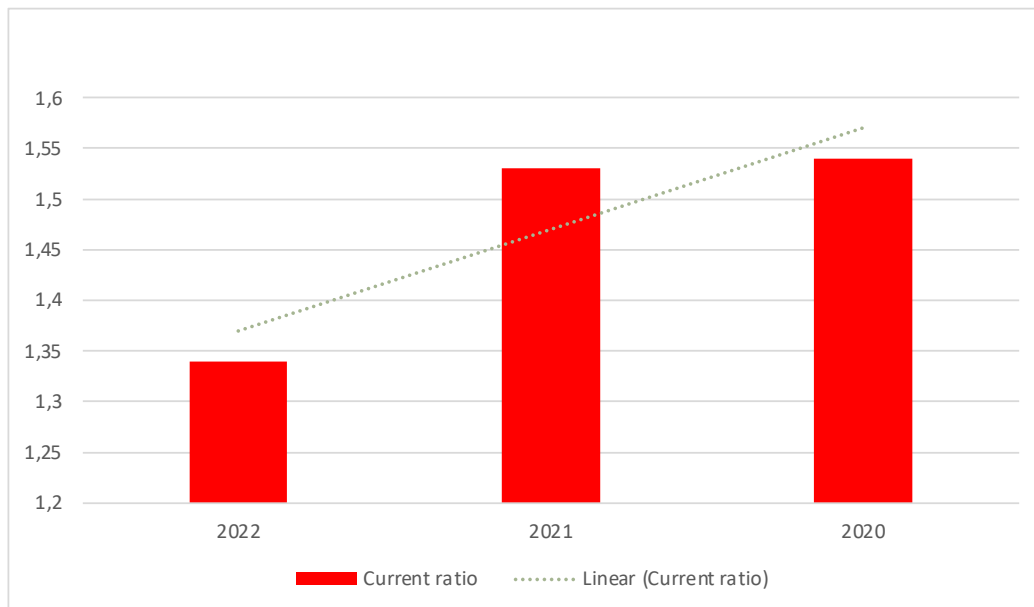
RATIO	2022	2021	2020
Current ratio	1.34:1	1.53:1	1.54:1
Employee costs	29%	27%	27%
Borrowings increase/(decrease)	(8.4)mil	(7.5)mil	(6.7)mil
Debt coverage	19.37	26.13	29.43
Cost coverage	5.30	5.51	6.82

Current ratio

The Current Ratio represents the ability of the Municipality's current assets to service its current liabilities. This ratio shows a downwards trend over the three years under review and the Municipality had a ratio of 1.34:1 in the 2021/2022 financial year.

The norm for this ratio is that of 1.5 – 2.0:1.

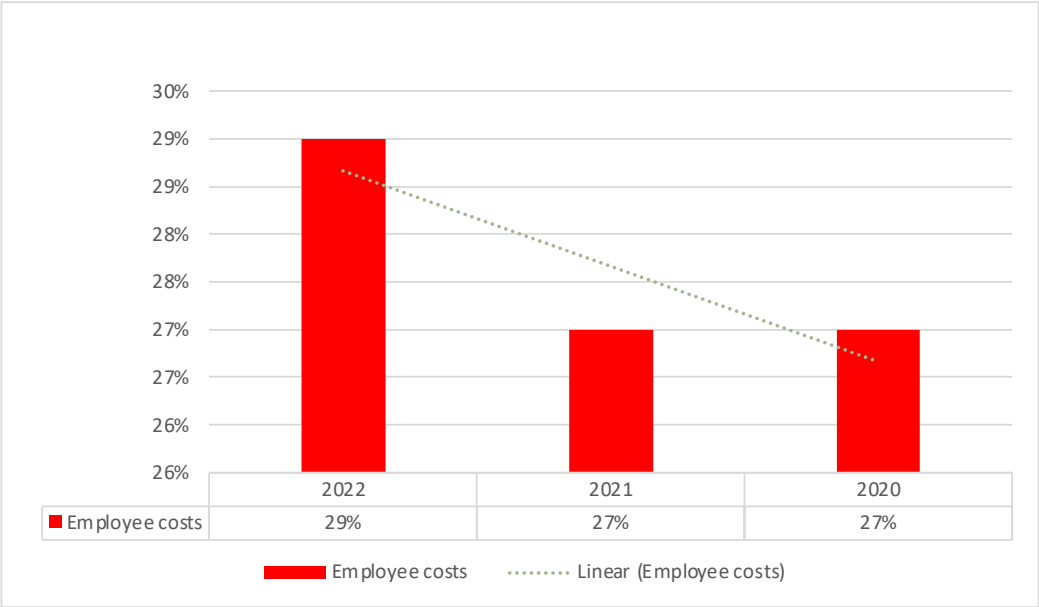
CURRENT RATIO ANALYSIS



Employee cost ratio

This ratio represents the percentage employee cost (including councillor remuneration) compared to the total expenditure of Council. This ratio has increased during the year under review due to the yearly increase and also the filling of vacancies. The ratio for 2021/2022 of 29% is well within the norm of 25% to 40% of the industry.

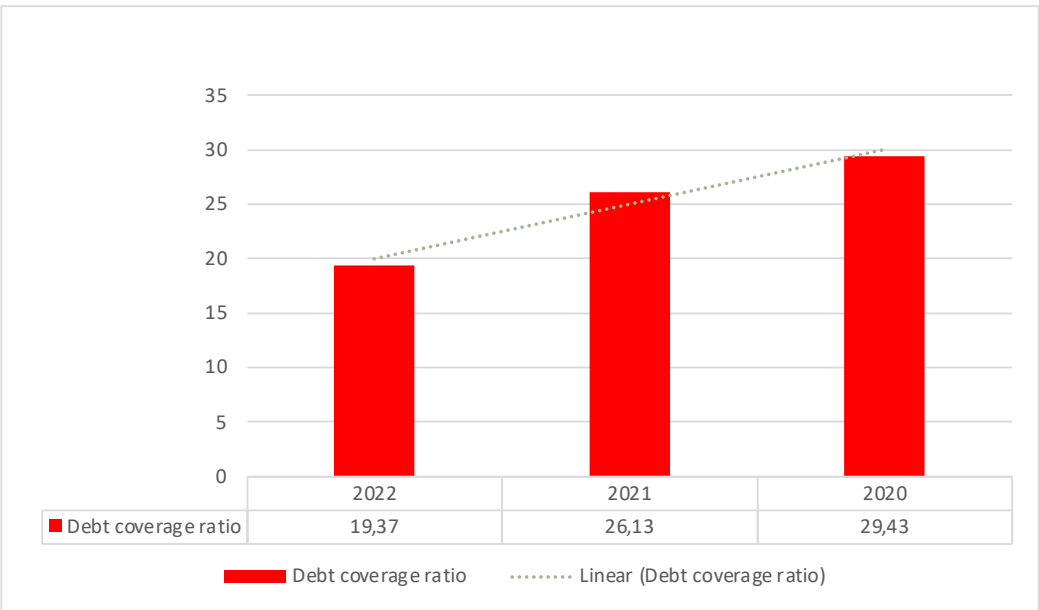
EMPLOYEE COSTS ANALYSIS



Debt coverage ratio

This ratio indicates the number of times the municipality can service its current debt obligations with revenue. In this regard the municipality has only two long term loans which are nearing the end of term and as such the service payments are well covered.

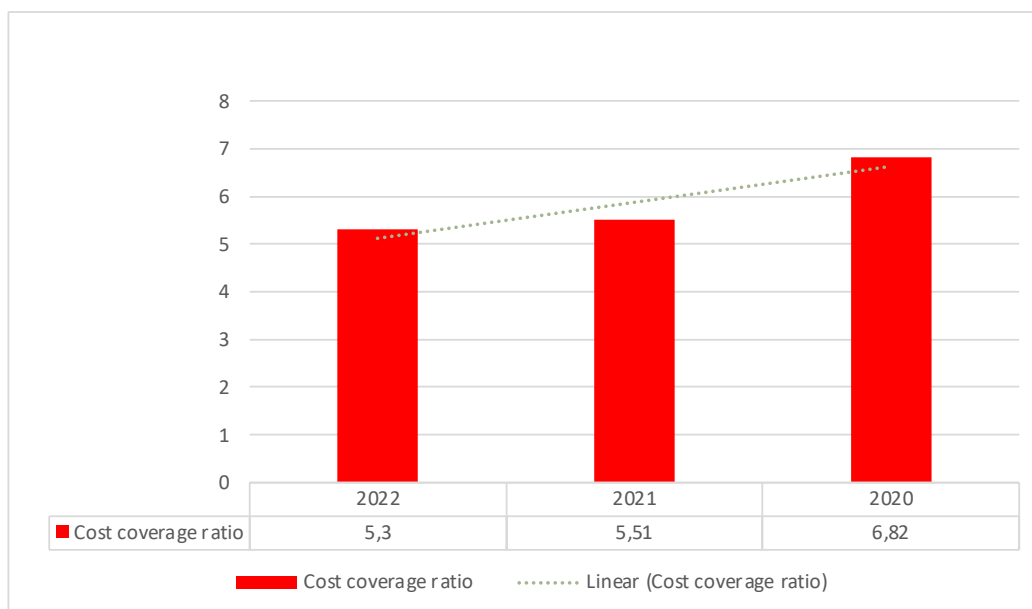
DEBT COVERAGE RATIO



Cost coverage ratio

This ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available to the Municipality. The cost coverage ratio year on year shows a downward trend from the 2019/2020 financial year to 2021/2022. This is an indicator that the cash flow of the Municipality is under strain and that budget monitoring is imperative.

COST COVERAGE RATIO



ASSETS

Key Performance Areas

- Compliance with legislation and implementation of proper internal controls
- Management of risk
- Develop sound financial reporting mechanism for the above functions
- Implementation and the annual review of the District's Property, Plant & Equipment policy
- Submission of financial information for AFS preparation
- Prompt responses to internal and external audit queries

The utilization and management of the property, plant and equipment register is the prime mechanism by which a municipality can fulfil its constitutional mandate for delivery of sustainable services and providing the basic needs to the community. In order to regulate the transactions pertaining to the assets, an approved property, plant and equipment policy has been adopted and is reviewed on a yearly basis (Last review dated 27 May 2022 – KCDMC: 388/2022).

The municipality has a legislated and moral obligation to safeguard the monetary value and future service provision invested in property, plant and equipment, hence the Asset Care Centre was established under the management of the Deputy Municipal Manager Finance and asset managers to ensure effective safeguarding, accurate recording and movement of assets. However, the stewardship rests with the respective Deputy Municipal Managers.

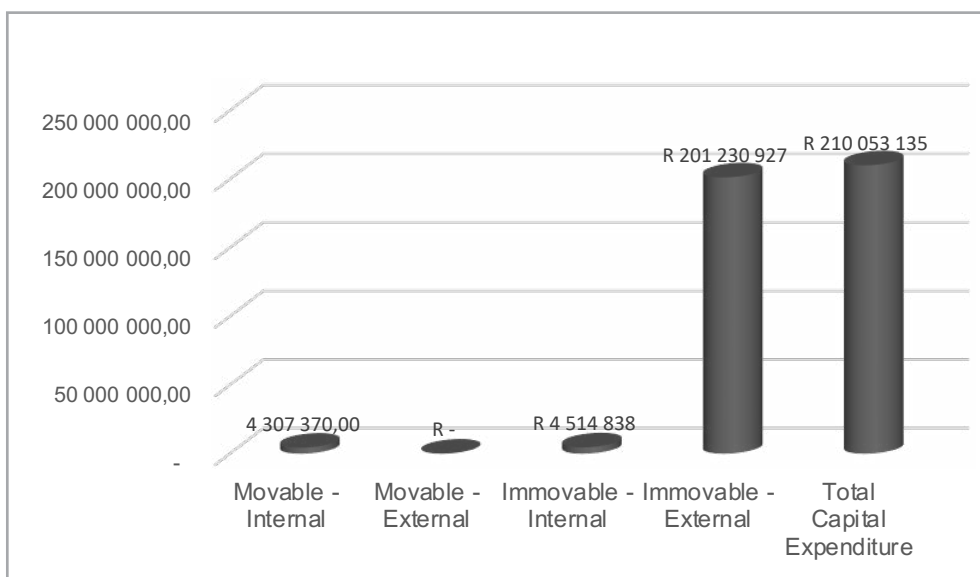
Assets are maintained and recorded in the asset register which is in the format that complies with current standards of accounting practice and in accordance with the applicable GRAP as well as National Treasury and the MSCOA framework.

The asset care centre undertakes a verification of assets bi-annually per an audit asset verification plan. Disposals as well as capitalization are done in accordance with the municipality's policy which is in accordance with National Treasury MFMA's guidelines.

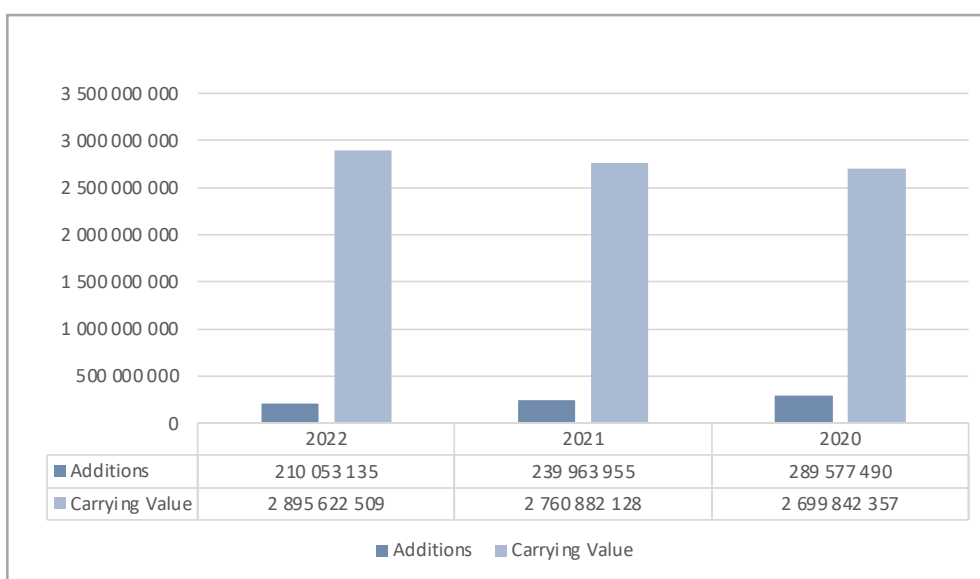
TABLE 3 – OVERVIEW OF MOVEABLE & IMMOVABLE ASSETS (JULY 2021 – JUNE 2022)

		MOVABLE ASSETS		IMMOVABLE ASSETS		TOTAL CAPITAL EXPENDITURE EXCL VAT
		Internal Funded	External Funded	Internal Funded	External Funded	
2021	July	190 650	0	0	7 800 074	7 990 724
	Aug	13 770	0	0	6 141 660	6 155 430
	Sep	27 500	0	2 176 284	14 610 250	16 814 034
	Oct	24 281	0	0	9 327 231	9 351 512
	Nov	105 795	0	0	14 580 638	14 686 432
	Dec	621 405	0	187 440	22 070 711	22 879 556
2022	Jan	223 725	0	0	2 309 590	2 533 315
	Feb	227 098	0	0	15 459 537	15 686 635
	Mar	828 520	0	0	18 738 501	19 567 021
	Apr	42 587	0	0	20 848 566	20 891 153
	May	1 679 523	0	2 151 114	23 511 295	27 341 932
	Jun	322 516	0	0	45 832 874	46 155 390
Sub Total		4 307 370 (A)	0 (B)	4 514 838 (C)	201 230 927 (D)	210 053 134
Total Movable Assets		4 307 370		(A) + (B)		
Total Immovable Assets		205 745 765		(C) + (D)		
Total Internal Funding		8 822 208		(A) + (C)		
Total External Funding		201 230 927		(B) + (D)		

FIGURE 3 - TREND IN ASSET EXPENDITURE (JULY 2021 - JUNE 2022)



ASSETS





The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2020/2021 (PREVIOUS YEAR'S FINDINGS)

The office of the Auditor – General expressed the following opinion on the annual financial statements:

“In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the King Cetshwayo District Municipality group as at 30 June 2021, and their financial performance and cash flows for the year then ended in accordance with in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).”

The Municipality received an unqualified audit opinion with no matters, resulting in a clean audit.



KING CETSHWAYO

DISTRICT MUNICIPALITY

COMPONENT B: **AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2021/2022**

- REPORT OF THE AUDITOR-GENERAL ON THE AUDIT OF THE FINANCIAL STATEMENTS YEAR 2021/2022
- ANNUAL FINANCIAL STATEMENTS 2021/2022
- REPORT OF THE AUDIT COMMITTEE CHAIR
- OVERSIGHT REPORT

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON KING CETSHWAYO DISTRICT MUNICIPALITY

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the King Cetshwayo District Municipality set out on pages 232 to 308, 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 the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the King Cetshwayo 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 of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 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.

Material allowance for impairment – Receivables from exchange transactions – consumer debtors

7. As disclosed in note 2 to the financial statements, a provision for impairment of R44,27 million (2020-2021: R40,98 million) on receivables from exchange transactions for consumer debtors was made as the recoverability of these amounts was doubtful.

Contingent liabilities

8. As disclosed in note 36 to the financial statements, the municipality is a defendant in various claims relating to water tariff disputes with water service providers and claims from other service providers and parties. The ultimate outcome of these matters could not be determined thus no provision for any liability that may result was made in the financial statements.

Material water distribution losses

9. As disclosed in note 39 to the financial statements, water distribution losses of R111,43 million (2020-2021: R123,27 million) was incurred, which represents 49,6% (2020-2021: 50,9%) of total water purchased. These losses were largely due to illegal connections, metering losses and leakages.

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 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 of South Africa, 2004 (Act No. 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 the selected key performance area 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 key performance area set out on page 183 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 selected key performance area.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report on pages 155 to 181 sets out information on the achievement of planned targets for the year.

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 key performance area. 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. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

26. 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 the selected key performance area presented in the annual performance report that has been specifically reported in this auditor's report.
27. 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.
28. 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 key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this 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

30. 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. I did not identify any significant deficiencies in internal control.

Other reports

31. I draw attention to the following engagement conducted, 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. This report did not form part of my opinion on the financial statements or conclusions on the reported performance information or compliance with legislation.

Investigation

32. The municipality requested an independent investigator to perform an investigation into allegations of financial misconduct against a senior official of the municipality. The investigation report was brought before council on 21 February 2022. Subsequent to the findings being noted, a mutual separation agreement was approved by council on 25 February 2022. The senior officials contract of employment was terminated with three months compensation.

Auditor General



Auditing to build public confidence

30 November 2022

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 the reported performance information for the selected key performance area 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 group'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 group 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 King Cetshwayo District Municipality and its municipal entity 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 group 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.



KING CETSHWAYO

DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

GENERAL INFORMATION

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (water, sanitation & waste management) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1996) Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Division of Revenue Act (Act 1 of 2007)
Mayor	His Worship Councillor AT Ntuli
Municipal Manager	Mr PP Sibiya
Registered office	King Cetshwayo District Municipality Krugerrand, CBD RICHARDS BAY 3900
Business address	King Cetshwayo District Municipality Krugerrand, CBD RICHARDS BAY 3900
Postal address	Private Bag X1025 RICHARDS BAY 3900
Bankers	Nedbank Limited and FirstRand Bank (1/07/2022)
Auditors	Auditor-General of South Africa
Senior Legal Advisor	Mr G Dlamini
Municipal demarcation code	DC 28
Members of the audit and performance committee	Mr M Ncube - Chairperson - Resigned 28/02/2022 Mr RL Monyokolo - Resigned 28/02/2022 Ms P Mbanjwa - Resigned 28/02/2022 Mr B Dladla - Resigned 28/02/2022 Mr AD Gonzalves Mr HGS Mpungose Dr MJ Ndlovu Miss CN Mhlongo Miss SX Khanyile

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The reports and statements set out below comprise the annual financial statements for the year ended 30 June 2022 presented to the Council:

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Statement of Changes in Net Assets For The Year Ended 30 June 2021	233
Cash Flow Statement For The Year Ended 30 June 2021	234
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The following supplementary information does not form part of the annual financial statements and is unaudited:

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AUC	Assets Under Construction
COVID -19	Corona Virus Disease of 2019
DWS	Department of Water and Sanitation
EQS	Equitable Share
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
LGSETA	Local Government Sector Education and Training Authority
MDRG	Municipal Disaster Relief Grant
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
RBIG	Regional Bulk Infrastructure Grant
RRAMS	Rural Roads Asset Management Systems
RUL	Remaining Useful Lives
SARS	South African Revenue Services
VAT	Value Added Tax Act (Act No. 89 of 1991)
WSIG	Water Services Infrastructure Grant

STATEMENT OF MUNICIPAL MANAGER'S RESPONSIBILITY

I am responsible for the preparation of these annual financial statements, which are set out on pages 232 to 308, in terms of Section 126(1) of the Municipal Finance Management Act (Act no. 56 of 2003), which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 and 37 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 (Act no. 20 of 1998) and the Minister of Provincial and Local Government determination in accordance with this Act.

The King Cetshwayo District Municipality, situated in the central business district, Richards Bay, is a category C municipality established in terms of Section 12(1) of the Municipal Structures Act, 1998 (Act no. 117 of 1998).

As required by Section 45 of the Municipal Systems Act and Section 121(4) (a) and (b) of the Municipal Finance Management Act (Act no. 56 of 2003) the annual financial statements were submitted to the Auditor-General South Africa (AGSA) on 31 August 2022.

A handwritten signature in black ink, appearing to be 'PP Sibiyi', is written over a horizontal line.

Mr PP Sibiyi, Municipal Manager.

Richards Bay

Wednesday, 31 August 2022

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Figures in Rands	Notes	2022	Restated 2021
Current Assets			
Receivables from exchange transactions - consumer debtors	2	53 453 471	48 366 937
Inventories	3	8 211 213	8 416 302
Exchange transactions - VAT	4	106 287 784	107 788 339
Receivables from exchange transactions - other	5	13 118 224	12 847 014
Current portion of long-term receivables from exchange transactions	6	6 680	51 920
Cash and cash equivalents	7	371 332 253	369 491 412
		552 409 625	546 961 924
Non-Current Assets			
Long-term receivables from exchange transactions	6	-	13 789
Property, plant and equipment	8	2 887 633 314	2 752 855 245
Intangible assets	9	7 289 195	7 326 883
Heritage assets	10	700 000	700 000
		2 895 622 509	2 760 895 917
Total Assets		3 448 032 134	3 307 857 841
Liabilities			
Current Liabilities			
Current portion of borrowings	13	9 563 780	8 485 501
Payables from exchange transactions	14	384 696 852	332 383 622
Consumer deposits	15	10 122 867	10 115 897
Defined employee benefit obligation	16	2 181 000	2 097 000
Unspent transfers and subsidies	17	3 607 347	1 008 347
Current portion of provisions	18	1 839 345	2 497 233
		412 011 191	356 587 600
Non-Current Liabilities			
Borrowings	13	6 285 648	15 849 428
Employee benefit obligations	16	37 755 000	33 348 000
Provisions	18	96 629 550	55 133 424
		140 670 198	104 330 852
Total Liabilities		552 681 389	460 918 452
Net Assets		2 895 350 745	2 846 939 389
Accumulated Surplus		2 895 350 745	2 846 939 389
Total Net Assets		2 895 350 745	2 846 939 389

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Figures in Rands	Notes	2022	2021 Restated
Revenue			
Revenue from exchange transactions			
Service charges	19	102 643 304	96 503 274
Rental income	20	463 910	488 645
Interest received income	21	21 650 903	19 995 607
Other income	22	6 168 392	3 005 216
Fair value adjustments in investments		-	11 814
Total revenue from exchange transactions		130 926 509	120 004 556
Revenue from non-exchange transactions			
Transfers and subsidies	23	867 663 000	899 203 713
Donations	3 & 8	40 722	1 330 636
Total revenue from non-exchange transactions		867 703 722	900 534 349
Total revenue		998 630 231 1	1 020 538 905
Expenditure			
Employee related costs	24	(261 146 863)	(234 866 984)
Remuneration of councillors	25	(12 014 343)	(12 297 336)
Depreciation, amortisation and impairment	26	(109 069 333)	(106 770 587)
Finance costs	27	(9 762 094)	(6 976 071)
Debt impairment	2	(8 207 694)	(7 385 165)
Inventory consumed	28	(159 111 450)	(152 903 711)
Contracted services	29	(296 317 865)	(319 781 633)
Operational costs	30	(93 846 802)	(75 568 260)
Total expenditure		(949 476 444)	(916 549 747)
(Loss)/Gain on disposal of property, plant and equipment	8	(742 431)	1 837 878
Surplus for the year		48 411 356	105 827 036

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

Figures in Rands	Accumulated Surplus	Total Net Assets
Balance as at 01 July 2020 as previously reported	2 746 789 978	2 746 789 978
Prior-year adjustments - refer to note 45	(5 677 624)	(5 677 624)
Restated balance as at 01 July 2020	2 741 112 353	2 741 112 353
Restated surplus for the year - refer to note 45	105 827 036	105 827 036
Restated balance as at 30 June 2021	2 846 939 389	2 846 939 389
Surplus for the year	48 411 356	48 411 356
Balance at 30 June 2022	2 895 350 745	2 895 350 745

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

Figures in Rands	Notes	2022	Restated
			2021
Cash flows from operating activities			
Receipts			
Consumers and other		95 750 890	96 863 544
Transfers and subsidies	17	870 262 000	846 509 500
Interest		21 650 903	19 995 607
		987 663 793	963 368 651
Payments			
Employees		(273 161 206)	(247 164 320)
Suppliers		(481 444 197)	(612 134 768)
		(754 605 403)	(859 299 088)
Net cash flows from operating activities	32	233 058 390	104 069 563
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(220 026 096)	(232 814 321)
Proceeds from the sale of property, plant and equipment	8	-	2 127 672
Proceeds from long-term receivables		59 029	49 547
Net cash flows from investing activities		(219 967 067)	(230 637 102)
Cash flows from financing activities			
Repayment of current portion of borrowings	13	(8 485 501)	(7 528 864)
Finance costs	27	(2 764 981)	(3 721 619)
Net cash flows from financing activities		(11 250 482)	(11 250 483)
Net increase /(decrease) in cash and cash equivalents		1 840 841	(137 818 022)
Cash and cash equivalents at the beginning of the year		369 491 412	507 309 434
Cash and cash equivalents at the end of the period	7	371 332 253	369 491 412

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Budget on Accrual Basis

Figures in Rands	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	126 505 682	(22 780 487)	103 725 195	102 643 304	(1 081 891)	
Rental income	121 955	304 387	426 342	463 910	37 568	
Interest received income	19 975 230	1 200 000	21 175 230	21 650 903	475 673	
Other income	5 812 717	4 229 751	10 042 468	6 168 392	(3 874 076)	38.1
Total revenue from exchange transactions	152 415 584	(17 046 349)	135 369 235	130 926 509	(4 442 726)	
Revenue from non-exchange transactions						
Transfers and subsidies	860 247 000	10 000 000	870 247 000	867 663 000	(2 584 000)	
Donations	-	-	-	40 722	40 722	
Total revenue from non-exchange transactions	860 247 000	10 000 000	870 247 000	867 703 722	(2 543 278)	
Total revenue	1 012 662 584	(7 046 349)	1 005 616 235	998 630 231	(6 986 004)	
Expenditure						
Employee related costs	(275 161 229)	12 138 373	(263 022 856)	(261 146 863)	1 875 993	
Remuneration of councillors	(15 215 953)	919 190	(14 296 763)	(12 014 343)	2 282 420	38.2
Depreciation, amortisation and impairment	(129 711 532)	-	(129 711 532)	(109 069 333)	20 642 199	38.3
Finance costs	(2 764 979)	(6 997 115)	(9 762 094)	(9 762 094)	-	
Debt impairment	(8 285 997)	(1 191 168)	(9 477 165)	(8 207 694)	1 269 471	38.4
Inventory consumed	(210 278 162)	50 583 962	(159 694 200)	(159 111 450)	582 750	
Contracted services	(166 016 538)	(144 947 760)	(310 964 298)	(296 317 865)	14 646 433	
Operational costs	(98 314 555)	703 241	(97 611 314)	(93 846 802)	3 764 512	
Transfers and subsidies	-	(757 997)	(757 997)	-	757 997	38.5
Total expenditure	(905 748 945)	(89 549 274)	(995 298 219)	(949 476 444)	45 821 775	
Surplus for the year	106 913 639	(96 595 623)	10 318 016	49 153 787	38 835 771	
Loss on disposal of property, plant and equipment	-	-	-	(742 431)	(742 431)	
Surplus for the year	106 913 639	(96 595 623)	10 318 016	48 411 356	38 093 340	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Budget on Accrual Basis

Figures in Rands	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions - consumer debtors	61 240 206	3 880 025	65 120 231	53 453 471	(11 666 760)	38.6
Inventories	13 089 303	(4 673 002)	8 416 301	8 211 213	(205 088)	
Exchange transactions - VAT	-	-	-	106 287 784	106 287 784	38.7
Receivables from exchange transactions - other	104 116 069	(53 918 149)	50 197 920	13 118 224	(37 079 696)	38.8
Current portion of long-term receivables from exchange transactions	863 147	(133 054)	730 093	6 680	(723 413)	38.9
Cash and cash equivalents	409 411 692	(58 821 357)	350 590 335	371 332 253	20 741 918	
	588 720 417	(113 665 537)	475 054 880	552 409 625	77 354 745	
Non-Current Assets						
Long-term receivables from exchange transactions	28 164	(21 477)	6 687	-	(6 687)	
Property, plant and equipment	2 885 817 764	(22 060 462)	2 863 757 302	2 887 633 314	23 876 012	
Intangible assets	11 888 354	(3 025 034)	8 863 320	7 289 195	(1 574 125)	38.10
Heritage assets	1 527 804	(827 804)	700 000	700 000	-	
	2 899 262 086	(25 934 777)	2 873 327 309	2 895 622 509	22 295 200	
Total Assets	3 487 982 503	(139 600 314)	3 348 382 189	3 448 032 134	99 649 945	
Liabilities						
Current Liabilities						
Current portion of borrowings	9 563 780	-	9 563 780	9 563 780	-	
Payables from exchange transactions	172 405 690	(31 357 128)	141 048 562	384 696 852	243 648 290	38.11
Consumer deposits	10 100 052	15 844	10 115 896	10 122 867	6 971	
Current portion of employee benefit obligations	32 385 960	(7 627 860)	24 758 100	2 181 000	(22 577 100)	38.12
Unspent transfers and subsidies	-	-	-	3 607 347	3 607 347	38.13
Current portion of provisions	4 361 901	-	4 361 901	1 839 345	(2 522 556)	38.14
	228 817 383	(38 969 144)	189 848 239	412 011 191	222 162 952	
Non-Current Liabilities						
Borrowings	6 285 647	8 485 500	14 771 147	6 285 648	(8 485 499)	38.15
Employee benefit obligation	24 705 844	6 809 448	31 515 292	37 755 000	6 239 708	38.12
Provisions	83 852 981	(29 333 079)	54 519 902	96 629 550	42 109 648	38.14
	114 844 472	(14 038 131)	100 806 341	140 670 198	39 863 857	
Total Liabilities	343 661 855	(53 007 275)	290 654 580	552 681 389	262 026 809	
Net Assets	3 144 320 648	(86 593 039)	3 057 727 609	2 895 350 745	(162 376 864)	
Reserves						
Accumulated surplus	3 144 320 648	(86 593 039)	3 057 727 609	2 895 350 745	(162 376 864)	
Total Net Assets	3 144 320 648	(86 593 039)	3 057 727 609	2 895 350 745	(162 376 864)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Budget on Accrual Basis

Figures in Rands	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						
Consumers and other	132 440 354	(18 246 349)	114 194 005	95 750 890	(18 443 115)	38.16
Transfers and subsidies	860 247 000	10 000 000	870 247 000	870 262 000	15 000	
Interest	19 975 230	1 200 000	21 175 230	21 650 903	475 673	
	1 012 662 584	(7 046 349)	1 005 616 235	987 663 793	(17 952 442)	
Payments						
Employees	(290 377 182)	13 057 563	(277 319 619)	(273 161 206)	4 158 413	
Suppliers	(474 609 255)	(94 418 554)	(569 027 809)	(481 444 197)	87 583 612	38.17
	(764 986 437)	(81 360 991)	(846 347 428)	(754 605 403)	91 742 025	
Net cash flows from operating activities	247 676 147	(88 407 340)	159 268 807	233 058 390	73 789 583	
Cash flows from investing activities						
Purchase of property, plant, equipment and intangible assets	(244 466 738)	795 836	(243 670 902)	(220 026 096)	23 644 806	
Proceeds from long term receivables	-	-	-	59 029	59 029	
Net cash flows from investing activities	(244 466 738)	795 836	(243 670 902)	(219 967 067)	23 703 835	
Cash flows from financing activities						
Repayment of borrowings	(9 563 781)	-	(9 563 781)	(8 485 501)	1 078 280	
Finance costs	(2 764 979)	-	(2 764 979)	(2 764 981)	(2)	
Net cash flows from financing activities	(12 328 760)	-	(12 328 760)	(11 250 482)	1 078 278	
Net increase in cash and cash equivalents	(9 119 351)	(87 611 504)	(96 730 855)	1 840 841	98 571 696	
Cash and cash equivalents at the beginning of the year	395 770 772	(105 437 640)	290 333 132	369 491 412	79 158 280	
Cash and cash equivalents at the end of the period	386 651 421	(193 049 144)	193 602 277	371 332 253	177 729 976	

Variances greater than 10% with a value greater than R500 000 are explained in note 38.

ACCOUNTING POLICIES

1. Annual Financial Statements

The annual financial statements for the year ended 30 June 2022 have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives 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 in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands and the statements have been rounded to the nearest rand. A summary of the significant accounting policies, which have been consistently applied to all the years, in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of 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 and sources of estimation uncertainty include:

1.1.1 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.

1.1.2 Useful lives of properly, plant, equipment and intangible assets

As described in accounting policies 1.6 & 1.8 the municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets become available for use. The useful lives and residual values of the assets are based on industry knowledge and are reviewed annually.

1.1.3 Defined benefit plan liabilities

As described in accounting policy 1.4, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post retirement health benefit obligations and long service awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 16 to the financial statements.

1.1.4 Impairment of financial assets

The accounting policy 1.3 on financial instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

On receivables from exchange transactions consumer debtors, on impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

The calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per the approved council policy on credit control and debt collection.

ACCOUNTING POLICIES

1.1.5 Revenue recognition

Accounting policy 1.13 on Revenue from Exchange Transactions and accounting policy 1.14 on Revenue from Non - Exchange Transactions describe the conditions under which revenue is recorded by the management of the municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 Revenue from Exchange Transactions and GRAP 23 Revenue from Non-Exchange Transactions and in particular, whether the service has been rendered.

1.1.6 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is outlined in 1.3 below and is based on managements judgement.

1.1.7 Impairment of properly, plant and equipment, intangible assets, heritage assets and write down of inventory

The accounting policies on impairment of non-cash generating assets 1.10 as well as inventory 1.12 describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of inventories to the lower of cost and net realisable values (NRV).

1.1.8 Inventory water

Water inventory is considered to be inventory at the point of extraction from natural water source or at the point where water passes into the municipal network provided by bulk water suppliers.

1.2 New standards of GRAP approved not yet effective

Accounting for Landfill Sites

Effective date has not yet been determined.

The municipality expects that the guideline would not have a material impact on the annual financial statements.

The Application of Materiality to Financial Statements

Effective date has not yet been determined.

The municipality expects that the guideline would not have a material impact on the annual financial statements.

1.3 Offsetting

Assets and liabilities, as well as revenue and expenses, are offset and the net amount is reported in the financial statements when there is an agreement to offset the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4 Financial instruments

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Cash and cash equivalents
Long-term receivables from exchange transactions
Receivables from exchange transactions
Receivables from non-exchange transactions
Investment in municipal entities
Investments in financial assets - shares

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Classification

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

The municipality measures all financial assets and financial liabilities after initial recognition at amortised cost except for investments in financial assets measured at fair value through surplus or deficit. If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting the allowance account. The amount of the reversal is recognised in surplus or deficit.

1.5 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 included in payables from exchange transactions.

Defined contribution plans

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

Defined benefit plans

Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, 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 every year by independent qualified actuaries.

ACCOUNTING POLICIES

1.5 Employee benefits (continued)

Long-service allowance

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Other defined benefit plans

The municipality contributes to various defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 16 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged to surplus or deficit in the year they become payable. These defined benefit funds are actuarially valued on the discounted cash method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

These contributions are recognised in the statement of financial performance when employees have rendered the service entitling them to the contribution.

1.6 Provisions

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

1.7 Property, plant and equipment

All property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation on assets other than land is calculated using the Straight-line method.

The depreciation rates are based on the following estimated useful lives:

Item	Useful life
Buildings -other	30 years
Buildings - permanent	30 - 50 years
Plant and equipment	2 - 15 years
Furniture	10 years
Motor vehicles	5 - 15 years
Office equipment	5 years
IT equipment	5 years
Infrastructure - plant and equipment	15 years
Infrastructure - sewerage services	50 years
Infrastructure - solid waste and cemetery services	15 years
Infrastructure - water services	20 - 50 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

ACCOUNTING POLICIES

1.8 Heritage assets

A class of heritage assets is carried at its cost less any accumulated impairment losses.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the item is derecognised.

1.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is on assets calculated using the straight line method.

The amortisation rates are based on the following useful lives:

Item	Useful life
Computer software, other	3-5 years

1.10 Impairment of non-cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. All other assets are classified as non-cash generating assets. The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable (service) amount is estimated for the individual asset. If it is not possible to estimate the recoverable (service) amount of the individual asset, the recoverable (service) amount of the (non-)cash generating unit to which the asset belongs is determined.

The recoverable (service) amount of a asset is the higher of its fair value less costs to sell and its value in use.

For non-cash generating assets the value in use is determined using the Depreciated Replacement Cost approach. An impairment loss is recognised immediately in Surplus or Deficit. An impairment loss is recognised for (non-) cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable (service) amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss is recognised immediately in Surplus or Deficit.

1.11 Leases

Operating leases - The municipality as a lessee

Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

ACCOUNTING POLICIES

1.12 Inventories

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.

Inventories are measured at the lower of cost and, net realisable value or current replacement cost.

Inventories are initially measured at cost except where inventories are acquired through non-exchange transactions, where the cost is at fair value at the date of acquisition.

1.13 Revenue from exchange transactions

Measurement

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

Sale of goods

Charges relating to water are based on consumption. Meters are read on a monthly basis and when the meter is not read provisional estimates are made and based on those readings the revenue is invoiced monthly and recognised. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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.

Service charges relating to refuse are recognised on a monthly basis in arrears and on an accrual basis by applying the approved tariff to each consumer that makes use of the landfill site. Service charges from sanitation are raised on a monthly basis in accordance with the approved tariffs.

Other revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate annual financial statements when its right to receive the dividend or similar distribution is established.

1.14 Revenue from non-exchange transactions

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.

1.15 Tax

Tax expenses

The municipality is exempt from income tax in terms of section 10(1)(A) of the Income Tax Act.

ACCOUNTING POLICIES

Value - Added Tax (VAT)

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality. Permission has been given to remit or claim for value-added tax on the payments basis for debtors and creditors.

1.16 Transfers and subsidies

The municipality transfers money to individuals, organisations and other sectors of government from time to time.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1.17 Statutory receivables

The municipality has the following categories under the ambit of statutory receivables:

- Receivables from exchange transactions - consumer debtors (Air quality licences)
- Exchange transactions -VAT

The municipality measures statutory receivables using the cost method.

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

1.18 Budget information

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

The annual financial statements for the year ended 30 June 2022 and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanatory comments are provided in note 38 to the annual financial statements for a variance of 10% and greater than R500 000, providing reasons for the variance between actuals and budgets.

1.19 Unauthorised expenditure

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Fruitless and wasteful expenditure

All fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Irregular 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, and disclosed inclusive of VAT.

1.22 Related parties

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. The municipality applies GRAP 20 for related parties.

ACCOUNTING POLICIES

1.23 Segment information

The amount of each segment item reported is the per measure reported to management. Management applies the measurement requirements per GRAP for the respective segment items and thus aligned to the entity's financial statements measurement basis.

Adjustments and eliminations made in preparing an entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit where relevant. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities are reported for that segment.

Amounts allocated to reported segment surplus or deficit, assets or liabilities, are allocated on total segment expenses or total segment assets or liabilities basis. Revenues are segment specific and are not allocated.

The municipality is organised and operates in six key functional segments being community and public safety, economic and environmental services, trading services water, trading services waste water, trading services waste management and governance and administration. The segment information is outlined in note 44.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2022	2021
2. Receivables from exchange transactions - consumer debtors		
Gross balances		
Water	76 435 189	70 916 607
Sanitation	15 660 131	13 015 045
Solid waste	5 626 638	5 418 091
	97 721 958	89 349 743
Less: Allowance for impairment		
Water	(31 926 667)	(32 453 892)
Sanitation	(10 634 904)	(6 844 340)
Solid waste	(1 706 916)	(1 684 574)
	(44 268 487)	(40 982 806)
Net balance		
Water	44 508 522	38 462 715
Sanitation	5 025 227	6 170 705
Solid waste	3 919 722	3 733 517
	53 453 471	48 366 937
Aged summary of debtors by service type		
Water		
Current (0 - 30 days)	6 054 695	7 827 916
31 - 60 days	3 035 768	2 593 380
61 - 90 days	1 915 251	1 653 238
91 - 120 days	1 525 574	1 432 355
> 120 days	63 903 901	57 409 718
Less: Allowance for impairment	(31 926 667)	(32 453 892)
	44 508 522	38 462 715
Sanitation		
Current (0 - 30 days)	661 818	685 965
31 - 60 days	482 028	442 424
61 - 90 days	325 105	314 220
91 - 120 days	278 537	270 117
> 120 days	13 912 643	11 302 319
Less: Allowance for impairment	(10 634 904)	(6 844 340)
	5 025 227	6 170 705
Solid Waste		
Current (0 - 30 days)	3 623 121	3 588 147
31 - 60 days	15 595	38 333
61 - 90 days	17 449	53 412
91 - 120 days	17 626	34 809
> 120 days	1 952 847	1 703 390
Less: Allowance for impairment	(1 706 916)	(1 684 574)
	3 919 722	3 733 517

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2022	2021
2. Receivables from exchange transactions - consumer debtors (continued)		
Aged summary of debtors by customer classification		
Domestic Consumers		
Current (0 - 30 days)	4 441 663	6 627 198
31 - 60 days	736 752	1 049 755
61 - 90 days	1 081 767	1 376 343
91 - 120 days	1 092 176	1 204 561
> 120 days	61 915 546	56 752 528
	69 267 904	67 010 385
Less: Allowance for impairment	(42 934 594)	(39 298 232)
	26 333 310	27 712 153
Industrial/Commercial Consumers		
Current (0 - 30 days)	5 242 940	3 192 952
31 - 60 days	1 173 582	924 105
61 - 90 days	431 070	412 261
91 - 120 days	306 720	316 923
> 120 days	8 773 403	7 858 043
	15 927 715	12 704 284
Less: Allowance for impairment	(1 333 893)	(1 684 574)
	14 593 822	11 019 710
National and Provincial Government Consumers		
Current (0 - 30 days)	3 255 405	2 281 879
31 - 60 days	1 623 057	1 100 277
61 - 90 days	744 968	232 266
91 - 120 days	422 841	215 797
> 120 days	6 480 068	5 804 855
	12 526 339	9 635 074
Aged summary of total debtors in:		
Current (0 - 30 days)	12 940 008	12 102 029
31 - 60 days	3 533 391	3 074 137
61 - 90 days	2 257 805	2 020 870
91 - 120 days	1 821 737	1 737 281
> 120 days	77 169 017	70 415 426
	97 721 958	89 349 743
Less: Allowance for impairment	(44 268 487)	(40 982 806)
	53 453 471	48 366 937
Aged summary of allowance for impairment		
Current (0 - 30 days)	(1 648 071)	(1 607 725)
31 - 60 days	(612 130)	(791 374)
61 - 90 days	(680 720)	(664 500)
91 - 120 days	(639 180)	(592 435)
> 120 days	(40 688 386)	(37 326 772)
	(44 268 487)	(40 982 806)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2022	2021
2. Receivables from exchange transactions - consumer debtors (continued)		
Aged debtors past due but not impaired		
Current (0 -30 days)	11 291 937	10 494 304
31 - 60 days	2 921 261	2 282 763
61 - 90 days	1 577 085	1 356 370
91 - 120 days	1 182 557	1 144 846
> 120 days	36 480 631	33 088 654
	53 453 471	48 366 937
Reconciliation of allowance for impairment		
Balance at beginning of the year	(40 982 806)	(41 346 131)
Contributions to allowance	(8 207 694)	(7 385 165)
Debt impairment written off against allowance	4 922 013	7 748 490
	(44 268 487)	(40 982 806)

The total debt impairment of R8 207 694 (2020/2021 R7 385 165) as recognised in the statement of financial performance is for receivables from exchange transactions only as an assessment has been made therefore.

In the determination of the amounts deemed to be impaired at 30 June 2022, an analysis of each debtor is undertaken. The debtors are classified into one of three categories.

Category A	Regular payers, government accounts, consumers with amounts owing not older than 60 days.
Category B	Irregular payers.
Category C	Indigent customers, customers with debts older than 60 days with no payments made within the last 6 months and inactive accounts.

The value of the provision is determined for the detailed categories as follows:

Category A	0% of consumer's total debt.
Category B	50% of consumer's debt less or equal to 180 days, 100% of consumer's debt > than 180 days.
Category C	100% of consumer's total debt.

The collection rate from consumer debtors as at 30 June 2022 and 30 June 2021 was 93% and 93% respectively.

The municipality has written off an amount of R4 922 013 against the provision through Council resolution KCDMC:404/2022 and the approved Council incentive policy.

Statutory receivables general information

Transaction(s) arising from statute

The municipality raises charges for the issuance of air quality licenses in terms of the National Environmental Management; Air Quality Act No. 39 of 2004. Upon the issuance of the license the municipality records all atmospheric licenses in the National atmospheric emissions database. These fees are received in full prior to the issuance of the license and thus no debtors are outstanding at the reporting date.

Determination of transaction amount

The air quality license amount is determined by the Minister of Environmental Affairs as issued through government gazette. The determination is per Gazette no. 39805 dated 11 March 2016. The revenue recognised as at 30 June 2022 and 30 June 2021 is included in note 19.

Interest or other charges levied/charged

The municipality does not charge interest on the determined charges as all fees must be paid in full before the issuance of the license.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2022	2021
3. Inventories		
Aged debtors past due but not impaired		
Consumable stores	478 129	553 845
Maintenance materials	2 385 739	2 242 240
Water - static tanks	1 099 677	1 606 580
Water stock	4 247 668	4 013 637
	8 211 213	8 416 302
Carrying value of inventories carried at net realisable value - water stock	1 418 963	1 261 015
Write - down of inventories - water stock	184 182	191 867
The municipality received donations from an organisation amounting to R40 722 to assist with relief efforts to citizens effected by the flooding in April 2022.		
No inventory was pledged as security. Refer to note 28 for inventory consumed and note 39 for water losses.		
4. Exchange transactions - VAT		
VAT	106 287 784	107 788 339
Vat accrual	88 768 710	81 926 826
Vat receivable	17 519 074	25 861 513
	106 287 784	107 788 339

Statutory receivables general information

Transaction(s) arising from statute

The municipality raises input and output valued added tax in terms of the Value Added Tax Act no. 89 of 1991.

Determination of transaction amount

The municipality raises output VAT on services rendered and claims input VAT on qualifying purchases. As the municipality receives grant funding that is predominately zero rated, vat claimed against these grants thus results in the municipality being in a net refund status at reporting period ends.

4. Exchange transactions - VAT (continued)		
The comparative disclosure has been amended to separate the VAT between VAT accrual and VAT receivable. - Refer to note 45.		
5. Receivables from exchange transactions - other		
Employee, councillor account and other transactions	131 395	60 402
Deposits	9 119 304	8 518 459
uMhlathuze municipality	-	1 212 559
King Cetshwayo Fresh Produce Market	770 832	41 193
Payments in advance	2 765 296	2 615 732
Investment interest accrual	331 397	398 669
	13 118 224	12 847 014
The above disclosure has been reclassified as receivables from exchange transactions.		
6. Long-term receivables from exchange transactions		
Current portion of long-term receivables	6 680	51 920
Non-current long term-receivables	-	13 789
	6 680	65 709

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Staff home loans

Housing loans were granted to qualifying staff prior to 1 July 2004.

These loans attract interest per the fringe benefit interest rate as determined by the South African Revenue Services annually.

Two(2) of the home loans were settled by 30 June 2022 and the remaining one(1) loan would be repayable in accordance with the home loan agreement, ending December 2023, however the incumbent has passed away and a claim will be lodged with the Natal Joint Pension Fund.

The interest received from these loans amounts to R2 683 (R4 852 - 2021) and is included in note 21, revenue from exchange transactions interest received.

Figures in Rands		2022	2021
7. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand		5 800	5 800
Cash book balances		251 326 453	109 485 612
Call Investment deposits		120 000 000	260 000 000
		371 332 253	369 491 412
Call investment deposits			
Financial Institution	Maturity Date		
NEDBANK	On call	20 000 000	-
STANDARD	15/07/2022	30 000 000	-
STANDARD	15/08/2022	70 000 000	-
ABSA	28/07/2021	-	40 000 000
NEDBANK	On call	-	50 000 000
NEDBANK	On call	-	50 000 000
NEDBANK	On call	-	20 000 000
STANDARD	29/07/2021	-	100 000 000
		120 000 000	260 000 000
An average interest rate of 4.64% and 4.24% was received on investments placed for the period ending 30 June 2022 and 30 June 2021 respectively. The detailed investment register is available at the registered office of the municipality.			

No cash and cash equivalents have been pledged as collateral.

7. Cash and cash equivalents (continued)

Cash at banks earns interest on a consolidated daily balance. Detailed bank reconciliations in support of the cash book balances are available at the registered office of the municipality.

The municipality has changed bankers from Nedbank to FirstRand Bank Limited over the reporting period and it is envisaged that the the Nedbank accounts will be closed within the first quarter of 2022/2023 in order to allow for a smooth transition for all stakeholders.

The difference in the reporting period between the cash book balance and bank statement balance for the Nedbank primary account is attributable to unallocated deposits on the bank account amounting to R1 896.

The difference in the reporting period between the cash book balance and bank statement balance for the Nedbank billing account amounts to R623 806. The difference is attributable to timing differences of cash received in the bank on 30 June 2022, which is then receipted in July 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Property, plant and equipment

30 June 2022				30 June 2021			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value		Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	76 040 726	(27 944 517)	48 096 209		75 853 287	(24 968 133)	50 885 154
Community assets	28 775 025	(8 303 719)	20 471 306		28 775 025	(6 148 754)	22 626 271
Computer equipment	16 591 673	(12 006 086)	4 585 587		15 611 031	(10 720 585)	4 890 446
Furniture	7 208 982	(5 504 639)	1 704 343		7 338 577	(5 128 345)	2 210 232
Infrastructure	3 555 620 718	(793 351 655)	2 762 269 063		3 316 217 956	(706 003 492)	2 610 214 464
Motor vehicles	72 375 781	(24 852 879)	47 522 902		71 833 661	(13 222 546)	58 611 115
Office equipment	8 678 550	(6 983 302)	1 695 248		8 626 397	(6 553 623)	2 072 774
Plant and machinery	4 193 479	(2 904 823)	1 288 656		3 984 883	(2 640 094)	1 344 789
Total	3 769 484 934	(881 851 620)	2 887 633 314		3 528 240 817	(775 385 572)	2 752 855 245

Reconciliation of property, plant and equipment - June 2022

	Opening balance	Additions	Additions - AUC	Disposals	Rehabilitation adjustment	Depreciation	Impairment loss	Total
Buildings	50 885 154	-	187 440	-	-	(2 976 385)	-	48 096 209
Community assets	22 626 271	-	-	-	-	(2 154 965)	-	20 471 306
Computer equipment	4 890 446	1 167 544	-	(45 662)	-	(1 426 741)	-	4 585 587
Furniture	2 210 232	6 609	-	(15 478)	-	(497 020)	-	1 704 343
Infrastructure	2 610 214 464	46 382 093	159 176 230	(397 870)	34 499 014	(86 900 572)	(704 296)	2 762 269 063
Motor vehicles	58 611 115	694 206	-	(84 098)	-	(11 698 321)	-	47 522 902
Office equipment	2 072 774	203 906	-	(8 346)	-	(573 086)	-	1 695 248
Plant and machinery	1 344 789	236 025	-	(19 674)	-	(272 484)	-	1 288 656
Total	2 752 855 245	48 690 383	159 363 670	(571 128)	34 499 014	(106 499 574)	(704 296)	2 887 633 314

Reconciliation of property, plant and equipment - June 2021 restated

	Opening balance	Additions	Additions - AUC	Disposals	Donation	Rehabilitation adjustment	Depreciation	Impairment loss	Total
Buildings	52 124 543	298 487	195 352	-	-	-	(1 733 228)	-	50 885 154
Community assets	23 941 819	-	-	-	-	-	(1 315 548)	-	22 626 271
Computer equipment	5 396 832	1 097 016	-	(91 621)	-	-	(1 511 781)	-	4 890 446
Furniture	2 624 908	48 492	-	(4 031)	-	-	(459 137)	-	2 210 232
Infrastructure	2 456 805 965	18 620 271	195 896 649	-	-	26 235 669	(86 085 580)	(1 258 510)	2 610 214 464
Motor vehicles	46 410 799	21 695 497	-	-	1 330 636	-	(10 825 817)	-	58 611 115
Office equipment	2 536 718	245 292	-	(33 511)	-	-	(675 725)	-	2 072 774
Plant and machinery	1 640 359	91 099	-	(39 560)	-	-	(347 109)	-	1 344 789
Total	2 591 481 943	42 096 154	196 092 001	(168 723)	1 330 636	26 235 669	(102 953 925)	(1 258 510)	2 752 855 245

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Property, plant and equipment (continued)

Prior year adjustments

The municipality received a donation from a service provider in the form of a water tanker with a cost of R1 330 636, furthermore certain vehicles estimated useful lives required adjustments. The donation, depreciation and carrying value for motor vehicles has been adjusted, resulting in the carrying value being restated by an amount of R1 185 894 from R2 751 669 351 to R2 752 855 245. Refer to note 45.

(Loss)/Gain on disposal of property, plant and equipment	30 June 2021	30 June 2022
Computer equipment	(45 662)	(91 621)
Computer software & other	(171 304)	(121 072)
Furniture	(15 478)	(4 031)
Infrastructure	(397 870)	-
Motor vehicles	(84 098)	-
Office equipment	(8 346)	(33 511)
Plant and machinery	(19 674)	(39 560)
Proceeds from the sale of property, plant and equipment	-	2 127 672
	(742 431)	1 837 878

Change in estimates

The changes in estimates are evaluated at each financial year end.

In the financial year the review of the useful lives of assets resulted in the changes in estimates and the effects of the changes are as outlined below:

Asset Class	Change in estimate	Effect in depreciation charge
Buildings	R156	Decrease
Computer equipment	R262 745	Decrease
Furniture	R93 238	Decrease
Infrastructure	R340 627	Decrease
Motor vehicles	R38 005	Increase
Office equipment	R174 128	Decrease
Plant and machinery	R37 149	Decrease

Property, plant and equipment in the process of being constructed or developed

2021/2022

The assets under construction (infrastructure) carrying values includes delayed water infrastructure projects amounting to R159.7 m. The delays are mainly due to completed project phases awaiting the bulk water supply.

2020/2021

The assets under construction (infrastructure) carrying values includes delayed water infrastructure projects amounting to R231.8 m. The delays are mainly due to completed project phases awaiting the completion of additional project phases within the network and previously halted projects that now have appointed contractors continuing with the scope of work.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

2021/2022

The assets under construction (infrastructure) carrying values includes delayed water infrastructure projects amounting to R159.7 m. The delays are mainly due to completed project phases awaiting the bulk water supply.

2020/2021

The assets under construction (infrastructure) carrying values includes delayed water infrastructure projects amounting to R231.8 m. The delays are mainly due to completed project phases awaiting the completion of additional project phases within the network and previously halted projects that now have appointed contractors continuing with the scope of work.

Assets under construction 30 June 2022				
	Included within Infrastructure	Included within Community assets	Included within Operational Buildings	Total
Opening carrying value	949 799 384	935 015	900 183	951 634 582
Additions/capital expenditure	159 176 230	-	187 440	159 363 670
Transferred to completed items	(120 479 103)	-	-	(120 479 103)
	988 496 511	935 015	1 087 623	990 519 149

Assets under construction 30 June 2021				
	Included within Infrastructure	Included within Community assets	Included within Operational Buildings	Total
Opening carrying value	856 561 840	935 015	1 379 928	858 876 783
Additions/capital expenditure	76 040 726	-	195 352	196 092 001
Transferred to completed items	(102 659 105)	-	(675 097)	(103 334 202)
	949 799 384	935 015	900 183	951 634 582

Expenditure incurred to repair and maintain property, plant and equipment		
	2020/2021	2019/2020
Community assets	140 495	815 622
Computers	856 236	-
Furniture	9 051	-
Infrastructure	165 379 094	178 739 573
Motor vehicles	6 872 211	1 974 938
Plant and machinery	2 174 950	880 413
	175 432 037	182 410 546

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Intangible Assets

Group	30 June 2022			30 June 2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software and other	14 165 065	(6 875 870)	7 289 195	13 048 388	(5 721 505)	7 326 883
Reconciliation of intangible assets - June 2022						
	Opening balance	Additions	Disposals	Additions - AUC	Amortisation	Total
Computer software and other	7 326 883	(821 250)	(171 304)	1 177 829	(1 865 463)	7 289 195
Reconciliation of intangible assets - June 2021 restated						
	Opening balance	Additions	Disposals	Amortisation	Total	
Computer software and other	8 230 318	1 775 785	(121 072)	(2 558 148)	7 326 883	

The comparative figure has been restated by an amount of R334 987 from R6 991 896 to R7 326 883 to accommodate assets that had been fully amortised. Refer to note 45.

Intangible assets in the process of being constructed or developed

Expenditure recognised in the carrying value of Intangible assets	2021/2022	2020/2021
Computer software	1 177 829	-

Change in estimates

The changes in estimates are evaluated at each financial year end.

In the year the review of the useful lives of assets resulted in the changes in estimates and the effects of the changes are as outlined below:

Asset class Change in estimates	Effect in amortisation charge
Intangibles R 235 150	Decrease

10. Heritage assets

30 June 2022				30 June 2021			
	Cost	Accumulated impairment losses	Carrying value		Cost	Accumulated impairment losses	Carrying value
Historical Monuments	700 000	-	700 000		700 000	-	700 000
Reconciliation of Heritage assets - June 2022							
				Opening Balance		Total	
Historical Monuments				700 000		700 000	
Reconciliation of Heritage assets - June 2021							
				Opening Balance		Total	
Historical Monuments				700 000		700 000	

Historical monument

The municipality commissioned a historical monument of King Cetshwayo in the 2016/2017 financial year and as such deemed this as a cultural heritage asset.

A register containing the information required by section 63 of the Municipal Finance Management Act (Act No.56 of 2003) is available for inspection at the registered office of the municipality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Investments in municipal entities

Figures in Rands	2022	2021
uThungulu House Development Trust		
2021/2022		
The Master of the KwaZulu Natal High Court has noted, filed the deregistration and confirmed the termination of the Uthungulu House Development Trust on 03 October 2021.		
2020/2021		
The Uthungulu House Development Trust had ceased trading for what it was established. The Trust had terminated with effect from 18 December 2020. The administrators lodged all the deregistration documentation to the Master's office and as at 30 June 2021 awaited the confirmation of the dissolution. The final distribution of R768 494 was transferred to the municipality on 8 December 2020.		
Current Assets		
At amortised cost	-	760 849
Fair Value adjustment uThungulu House Development Trust	-	7 645
Distribution received on dissolution	-	(768 494)
	-	-

12. Investments in financial assets - shares

Current Assets		
At fair value	-	66 955
Fair value adjustment	-	4 169
Net proceeds from the sale of shares	-	(71 124)
	-	-

The municipality was one of numerous municipalities who became incidental shareholders in Sanlam Limited as a result of a demutualisation process undertaken by Sanlam Limited in 1998. The shares in Sanlam Limited were measured at fair value with reference to quoted prices on the Johannesburg Stock Exchange as at each reporting date and the transactions had been applied accordingly.

2020/2021

In the 2019/2020 financial year the municipality resolved to dispose of the share holding in Sanlam, KCDMC:2468/2020 dated 15 June 2020. The municipality received the proceeds of the sale on 20 July 2020 amounting to R71 124 (R63.00 per share net of administrative fees).

Reconciliation of fair value adjustment in 2020/2021

	R
Share value as at 30 June 2020	66 955
Share value as at 20 July 2020	71 124
Gain on fair value adjustment	4 169

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Borrowings

Figures in Rands	2022	2021
At amortised cost		
ABSA Bank 12.6%	11 849 312	16 773 042
The loan was raised originally for the development of the King Cetshwayo House building and the Greater Mthonjaneni Bulk Water Scheme. Subsequently infrastructure for the landfill site and sewer treatment plants were constructed there from. The original loan is repayable after a 14 year period (remaining period 2 years). Interest at 12.6% is payable 6 monthly in arrears on the last day of the month.		
INCA 11.95%	4 000 116	7 561 887
The loan was raised to finance extensions to King Cetshwayo House and the development of the Regional Solid Waste Site cell 2. The original loan is repayable after a 14 year period (remaining period 1 years). Interest at 11.95% is payable 6 monthly in arrears on the last day of the month.		
	15 849 428	24 334 929
Non-current liabilities		
At amortised cost	6 285 648	15 849 428
Current liabilities		
At amortised cost	9 563 780	8 485 501

14. Payables from exchange transactions

Accrued bonus	6 858 910	6 284 194
Accrued leave pay	18 009 675	16 498 521
Amounts received in advance	4 659 260	4 922 144
Employee payable transactions	219 419	8 982 239
Retention payables	55 489 969	45 478 368
Trade payables and accruals	298 959 663	249 680 639
Trade payables King Cetshwayo Fresh Produce Market	499 956	499 956
uMhlathuze Municipality	-	37 561
	384 696 852	332 383 622

15. Consumer deposits

Water	10 122 867	10 115 897

Consumer deposits are paid by consumers on application for new water and sanitation connections. The deposits are repaid when the accounts are terminated. In terms of Council's by-laws no interest is raised or paid on consumer deposits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations

Figures in Rands	2022	2021

Defined benefit plan and other long term benefits

Post retirement health care benefit liability

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the municipality is liable for a certain portion of the medical aid contributions.

The most recent actuarial valuations of the unfunded defined benefit obligation was carried out as at 30 June 2022 by Zaq Consultants and Actuaries, a member of the Actuarial Society of South Africa.

The present value of the defined benefit obligation and the related current service cost, were measured using the projected unit credit funding method. No other post retirement benefits are provided by the municipality.

The municipality subsidises monthly contributions to the following medical aid schemes: Bonitas, Keyhealth, Hosmed, Samwumed, and LA Health.

The post employment health care benefit plan is a defined benefit plan, of which the members are made up of 307 in-service member employees (2021 - 306) and 118 in-service non-member employees (2021 - 124) as at 30 June 2022 and 6 continuation members - retirees, widowers and orphans (2021 -6).

Estimated liability in respect of past services		
In service members (Employees)	22 051 000	18 385 000
In-service non-members (Employees)	493 000	438 000
Continuation members (Retirees, widowers and orphans)	2 624 000	3 029 000
	25 168 000	21 852 000

Long service awards

A long service award is granted to municipal employees per the policy after the completion of fixed periods of continuous service (every five years, from five years to forty five years) with the municipality, which includes their uninterrupted service with the former Local Authorities amalgamated in December 2000. The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into an amount based on his or her basic salary applicable at the time the award became due or, alternatively, credited to his or her vacation leave accrual.

The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2022 may become entitled to in future, based on actuarial valuation performed at that date.

The most recent actuarial valuations of the unfunded defined benefit obligation was carried out as at 30 June 2022 by Zaq Consultants and Actuaries, a member of the Actuarial Society of South Africa.

The present value of the defined benefit obligation and the related current service cost, were measured using the projected unit credit funding method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

Figures in Rands	2022	2021

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

Carrying value		
Present value of the defined benefit obligation - post employment medical aid benefits (PEMAB)	(25 168 000)	(21 852 000)
Present value of the defined benefit obligation - long service awards(LSA)	(14 768 000)	(13 593 000)
	(39 936 000)	(35 445 000)

Carrying value		
Non-current liabilities	(37 755 000)	(33 348 000)
Current liabilities	(2 181 000)	(2 097 000)
	(39 936 000)	(35 445 000)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	35 445 000	38 626 000
Net expense recognised in the statement of financial performance - total included in employee related costs	4 491 000	(3 181 000)
	(39 936 000)	(35 445 000)

Net expense recognised in the statement of financial performance

Post employment medical aid benefit - current service cost	1 418 000	2 389 000
Long service awards - current service cost	1 478 000	1 164 000
Post employment medical aid benefit - interest cost	2 286 000	3 812 000
Long service awards - interest cost	1 210 000	933 000
Post employment medical aid benefit - actuarial (gain)	(136 056)	(12 973 746)
Long service awards - actuarial (gain) / loss	(267 209)	2 793 117
Post employment medical aid benefit - actual benefits paid	(251 944)	(250 254)
Long service awards - actual benefits paid	(1 245 791)	(1 048 117)
	4 491 000	(3 181 000)

Calculation of actuarial gains and losses

Post employment medical aid benefit - actuarial (gain)	(136 056)	(12 973 746)
Long service awards - actuarial (gain) / loss	(267 209)	2 793 117
	(403 265)	(10 180 629)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

Figures in Rands	2022	2021
Long service awards		
Post employment medical aid benefits		
Based on the most recent actuarial valuation as at 30 June 2022, the estimated future service cost for the 2022/2023 financial year was established to be R1 748 000, whereas the interest cost is estimated to be R3 393 000 (2022 - R1 418 000 and R2 286 000) respectively.		
The municipality expects to make a contribution of R354 000 (2022 - R254 000) to the defined benefit plans during the 2022/2023 financial year. As at 30 June 2022 benefits paid amount to R251 944.		
Long service awards		
Based on the most recent actuarial valuation as at 30 June 2022, the estimated future service cost for the 2022/2023 financial year was established to be R1 617 000, whereas the interest cost is estimated to be R1 700 000 (2022 - R1 478 000 and R1 210 000) respectively.		
The municipality expects to make a contribution of R1 827 000, (2022 - R1 843 000) to the defined benefit plans during the 2022/2023 financial year.		
As at 30 June 2022 benefits paid amount to R1 245 791.		
Key assumptions used		
Assumptions used at the last actuarial valuation as at 30 June 2022.		
Post employment medical aid benefits		
Discount rate	13,12%	10.52%
Medical aid contribution inflation rate	10,47%	7,07%
Net effective discount rate	2,39%	3,22%
Maximum subsidy inflation rate	7,48%	4,93%
Net-of-maximum-subsidy-inflation discount rate	5,25%	5,33%
Continuation of membership at retirement	75%	75%
Proportion of in-service non-members joining a scheme by retirement	-	15%
Long service awards		
Discount rate	11,45 %	9,53%
Normal salary increase rate	8,62 %	5,87%
Net effective discount rate	2,60 %	3,46%
Consumer price inflation (CPI)	7,62 %	4,87%
Other assumptions		
Normal retirement age	65 years	65 years
Average retirement age for females and males	63 years	63 years
Mortality rate - males per SA	85-90	85-90
Mortality rate - females per SA	85-90	85-90 adjust

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

2021/2022

The basis on which the discount rate and medical aid inflation rate has been determined are as follows for post employment medical aid benefits:

The yield curves as at 30 June 2022 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years.

The 13.12% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 30 June 2022 and do not contain any adjustments for taxation. The liability-weighted implied duration for both components (In-Service and Continuation members) of the liability was used to determine the appropriate discount rate used for the purposes of this valuation.

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

The inflation assumption is required to reflect future changes to health care costs. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1.5% per annum over the foreseeable future.

The next contribution increase was assumed to occur on 1 January 2023.

The CPI assumption was obtained by using the differential between the nominal yield (earned on fixed-interest bonds) and the index-linked yield on the yield curve, as this effectively represents the market's expectation of future inflation. The index-linked yield used was 4.15%, which was also obtained by using the rate on the yield curve that corresponds to the calculated implied duration.

The maximum subsidy inflation rate assumption is the rate at which the subsidy cap amount is expected to increase with in the future. These annual increases are specified periodically by the local government bargaining council. The next increase expected to occur on 30 June 2023. The increases are assumed to increase with 75% of salary inflation each year, with salary inflation assumed to be equal to CPI + 1%. This gives rise to a subsidy cap inflation of 7.48%.

The rate at which cashflows would effectively be discounted at after allowing for the 13.12% discount rate and 10.47% medical aid inflation rate is 2.39% which is derived from: $((1+13.12\%)/(1+10.47\%)) - 1$.

The basis on which the discount rate and salary inflation has been determined as follows for long service awards:

The yield curves as at 30 June 2022 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The actuaries have derived the underlying future rate of consumer index inflation (CPI inflation) from the relationship between (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) inflation linked bond rate for each relevant time period.

The 11.45% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 30 June 2022 and do not contain any adjustments for taxation.

The CPI assumption was obtained by using the differential between the nominal yield (earned on fixed interest bonds) and the index-linked yield on the yield curve, as this effectively represents the market's expectation of future inflation. The index-linked yield used was 3.83%, which was also obtained by using the rate on the yield curve that corresponds to the calculated implied duration.

The rate at which cashflows would effectively be discounted at after allowing for the 11.45% discount rate and 8.62% salary inflation rate is 2.6% which is derived from $((1+11.45\%)/(1+8.62\%))-1$.

Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2022 of 4.9%. The next salary increase was assumed to take place on 01 July 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

2020/2021

The basis on which the discount rate and medical aid inflation rate has been determined are as follows for post employment medical aid benefits:

The actuaries have derived the discount rate of 10.52% per annum. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process. The corresponding liability - index-linked yield is 4.22%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021. These rates were calculated by using a liability-weighted average of the yields for the two components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process.

The health care cost Inflation rate assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 7.07% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.57%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.22% which derives from $((1+10.52\%)/(1+7.07\%))-1$.

The expected inflation assumption of 5.57% was obtained from the differential between market yields on indexlinked bonds consistent with the estimated term of the liabilities (4.22%) and those of fixed interest bonds (10.52%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+10.52\%-0.50\%)/(1+4.22\%))-1$.

The next contribution increase was assumed to occur with effect from 1 January 2022.

The expected consumer index inflation (CPI inflation) of 4.87% obtained from the differential between market yields on index-linked bonds (3.97%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.53%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increase (0.50%). Therefore, expected inflation is determined as $((1 + 9.53\% - 0.50\%) / (1+3))$.

The maximum subsidy inflation rate assumption is required to reflect estimated future changes in the maximum amount to which subsidies are limited. This maximum amount is set at R 4,964.04 per member per month for the year ending 30 June 2022. The annual increases to this maximum amount are periodically specified by the local government bargaining council.

Recent past annual increases balanced with sustainability needs of employees have resulted in this assumption being set at 75% of salary inflation. The future salary inflation assumption of 6.57%, was set to be 1% above expected CPI inflation. Thus a maximum subsidy inflation assumption of 4.93% was assumed. The next increase to the maximum subsidy was assumed to occur with effect from 1 July 2022.

The basis on which the discount rate and salary inflation has been determined as follows for long service awards:

The actuaries have derived the discount rate of 9.53% per annum. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process.

The corresponding liability - weighted index-linked yield is 3.97%. These rates do not reflect any adjustment fortaxation, and were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

The expected consumer index inflation (CPI inflation) of 4.87% obtained from the differential between market yields on index-linked bonds(3.97%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.53%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

Therefore, expected inflation is determined as $((1+9.53\%-0.50\%)/(1+3.97\%))-1$.

Thus, a general earnings inflation rate of 5.87% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This reflects a net discount rate of 3.46%.

The salaries used in the valuation include an assumed increase on 01 July 2021 of 4%. The next salary increase was assumed to take place on 01 July 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

Figures in Rands	2022	2021
Other assumptions		
Assumed healthcare cost trends, salary(general earnings) inflation rates and deviations from assumed level of mortality experience of the current employees and continuation members, amongst others will have a large impact on the actual cost to the municipality, with a significant effect on the amounts recognised in surplus or deficit. A change in assumed healthcare cost trends, salary inflation rates, mortality rates and withdrawal rates and other assumptions would have the following effects:		
Increase of 1% / (Decrease of 1%) - Health care cost trends		
Effect on the post employment medical aid - pemab	2 945 000	2 366 000
Effect on the aggregate of the service cost and interest cost	647 000	286 000
Effect on the post employment medical aid	(3 220 000)	(2 677 000)
Effect on the aggregate of the service cost and interest cost	(717 000)	(385 000)
Increase of 1% / (Decrease of 1%) - General earnings inflation rate		
Effect on the long service awards	1 099 000	902 000
Effect on the aggregate of the service cost and interest cost	274 000	179 000
Effect on the long service awards	(988 000)	(811 000)
Effect on the aggregate of the service cost and interest cost	(244 000)	(160 000)
(Increase of 1 year)/ Decrease of 1 year in post employment mortality		
Effect on the post employment medical aid	(753 000)	(575 000)
Effect on the post employment medical aid	749 000	567 000
(Increase of 1%)/ Decrease of 1 % in discount rates		
Effect on the post employment medical aid	(3 635 000)	(3 188 000)
Effect on the post employment medical aid	4 593 000	4 050 000
Effect on the long service awards	(956 000)	(834 000)
Effect on the long service awards	1 080 000	944 000
Increase of 2 years /(Decrease of 2 years)in average retirement age		
Effect on the long service awards	1 256 000	756 000
Effect on the long service awards	(1 334 000)	(785 000)
Decrease of 1 year in average retirement age		
Effect on the post employment medical aid	2 554 000	1 976 000
(Increase of x 2)/ Decrease of x0,5 in withdrawal rates		
Effect on the long service awards	(3 000 000)	(2 137 000)
Effect on the aggregate of the service cost and interest cost	(777 000)	-
Effect on the long service awards	2 044 000	1 481 000
Effect on the aggregate of the service cost and interest cost	544 000	-
(Decrease by 10%) of membership continuation		
Effect on the post employment medical aid	(2 829 000)	(2 744 000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. Employee benefit obligations (continued)

The history of the accrued liability is outlined below:

	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Present value of post retirement medical aid benefit	25 168 000	21 852 000	28 875 000	27 868 707	25 953 000
Present value of long service awards	14 768 000	13 593 000	9 751 000	8 763 169	6 455 000

Defined benefits obligations

The municipality's employees are members of one of the three(3) KwaZulu Natal Joint Municipal Pension Funds i.e (Superannuation, Provident and Retirement). An amount of R28 047 343 (2021 - R26 514 315) was contributed by Council towards employment retirement funding. These contributions have been expensed as at 30 June 2022.

Description of Fund	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000
March			
Government Employees Pension Fund	March 2021	2 103 730	2 103 730
KwaZulu-Natal Joint Municipal Provident Fund	March 2022	9 271 834	9 271 834
KwaZulu-Natal Joint Municipal Pension Fund (Superannuation Fund)	March 2022	15 645 648	15 645 648
KwaZulu-Natal Joint Municipal Pension Fund (Retirement)	March 2022	5 414 053	5 414 053
March			
Government Employees Pension Fund	March 2020	1 649 365	1 649 365
KwaZulu-Natal Joint Municipal Provident Fund	March 2021	7 547 393	7 547 393
KwaZulu-Natal Joint Municipal Pension Fund (Superannuation Fund)	March 2021	14 146 612	14 146 612
KwaZulu-Natal Joint Municipal Pension Fund (Retirement)	March 2021	4 889 402	4 889 402

Municipal employees have joined the Old Mutual Group Life scheme from 1 November 2015 which includes family cover, life insurance and group income protection. The municipality and employee each contribute to the scheme based on a percentage of the employees pensionable earnings.

17. Unspent transfers and subsidies

Figures in Rands	2022	2021
Unspent conditional transfers and subsidies comprises of:		
Department of Transport	2 584 000	-
KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs	654 148	654 148
KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs	354 199	354 199
Public contributions	15 000	-
	3 607 347	1 008 347

Transfers and subsidies movement during the year

Balance at the beginning of the year	1 008 347	53 702 560
Amounts received during the year	870 262 000	846 509 500
Revenue recognised for the year	(867 663 000)	(899 203 713)
	3 607 347	1 008 347

The comparative figure for unspent conditional grants has been restated by an amount of R167 677 from R1 176 024 to R1 008 347 - refer to note 45.

The unspent conditional grants amounting to R3 607 347 are cash backed and included in cash and cash equivalents - refer to note 7.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Provisions

Reconciliation of provisions - June 2022

	Opening Balance	Additions	Adjustments change in estimates of provision	Unwinding of discount and other charges	Total
Performance bonus	2 497 233	886 697	(1 544 585)	-	1 839 345
Rehabilitation of refuse landfill site	55 133 424	-	34 499 013	6 997 113	96 629 550
	57 630 657	886 697	32 954 428	6 997 113	98 468 895

Reconciliation of provisions - June 2021

	Opening Balance	Additions	Adjustments change in estimates of provision	Reversed during the year	Unwinding of discount and other charges	Total
Performance bonus	2 818 136	1 218 197	-	(1 539 100)	-	2 497 233
Rehabilitation of refuse landfill site	25 643 302	-	26 235 670	-	3 254 452	55 133 424
	28 461 438	1 218 197	26 235 670	(1 539 100)	3 254 452	57 630 657

Non-current liabilities	96 629 550	55 133 424
Current liabilities	1 839 345	2 497 233
	98 468 895	57 630 657

Performance bonus

2021/2022

Performance bonuses are usually paid after the financial year end in arrears as the assessment of eligible employees usually only takes place after the year and upon approval of the Council following the tabling of the oversight report. The assessments for the 2017/2018, 2018/2019 and 2019/2020 financial years was finalised by the performance evaluation committee(PEC) on 29 July 2021 for all managers with exception of the evaluation for the Municipal Manager. Thus, the provision as at 30 June 2021 had been adjusted to best reflect the PEC outcome. On 30 August 2022, Council resolved per KCDMC: 563/2022 to write off the bonus provision for the period 2017/2018, 2018/2019 and 2019/2020. The provision has been reversed to reflect the Council resolution.

The performance achievements related to the provision for 2020/2021 have yet to be evaluated, however provision has been made as per the performance agreements.

Furthermore, provision had been made for the 2021/2022 financial year with exception for the Deputy Municipal Manager Technical Services and Deputy Municipal Manager Corporate Services and Municipal Manager, as the positions were vacant for the period or the incumbent was not in the position for a full financial year.

2020/2021

Performance bonuses are usually paid after the financial year end in arrears as the assessment of eligible employees only takes place after the year. The assessments for the 2017/2018, 2018/2019 and 2019/2020 financial years were finalised by the performance evaluation committee(PEC) on 29 July 2021 for all managers with exception of the evaluation for the Municipal Manager. Thus, the provision had been adjusted to best reflect the PEC outcome.

The payments were expected to be effected once the Council had approved the performance evaluation committees assessments report.

Furthermore, provision had been made for the 2020/2021 financial year with exception for the Deputy Municipal Manager Technical Services and Deputy Municipal Manager Corporate Services, as the positions were vacant for the period.

2021/2022

Rehabilitation of refuse landfill site

The provision for rehabilitation is calculated for the existing Empangeni Landfill Site, situated on Lot 11425 Richards Bay. The site is classified as a G:M:B+, which implies it is a site which may only be used for general waste between 150 to 500 tons per day. In terms of the permit as issued by the Department of Water Affairs and Forestry (DWAF) and the conditions of the permit requires the municipality to rehabilitate the site at the end of its useful life in order to obtain a closure permit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. Provisions (continued)

2021/2022

In terms of licensing of the landfill refuse site, the provision for rehabilitation costs was R96.6m as at 30 June 2022 (R55m as at 30 June 2021) to restore the remaining portions of the old Empangeni refuse site at the end of their useful lives. Provision has been made at best estimate based on the current rehabilitation rate costs, determined by an independent professional engineer for the current solid waste (Cell 1 & Cell 2) at the old Empangeni Site.

The rehabilitation rate cost was escalated over the current developed waste footprint to determine the future liability and discounted using the cost of capital rate. Rehabilitation will take place as cells are fully utilised and per the site design of the cells which at the current used footprint and available airspace is expected to be approximately June 2028. The expected timing is subject to any significant changes to waste strategies of major customers. Based on the best estimate provided by the engineers, an applicable inflation rate of 14.7% (8% for 2020/2021) has been determined and a discount rate of 12.69% (12.69% for 2020/2021) has been utilised.

2020/2021

The provision for rehabilitation is calculated for the existing Empangeni Landfill Site, situated on Lot 11425 Richards Bay. The site is classified as a G:M:B+, which implies it is a site which may only be used for general waste between 150 to 500 tons per day. In terms of the permit as issued by the Department of Water Affairs and Forestry (DWAF) and the conditions of the permit requires the municipality to rehabilitate the site at the end of its useful life in order to obtain a closure permit.

In terms of licensing of the landfill refuse site, the provision for rehabilitation costs was R55m as at 30 June 2021 (R25,6m as at 30 June 2020) to restore the remaining portions of the old Empangeni refuse site at the end of their useful lives. Provision has been made at best estimate based on the current rehabilitation rate costs, determined by an independent professional engineer for the current solid waste (Cell 1 & Cell 2) at the old Empangeni Site.

The rehabilitation rate cost was escalated over the current developed waste footprint to determine the future liability and discounted using the cost of capital rate. Rehabilitation will take place as cells are fully utilised and per the site design of the cells which at the current used footprint and available airspace is expected to be approximately October 2029. The expected timing is subject to any significant changes to waste strategies of major customers. Based on the best estimate provided by the engineers, an applicable inflation rate of 8,0% (0,3% for 2019/2020) has been determined and a discount rate of 12.69% (12,69% for 2019/2020) has been utilised.

The municipality has restated the comparative figure for the provision for rehabilitation of the landfill site by an amount of R50 413 824 (opening balance for 2019/2020 - R38 954 533) from R76 057 126 to R25 643 302.

The related adjustment to the underlying asset for the rehabilitation provision had also been adjusted by R26 235 670 as at 30 June 2021 due to the annual review of the provision estimate. The adjustment for the 2019/2020 financial year resulted in a downward adjustment of R4 700 268 and the remaining adjustment of R10 451 480 was adjusted to profit and loss as the adjustment to the asset is limited to the carrying value of the asset at 30 June 2020.

Change in estimates

Grap 19 requires that provisions be reviewed at each period end and the following changes transpired during the financial year due to an increase in the rehabilitation of the landfill site as a result of escalation rates applied in calculating the future obligation.

2021/2022

Increased adjustment to provision by R34 499 013.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. Revenue from exchange transactions - Service charges

Figures in Rands	2022	2021
Unspent conditional transfers and subsidies comprises of:		
Air quality license revenue	139 197	28 606
Cemetery revenue	469 303	473 903
Sanitation revenue	8 575 291	8 143 659
Solid waste revenue	33 320 782	28 859 677
Water revenue	60 138 731	58 997 429
	102 643 304	96 503 274

20. Revenue from exchange transactions - Rental income

Lease income - community assets	414 606	436 645
Rental income - parking	49 304	52 000
	463 910	488 645

The comparative figure for revenue from exchange transactions - rental income has been restated by an amount of R436 645 from R52 000 to R488 645, as a result of reclassifying lease income from other income - Refer to note 22 and 45.

21. Revenue from exchange transactions - Interest received income

Outstanding debtors	2 336 177	2 535 738
Interest on long-term receivables from exchange transactions	2 683	4 852
Bank accounts	6 808 420	5 642 140
External investments	12 503 623	11 812 877
	21 650 903	19 995 607

22. Revenue from exchange transactions - Other income

Insurance claim proceeds	4 736 007	2 386 519
Tender deposits and sale of maps	10 098	95 916
Bursary refunds and other	1 315 569	360 952
Administrative fees	106 718	161 829
	6 168 392	3 005 216

The comparative figure for bursary refunds and other has been restated by an amount of R139 944 from R500 896 to R360 952, resulting in revenue from exchange transactions - other income being restated from R3 145 160 to R3 005 216 - refer to note 20 and 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Revenue from non-exchange transactions - Transfers and subsidies

Figures in Rands	2022	2021
Operating grants		
Levy Replacement Grant	319 462 000	281 358 456
Equitable Share	271 387 000	313 238 544
Department of Water and Sanitation	5 131 418	4 259 907
Department of Co-operative Governance and Traditional Affairs	43 457 756	30 364 129
Department of Public Works Grant	4 619 000	5 276 000
Department of Transport	-	2 550 000
National Treasury	1 200 000	1 374 610
KwaZulu-Natal Department of Economic Development Tourism and	-	45 852
"Environmental Affairs KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs"	-	2 996 202
Public Contributions	-	21 500
	645 257 174	641 485 200
Capital grants		
Department of Water and Sanitation	84 868 582	132 139 737
Department of Co-operative Governance and Traditional Affairs	137 537 244	125 091 871
National Treasury	-	416 827
Public contributions	-	70 078
	222 405 826	257 718 513
	867 663 000	899 203 713
National Government - Levy Replacement Grant (Unconditional Grant)		
Current-year receipts	319 462 000	281 358 456
Transferred to revenue	(319 462 000)	(281 358 456)
	-	-
Regional council levies have been discontinued as from 30 June 2006, and the national fiscus has allocated a levy replacement grant to the district municipalities. The levy replacement grant is an measure to ensure the financial stability of the district municipalities while National government is currently defining the overall fiscus streams to local government.		
National Government - Equitable Share Grant (Unconditional Grant)		
Current-year receipts	271 387 000	313 238 544
Transferred to revenue	(271 387 000)	(313 238 544)
	-	-

In terms of the Constitution, this grant is unconditional and is used to subsidise the provision of basic services to the community. These subsidies includes 6 kilolitre free basic water per household to registered indigents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Figures in Rands	2022	2021
Department of Water and Sanitation		
Balance unspent at beginning of the year: WSIG	-	18 054 963
Current year receipts: WSIG	70 000 000	60 000 000
Conditions met - transferred to revenue: WSIG	(70 000 000)	(78 054 963)
Balance unspent at beginning of the year: RBIG	-	30 935 681
Current year receipts: RBIG	20 000 000	27 409 000
Conditions met - transferred to revenue: RBIG	(20 000 000)	(58 344 681)
	-	-

These grants are used for:

- restoration of water & wastewater infrastructural services damaged by floods - WSIG;
- water infrastructure and sanitation projects;
- drought relief and disaster relief programmes-(COVID-19 reprioritization - 2020/2021);
- the reduction of water and sanitation backlogs;
- the sustainability of water and sanitation infrastructure;
- the upgrading and development of regional bulk water infrastructure;
- the implementation of water conservation and water demand management programmes, and
- the purchase of water tankers and tank stands.

Refer to note 41 and 42.

Department of Co-operative Governance and Traditional Affairs		
Current year receipts: MIG	180 995 000	155 456 000
Conditions met - transferred to revenue: MIG	(180 995 000)	(155 456 000)
	-	-

This grant is used for:

- restoration of water and wastewater infrastructural services damaged by floods;
- the construction of water and sanitation infrastructure;
- the reduction of water and sanitation backlogs;
- the sustainability of water and sanitation infrastructure, and
- the upgrading and development of regional bulk infrastructure.

Refer to note 42.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Figures in Rands	2022	2021
Department of Public Works Grant		
Current year receipts: EPWP	4 619 000	5 276 000
Conditions met - transferred to revenue: EPWP	(4 619 000)	(5 276 000)
	-	-

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

The following areas have been identified:

- basic services infrastructure, including water and sanitation reticulation;
- parks and beautification;
- sustainable land based livelihoods, and
- social services programmes.

Department of Transport		
Current year receipts: RRAMS	2 584 000	2 550 000
Conditions met - transferred to revenue: RRAMS	-	(2 550 000)
	2 584 000	-

Conditions still to be met - remain liabilities (see note 17).

The Department of Transport grant is used to co-ordinate Rural Roads Asset Management Systems, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.

National Treasury		
Current year receipts: FMG	1 200 000	1 200 000
Conditions met - transferred to revenue: FMG	(1 200 000)	(1 200 000)
Balance unspent at beginning of the year: Municipal disaster relief grant	-	591 437
Conditions met - transferred to revenue - approved roll over from prior year: Municipal disaster relief grant	-	(591 437)
	-	-

The comparative figure for National Treasury has been restated by R167 677 from R167 677 to R0 - refer to note 45.

National Treasury grants are used for:

Financial Management grant:

- to promote and support reforms to municipal financial management, and
- the implementation of the Municipal Finance Management Act (Act no. 56 of 2003).

Municipal Disaster Relief grant:

The approved funding is meant to augment the resources of the municipality with regard to the following prioritised areas - refer to note 41:

- Sanitation;
- Decontamination of specific selected municipal spaces; Personal Protective Equipment, and hygiene packs; and
- Waste management.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Figures in Rands	2022	2021
KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs		
Conditions met - transferred to revenue - approved rollover from prior year	654 148	700 000
Conditions still to be met - remain liabilities (see note 17).	-	(45 852)
	654 148	654 148

Conditions still to be met - remain liabilities (see note 17).

The grants received from the Department of Economic Development Tourism and Environmental Affairs is for the development of environmental framework plan, essential oils programmes and the facilitation of tourism development initiatives and tourism potential within the district.

KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs		
Balance unspent at beginning of the year: Spatial Development Framework	87 130	1 000 000
Conditions met - transferred to revenue - approved rollover from prior year	-	(912 870)
Balance unspent at the beginning of the year: Planning Shared Services	63 405	350 401
Conditions met - transferred to revenue: Planning Shared Services	-	(286 996)
Balance unspent at beginning of the year: Feasibility study to establish the district shared legal service	39	1 000 000
Conditions met - transferred to revenue: Feasibility study to establish the district shared legal service	-	(999 961)
Balance unspent at beginning of the year: Expanded Richards Bay Industrial Development Zone	203 625	1 000 000
Conditions met - transferred to revenue: Expanded Richards Bay Industrial Development Zone	-	(796 375)
	354 199	354 199

Conditions still to be met - remain liabilities (see note 17).

These grants are used:

- to build planning capacity within the district in order to enable effective performance of planning legislative mandates in line with the powers and functions of municipalities;
- for disaster programmes, fire fighting equipment, water service delivery planning, shared services unit and infrastructure;
- to supply portable water to specific areas per agreements;
- to provide for identified feasibility studies and to enable the development of critical nodal plans for orderly planning of current and future expansions areas in the municipality, and
- to enable the legislative review of the spatial development framework to promote orderly development in compliance with all applicable legislation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Figures in Rands	2022	2021
Public contributions		
Balance unspent at beginning of the year	-	70 078
Current-year receipts	15 000	21 500
Conditions met - transferred to revenue	-	(91 578)
	15 000	-

Conditions still to be met - remain liabilities (see note 17).

2021/2022

The municipality received donations in 2021/2022 and such will be included in the next budget.

24. Employee related costs

Employee related costs - salaries and wages	182 530 728	170 463 076
Employee related costs - contributions for UIF, pensions and medical aid	40 167 588	37 426 542
Travel and vehicle allowances	15 638 572	15 073 065
Overtime and relief payments	11 782 008	9 481 092
Housing benefits and other allowances	6 536 967	5 604 209
Defined employee benefit obligations: post employment medical aid benefits and long service awards	4 491 000	(3 181 000)
	261 146 863	234 866 984

The comparative figure has been restated by an amount of R259 659 from R234 607 325 to R234 866 984 - refer to note 45.

Included in the employee related costs are the salaries, allowances and benefits for the Municipal Manager and Deputy Municipal Managers, and are outlined below.

As at 30 June 2022, a zero percent cost of living adjustment was gazetted in the financial year per gazette No. 46062 dated 18 March 2022, for these categories of staff:

Remuneration of Acting Municipal Manager - PP Sibiya		
Annual remuneration	686 926	-
Cellphone and data allowance	18 452	-
Contributions to UIF and other	1 125	-
Travel allowance	185 958	-
	892 461	-

Council appointed the acting municipal manager to the position on 5 January 2022 per KCDMC:31/2022 and the incumbent commenced duties from 6 January 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Employee related costs (continued)

Figures in Rands	2022	2021
Remuneration of Municipal Manager - MTB Ndlovu		
Annual remuneration	1 152 134	1 785 200
Contributions to UIF and other	1 499	1 931
Leave pay	217 450	-
Separation settlement	484 300	-
Travel allowance	19 213	35 401
	1 874 596	1 822 532

Council resolved on 26 February 2022 per KCDMC:154/2022 to mutually agree to separate relations with the incumbent effective 28 February 2022. The parties reached a settlement agreement which included three(3) months all inclusive salary payout of R484 300.

Remuneration of Deputy Municipal Manager - Planning & Economic Development - Z Mbonane		
Annual remuneration	1 094 547	1 094 547
Cellphone and data allowance	33 712	33 712
Contributions to UIF and other	2 249	1 932
Travel allowance	364 849	364 849
	1 495 357	1 495 040

Remuneration of Deputy Municipal Manager - Technical Services - S Mbambo		
Annual remuneration	175 847	256 586
Acting allowance	54 279	41 890
Cellphone and data allowance	4 250	-
Contributions to UIF and other	375	476
	234 751	298 952

2021/2022

During the financial year the position was vacant from 1 July 2021 to 31 April 2022. An incumbent was appointed to act in the position from 1 November 2021 to 31 March 2022 and has been paid an acting allowance amounting to R54 279. Council appointed an incumbent to the position effective 01 May 2022.

2020/2021

During the financial year the position was vacant from 1 October 2020 to 30 June 2021. An acting allowance was paid to an incumbent amounting to R41 890 for the period November 2020 to February 2021.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Employee related costs (continued)

Figures in Rands	2022	2021
Remuneration of Deputy Municipal Manager - Corporate Services		
Acting allowance	64 068	115 381
	1 874 596	1 822 532

2021/2022

During the financial year the position was vacant from 1 July 2021 to 30 June 2022. An incumbent has been appointed to act in the position from 1 November 2021 and has been paid an acting allowance amounting to R64 068. The position has been advertised and it is anticipated that the incumbent will be appointed early in the 2022/2023 financial year.

2020/2021

During the financial year the position was vacant from 1 July 2020 to 30 June 2021. In this period an acting allowance was paid to an incumbent amounting to R115 381.

Remuneration of Deputy Municipal Manager - Community Services - TF Mnguni		
Annual remuneration	937 492	937 492
Cellphone and data allowance	33 712	33 712
Contributions to UIF, medical, pension and other	175 616	175 303
Travel allowance	277 840	277 890
	1 424 660	1 424 397

Remuneration of Chief Operating Officer - CK M'Marete		
Annual Remuneration	1 316 615	1 316 615
Cellphone and data allowance	33 712	16 856
Contributions to UIF, pension funds and other	239 240	238 923
Travel allowance	189 180	189 180
	1 778 747	1 761 574

Remuneration of Deputy Municipal Manager - Financial Services - MC Reddy		
Annual remuneration	1 219 956	1 219 956
Cellphone and data allowance	33 712	31 587
Contributions to UIF and other	2 249	1 932
Travel allowance	522 828	522 828
	1 778 745	1 776 303

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Remuneration of councillors

Figures in Rands	2022	2021
Mayor	818 848	820 820
Deputy Mayor	846 246	777 820
Speaker	549 597	806 221
Chief Whip	493 689	762 731
MPAC Chair	438 887	706 295
Executive Committee	3 665 817	4 361 949
Councillors	4 490 848	2 999 481
Councillors' pension contribution	710 411	1 062 019
	12 014 343	12 297 336

In-kind benefits

2021/2022

A new Council was elected on 9 November 2021.

The Mayor, Deputy Mayor, Speaker, Chief Whip, MPAC Chair and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council, which is included with expenditure items in the statement of financial performance. The remuneration of councillors includes remuneration, cellular allowance, backpay, sitting allowance, pension and travel. The pension for all councillors is disclosed under the line item councillors pension contribution.

The Mayor, Deputy Mayor and Speaker have the use of a Council owned vehicle together with a driver for official duties, and security. Furthermore, personal security is provided for some EXCO and Council members based on security assessments, as outlined in the Government Gazette on the Determination of upper limits of salaries, allowances and benefits of municipal councils.

Councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the upper limits of salaries, allowances and benefits of the different members of municipal councils, as determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998. South African Special Risk Insurance Association (SASRIA) covers the loss of damage to a councillor's personal immovable and movable property and assets, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

The full breakdown of the councillor remuneration is disclosed under the note on related parties, note 37.

26. Depreciation, amortisation and impairment

Depreciation - property, plant and equipment	106 499 574	102 953 930
Impairment - property, plant and equipment	704 296	1 258 510
Amortisation - intangible assets	1 865 463	2 558 147
	109 069 333	106 770 587

The comparative figure has been restated by an amount of R64 982 from R106 705 605 to R106 770 587 due to depreciation for the donated asset, amortisation of fully amortised assets and adjustment to estimated useful lives. Refer to note 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. Finance costs

Figures in Rands	2022	2021
Interest paid - borrowings	2 764 981	3 721 619
Provision for landfill site rehabilitation	6 997 113	3 254 452
	9 762 094	6 976 071

Finance charges relate to the two annuity loans currently held with ABSA and INCA with balances of R11 849 312 (2020/2021 - R16 773 042) and R4 000 116(2020/2021 R7 561 887).

28. Inventory consumed

Consumables	33 838 909	16 244 730
Materials and supplies	3 552 754	4 807 596
Water	121 719 787	131 851 385
	159 111 450	152 903 711

2021/2022

In the financial year the municipality aligned the nature of the expense to the MSCOA chart version 6.5. The alignment resulted in bulk purchases expenditure being included and classified as inventory consumed. Thus the inventory consumed note now includes expenditure previously reported under bulk purchases of R129 360 773 and operational costs of R23 542 938, with sub categories of consumables, materials & supplies and water. Refer to notes 30 and 45.

In the previous financial years the municipality had lodged a dispute with the bulk water service provider regarding the tariff being applied to the municipality's account.

A further contingent liability has been raised in respect of the charges levied by the bulk water service provider in the current financial year as the dispute is still ongoing. - refer to note 36.

2020/2021

In the previous financial years the municipality had lodged a dispute with the bulk water service provider regarding the tariff being applied to the municipality's account. In this regard included in the contingent liabilities for 2019/2020 was an amount of R54 540 317.

The dispute raised has resulted in the City of uMhlathuze reducing the charged tariff to a lower tariff thus eliminating the contingent liability, however the municipality was disputing the reduced tariff. A further contingent liability was been raised in respect of the charges levied by the bulk water service provider in the financial year - refer to note 36.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. Contracted services

Figures in Rands	2022	2021
Outsourced Services		
Burial services	155 773	234 567
Business and advisory	1 728 515	777 270
Catering services	1 923 788	616 125
Cleaning services	67 430	309 104
Hygiene services	28 931 104	22 130 658
Internal auditors	440 588	2 871 417
Meter management	1 023 043	-
Medical services (medical health services and support)	141 315	7 000
Mini dumping sites	14 936 338	12 310 167
Professional staff	545 263	1 926 008
Security services	1 267 472	4 053 728
Transport services	962 868	187 723
Consultants and Professional Services		
Business and advisory	1 496 297	4 428 536
Infrastructure and planning	554 108	7 669 141
Laboratory services	2 923 117	60 788
Legal cost	11 076 753	19 431 447
Contractors		
Artists and performers	563 170	-
Auctioneers	-	55 505
Event promoters	3 080 979	-
Fire services	-	50 736
Inspection fees	235 478	210 931
Maintenance and operations	125 009 514	143 836 276
Medical services	4 021	122 576
Pest control and fumigation	8 845	4 253
Safeguard and security	9 294 882	6 508 561
Stage and sound crew	810 165	153 850
Transportation	89 137 039	91 825 266
	296 317 865	319 781 633

The comparative figure for safeguard and security under contractors has been restated by an amount of R2 415 679 from R8 924 240 to R6 508 561, resulting in contracted services being restated from R322 197 312 to R319 781 633 - refer to note 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Operational Costs

Figures in Rands	2022	2021
Achievements and awards	-	10 000
Advertisements and publicity	7 258 674	3 929 878
Archives	308 605	336 128
Bank charges	411 216	296 440
Bursaries	139 973	319 770
Courier and delivery services	14 448	13 400
Deeds	13 536	12 408
Delegations	68 477	232 429
Entrance fees	12 000	-
External audit fees	4 472 084	3 866 122
Insurance	11 788 046	6 198 969
Licenses	7 290 930	5 881 812
Municipal services	37 642 421	31 326 647
Operating leases	11 681 314	13 249 994
Personal protective equipment	1 287 084	1 228 640
Postage	562 318	513 444
Professional and regulatory bodies fees	2 650 096	2 550 788
Skills development levy	2 148 357	1 708 629
Small tools	107 826	62 230
Subsistence and travelling	3 819 562	1 560 700
Telephone	2 109 607	2 238 204
Vehicle tracking services	60 228	31 628
	93 846 802	75 568 260

The comparative figure for municipal services has been restated by an amount of R11 252 258 from R42 578 905 to R31 326 647. Furthermore the line items inventory consumable stores (R16 244 730) and inventory materials and supplies (R7 298 208) have been aligned to the MSCOA chart version 6.5 and classified under inventory consumed note 28. The latter changes has resulted in operational costs being restated from R110 363 456 to R75 568 260 - refer to 45.

Operating leases - as lessee (expense)

Minimum lease payments due		
- not later than one year	24 452 926	3 144 793
- later than one year and not later than five years	16 944 414	164 820
	41 397 340	3 309 613

2021/2022

Operating lease payments represent payments for the leasing of vehicles and commercial property by the municipality. Lease contracts for vehicles are entered into for a three year period and the lease payments are fixed for the lease period with no escalation. The current lease agreements were extended in the reporting period via section 116 of the Municipal Finance Management Act on a month to month basis until such time that the newly appointed service provider is able to deliver the full fleet consignment. The commercial property leases are for business operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. Operational Costs (continued)

Figures in Rands	2022	2021

2020/2021

Operating lease payments represent payments for the leasing of vehicles and commercial property by the municipality. Lease contracts for vehicles are entered into for a three year period and the lease payments are fixed for the lease period with no escalation. The current lease agreements were extended in the reporting period via section 116 of the Municipal Finance Management Act on a month to month basis not exceeding three months and the new tender is in the final stage of award. The commercial property leases are for business operations and the lease agreements are usually for a three to four year period.

31. Commitments

Authorised capital expenditure

Approved and Contracted for:		
- Infrastructure	337 009 017	310 189 806
This expenditure will be financed from:		
Transfers and subsidies	336 948 757	307 820 762
Internal funding	60 260	2 369 044
	337 009 017	310 189 806
Total commitments		
Authorised capital expenditure	337 009 017	310 189 806

The outstanding commitments relate to capital projects and other assets that have been committed by the supply chain management processes prior to 30 June 2022. The comparative figure for commitments was restated by an amount of R7 757 584 from R317 947 390 to R 310 189 806. The restatement was due to project expenditures incurred in 2020/2021 not included in the calculation of the total commitments as at 30 June 2021, as well as other adjustments - refer to note 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Cash generated from operations

Figures in Rands	2022	2021
Surplus	48 411 356	105 827 036
Adjustments for:		
Depreciation, amortisation and impairment	109 069 333	106 770 587
Fair value adjustments	-	(11 814)
Finance costs	9 762 094	6 976 071
Debt impairment	8 207 694	7 385 165
Movements in employee benefit obligations	4 491 000	(3 181 000)
Movements in provisions	33 841 126	25 914 767
Proceeds from the sale of property, plant and equipment	-	(2 127 670)
Changes in working capital:		
Inventories	205 089	4 673 002
Receivables from exchange transactions - other	(271 210)	2 928 968
Receivables from exchange transactions - consumer debtors	(13 294 228)	(8 232 813)
Investments in municipal entities	-	768 495
Investments in financial assets - shares	-	71 125
Payables from exchange transactions	52 313 232	(33 371 585)
Exchange transactions - VAT	1 500 555	(23 216 259)
Unspent transfers and subsidies	2 599 000	(52 694 215)
Consumer deposits	6 970	15 845
Other non-cash items: accruals	(23 783 621)	(34 426 142)
	233 058 390	104 069 563

33. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and reports the said deviations to the next meeting of Council and includes a note to the annual financial statements. All deviations are reported to Council on a quarterly basis with a detailed schedule and reasons thereto.

The deviations greater than R200 000 are listed individually below for the year ended 30 June 2021 in categories as follows:

- 36(1)(a) i - Dispense with official procurement processes in an emergency;
- 36(1)(a) ii - Dispense with official procurement processes if such goods or services are produced or available from a single provider only;
- 36(1)(a) v - Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.
- 36(1)(b) - To ratify any minor breaches of the procurement process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. Deviation from supply chain management regulations (continued)

Project description	Nature	R
Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes		
Rudimentary Water Supply Projects	36 (1) (a) v	667 054
Rudimentary Water Supply Projects	36 (1) (a) v	802 404
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	1 437 474
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	672 060
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	1 897 224
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	1 810 585
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	228 426
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	1 426 933
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(a) v	1 293 981
Events management	36 (1)(a) v	3 081 057
Events management	36 (1)(a) v	2 500 000
Legal fees	36 (1)(a) v	608 003
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	658 441
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	1 380 772
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	261 879
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	501 915
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	410 770
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	200 462
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	1 816 404
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	6 205 668
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	1 859 135
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	1 196 764
Panel of Contractors for Maintenance and Support for Water & Sanitation Works	36 (1)(b)	1 016 819
Total deviations less than R200 000 aggregated	Various	6 148 051
		38 082 280

The deviations as at 30 June 2021 amounted to R225 327 162.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

34. Awards to close family members of persons in the service of the state

The Municipal Finance Management Act, 2003 (Act no. 56 of 2003); Municipal Supply Chain Management Regulation 45 states that the particulars of any award more than R 2000 made to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve (12) months must be disclosed as a note in the financial statements. The details are listed below for the year ended 30 June 2022:

Name of person	T Jordan
Relation	Spouse
Capacity	Deputy Manager Development Administration at uMhlathuze Local Municipality
	Director Development Facilitation Western Cape Government
Service provider	Audio Computer World
Number of transactions	29
Total amount	R260 760
Declaration by supplier	MBD4, Annexure D
Name of person	N Reddy
Relation	Spouse
Capacity	Prosecutor - NPA Verulam Court
Service provider	Fana Manufacturing cc
Number of transactions	69
Total amount	R1 281 996
Declaration by supplier	MBD4, Annexure D
Name of person	Z Buthelezi
Relation	Mother
Capacity	Librarian - uMhlathuze Local Municipality
Service provider	Zidane Management Trading
Number of transactions	11
Total amount	R233 080
Declaration by supplier	MBD4, Annexure D
Name of person	Mrs Msomi and Miss Msomi
Relation	Spouse and daughter
Capacity	Department of Education and Ethekwini Municipality
Service provider	Ngubane and Co.
Number of transactions	3
Total amount	R1 512 966
Declaration by supplier	MBD4, Annexure D

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. Additional disclosure in terms of Municipal Finance Management Act No 56 of 2003

Figures in Rands	2022	2021
Contributions to organised local government		
Current year membership fee	2 437 738	2 484 288
Amount paid - current year	(2 437 738)	(2 484 288)
	-	-
Audit fees		
Current year fee	4 360 366	3 866 122
Amount paid - current year	(4 360 366)	(3 866 122)
	-	-
PAYE and UIF		
Current year fee	45 905 729	44 073 493
Amount paid - current year	(45 905 729)	(44 073 493)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	35 269 438	33 850 008
Amount paid - current year	(35 269 438)	(33 850 008)
	-	-
VAT		
VAT accrual	88 768 710	81 926 826
VAT receivable	17 519 074	25 861 513
	106 287 784	107 788 339

2021/2022

All the VAT 201 returns have been submitted by the due date throughout the 12 months.

The VAT 201 returns for the months of May and June 2022 had not yet been settled as at year end.

2020/2021

All the VAT 201 returns have been submitted by the due date throughout the 12 months.

The VAT 201 returns for the months March to June 2021 had not yet been settled as at year end.

Councillors arrear consumer accounts

At the reporting date no Councillors had arrear accounts outstanding for more than 90 days.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Contingent liabilities and assets

Figures in Rands	2022	2021
Contingent liabilities		
A -Legal matters potential claims		
1. Public member 1	-	46 389
2. Service provider 3	-	7 438 548
3. Service provider 4	27 804 000	37 551 441
4. Public member 2	102 858	102 858
5. Ex-employee 2	-	1 000 000
6. Service provider 5	193 844	193 844
7. Service provider 6	680 058	-
8. Ex-employee 3	812 489	-
9. Public member 3	155 776	-
	29 749 025	46 333 080

3. Service provider 4

This is a Section 197 labour related claim by a service provider. The matter is currently before the Labour Appeal Court.

4. Public member 2

This is a claim made against the municipality as a result of a contested cession agreement. The municipality is defending this claim.

5. Ex-employee 2

The employee has lodged a claim against the municipality relating to the employee's dismissal and in this year no amount has yet been quantified.

6. Service provider 5

This claim relates to a service provider demanding payment for work allegedly done, which the municipality is defending.

7. Service provider 6

This claim relates to a service provider demanding payment for work allegedly done, which the municipality is defending.

8. Ex-employee 3

The employee has lodged a labour dispute against the municipality.

9. Public member 3

This claim relates to a public member claiming damages to property.

The contingent liabilities above relates to plaintiffs claims and does not include legal fees thereto.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Contingent liabilities and assets (continued)

B - Dispute with the Department of Water and Sanitation (DWS)

A dispute has arisen between the municipality and the DWS with regard to charges which have been levied by the department against the municipality pertaining to raw water abstraction.

The dispute has arisen due to the department charging the municipality for the maximum available water volumes as per water license agreement, from the abstraction points within the municipality. The application of the maximum volumes occurred when no water was available due to ongoing drought or meter failures in the region. The municipality believes that it should not be charged for water that could not be delivered due to the droughts in those years. Emanating from numerous meetings with DWS, the department has requested the municipality to make a formal application to the department, requesting the reversal of all interest charges, the crediting of erroneous invoices and the substitution of corrected invoices based on actual water abstracted from the various abstraction points. The municipal readings have been forwarded to the department for the process to be concluded.

A contingent liability has been disclosed as at 30 June 2022 for the period prior 30 June 2020.

In light of the above, an accrual has been made on the basis of the application being accepted by the department.

The table below outlines the contingent liability as listed above.

Total raised by DWS since dispute	R 74 982 163
Less: Contingent liability - Pre 2012 invoices to be credited by DWS as per motivational correspondence from Provincial Treasury	(R 7 554 689)
Less: Contingent liability- interest to be reversed on disputed invoices	(R 16 033 189)
Less: Contingent liability - Charges raised without supporting documentation	(R 6 650 759)
Less: Accrued invoices	(R 12 750 937)

Contingent liability	R 31 992 589

C - Dispute with the Bulk water service provider

A dispute has been raised with the service provider regarding the tariff being applied to the municipality account. In this regard the municipality has paid and accrued at a rate being charged by the service provider to all other customers and raised an amount of R127 169 379 for the difference between the charged rate and the rate charged by the service provider to other customers.

The municipality has raised the dispute with the service provider accordingly.

The table below outlines the contingent liability as listed above.

Total raised by service provider	R 272 340 028
Revised rate applied by KCDM to invoices	(R 145 170 648)
Contingent liability	R 127 169 380

D - Dispute with bulk water service provider

In the prior years, the municipality had lodged a dispute with the bulk water service provider regarding the tariff being applied to the municipality account. In this regard the applicable invoices raised by the service provider have been recorded at a lower tariff as outlined in the service provider tariff schedule.. The dispute has not yet been resolved, however both parties are engaging on the matter. A contingent liability has been disclosed amounting to R 207 757 093.

Total owing to service provider as per service provider	R 208 775 341
Total owing as per municipality	(R 1 018 248)
Contingent Liability as per municipality	R 207 757 093

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Related parties

Municipal entities and other relationships

Members of key management

Refer to note 24

Members of council

Refer to note 25

Related party balances

Employee secondment to King Cetshwayo Fresh Produce Market (PTY) Ltd

Acting Chief Financial Officer

(R 885 733)

The municipality seconded a senior finance manager from the municipality to act as the Chief Financial Officer from January 2019 to the conclusion of the entity.

Councillors

2021/2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Related parties (continued)

Councillors

Elected council 9 November 2021							
2021/2022	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
Mayor - AT Ntuli	443 412	-	-	24 383	8 671	-	476 466
Deputy Mayor - SZ Dlamini	479 494	28 613	-	42 484	9 377	-	559 968
Speaker - IJ Naidoo	246 002	-	-	7 031	11 120	-	264 153
Chief Whip - AM Mtshali	182 922	-	-	17 018	-	16 418	216 358
MPAC Chair - M Mtshali	139 343	-	3 310	10 172	-	26 548	179 373
EXCO							
CIlr SW Mgenge	338 238	28 613	-	41 691	3 709	-	412 251
CIlr PPC Cele	344 094	28 613	-	41 866	3 034	13 500	431 107
CIlr SL Magubane	342 502	28 613	-	41 819	1 984	9 377	424 295
CIlr PP Xulu	300 469	28 613	-	40 557	42 612	24 560	436 811
CIlr NM Madida	85 481	-	3 310	11 933	-	13 717	114 441
CIlr IN Zwane	148 560	-	2 206	11 411	-	3 246	165 423
COUNCIL							
CIlr BL Phungula	72 029	13 813	-	23 017	11 129	-	119 988
CIlr NR Xulu	189 677	28 613	-	26 546	3 710	-	248 546
CIlr MT Mthiyane	182 475	28 613	-	26 330	11 129	-	248 547
CIlr NN Lembede	171 804	28 613	-	26 010	22 119	-	248 546
CIlr ZL Mfusi	168 069	28 613	-	25 898	25 966	-	248 546
CIlr PH Khuzwayo	168 068	28 613	-	25 898	25 967	19 286	267 832
CIlr ME Mthethwa	168 068	28 613	-	25 898	25 967	5 738	254 284
CIlr ES Mbatha	173 538	28 613	-	26 062	23 446	19 537	271 196
CIlr F Mndaba	168 068	28 613	-	25 898	25 967	19 237	267 783
CIlr SE Mhlongo	189 677	28 613	-	26 546	3 710	22 245	270 791
CIlr CM Mpanza	168 069	28 613	-	25 898	25 967	25 099	273 646
CIlr SF Mdletshe	168 069	28 613	-	25 898	25 967	35 843	284 390
CIlr FPB Mpungose	168 069	28 613	-	25 898	25 967	6 703	255 250
CIlr SP Mpanza	-	-	22 065	662	-	-	22 727
CIlr XM Bhengu	-	-	17 652	529	-	-	18 181
CIlr MM Mthiyane	-	-	13 239	397	-	-	13 636
CIlr SN Ntshangase	-	-	25 374	761	-	-	26 135
CIlr MM Msimango	-	-	19 858	596	-	-	20 454
CIlr NN Ngubane	-	-	6 619	199	-	-	6 818
CIlr JL Nzuza	-	-	20 961	629	-	-	21 590
CIlr SH Mkhwanazi	-	-	18 755	563	-	18 592	37 910
CIlr A Lange	-	-	14 342	430	-	-	14 772
CIlr WL Ngema	-	-	13 239	397	-	-	13 636
CIlr ME Dlamini	-	-	9 929	1 055	-	-	10 984
CIlr SD Khubisa	-	-	17 652	529	-	1 234	19 415
CIlr QT Xulu	-	-	22 065	662	-	-	22 727
CIlr MM Ngema	-	-	17 652	529	-	-	18 181
CIlr BC Magwaza	34 361	-	-	1 874	-	-	36 235
CIlr PSN Mchunu	-	-	14 342	430	-	-	14 772
CIlr MN Biyela	-	-	15 445	463	-	-	15 908
CIlr BB Ndima	34 361	-	-	1 874	-	-	36 235
CIlr NP Mahaye	34 361	-	-	1 874	-	18 558	54 793
CIlr DJ Ndimande	24 010	3 967	-	5 311	3 709	-	36 997
CIlr LTZ Biyela (Nkosi)	-	-	3 500	-	-	-	3 500
CIlr TN Mzimela (Nkosi)	-	-	8 750	-	-	-	8 750

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Related parties (continued)

PREVIOUS COUNCIL							
2021/2022	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
Mayor - BL Phungula	326 744	14 507	-	9 802	46 887	-	397 940
Deputy Mayor - JD Vilakazi	272 961	14 507	-	8 187	25 598	-	321 253
Speaker - KER Hadebe	272 600	15 787	-	8 177	25 970	-	322 534
Chief Whip - IT Gcabashe	255 169	14 507	-	7 655	24 749	-	302 080
MPAC Chair - N Naidoo	237 870	14 507	-	7 136	34 133	-	293 646
EXCO							
CIlr ES Mbatha	246 634	14 507	-	7 399	33 541	-	302 081
CIlr IJ Naidoo	261 205	15 787	-	7 836	18 534	-	303 362
CIlr PC Cele	256 215	14 507	-	7 686	23 673	10 343	312 424
CIlr CPG Cele	253 593	15 787	-	7 608	26 374	14 402	317 764
CIlr NR Xulu	279 199	14 507	-	8 376	-	-	302 082
CIlr PP Xulu	245 057	14 507	-	13 900	36 182	-	309 646
COUNCIL							
CIlr MM Ngobese	103 401	14 507	-	3 102	14 838	-	135 848
CIlr NC Mthlale	107 004	14 507	-	3 210	11 129	8 084	143 934
CIlr JM Mathaba	107 004	14 507	-	3 210	11 128	-	135 849
CIlr M Mtshali	109 625	14 507	-	3 288	8 428	5 127	140 975
CIlr BN Buthelezi	103 402	14 507	-	3 102	14 838	-	135 849
CIlr SW Mgenge	-	-	9 929	232	-	-	10 161
CIlr ZD Mfusi	-	-	5 515	132	-	-	5 647
CIlr XM Bhengu	20 944	-	-	628	-	-	21 572
CIlr MJ Mhlongo	-	-	5 516	165	-	-	5 681
CIlr SG Mkhize	-	-	9 929	232	-	-	10 161
CIlr M Lourens	-	-	13 239	298	-	-	13 537
CIlr DJ Mdimande	-	-	8 826	232	-	-	9 058
CIlr KD Sibiya	-	-	6 619	165	-	-	6 784
CIlr KE Ndlovu - Nkosi	-	-	7 723	199	-	-	7 922
CIlr CJ Mkhulise- Khumalo	-	-	8 826	199	-	-	9 025
CIlr SP Mthembu	-	-	8 826	199	-	-	9 025
CIlr CT Dlamini	-	-	7 722	232	-	-	7 954
CIlr BP Simelane	-	-	9 929	232	-	-	10 161
CIlr NL Ngidi	-	-	2 206	-	-	1 995	4 201
CIrr MJ Xulu	-	-	6 619	165	-	-	6 784
CIlr TF Nxumalo	20 944	-	-	628	-	-	21 572
CIlr SS Cele	20 944	-	-	628	-	-	21 572
CIlr PT Mbatha	-	-	12 136	298	-	-	12 434
CIlr NPN Magubane	-	-	7 723	165	-	-	7 888
CIlr AM Mtshali	20 944	-	-	628	-	-	21 572
CIlr ME Mthethwa	107 004	15 187	-	8 732	11 129	-	142 052
CIlr TF Zincume	19 058	-	-	1 443	2 053	-	22 554
CIlr ME Dlamini	34 362	-	-	1 050	-	-	35 412
	9 015 173	755 340	421 548	772 482	710 411	339 389	12 014 343

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Related parties (continued)

30 JUNE 2021 - RESTATED							
	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
Mayor - NNP Mkhulisi	558 873	24 140	-	-	59 747	-	642 760
Mayor - BL Phungula	227 608	10 200	-	-	34 141	-	271 949
Deputy Mayor - BL Phungula	546 259	30 600	-	-	81 939	-	658 798
Deputy Mayor - JD Vilakazi	190 761	10 200	-	-	18 638	-	219 599
Speaker - KER Hadebe	761 821	44 400	-	-	75 776	-	881 997
Chief Whip - IT Gcabashe	713 058	43 500	-	-	72 189	6 173	834 920
MPAC Chair - N Naidoo	662 795	43 500	-	-	99 419	-	805 714
EXCO							
CIlr ES Mbatha	687 452	43 500	-	-	97 795	12 556	841 303
CIlr IJ Naidoo	731 119	44 400	-	-	54 127	-	829 646
CIlr PC Cele	716 127	40 800	-	-	69 120	19 895	845 942
CIlr CPG Cele	708 429	44 400	-	-	76 817	16 381	846 027
CIlr JD Vilakazi	536 583	33 300	-	-	52 352	21 871	644 106
CIlr FC Xulu	661 664	40 100	-	-	58 146	3 372	763 282
CIlr NR Xulu	103 433	5 374	-	-	-	-	108 807
COUNCIL							
CIlr PP Xulu	216 088	32 400	-	5 542	33 134	-	287 164
CIlr NC Mthlane	298 922	43 500	-	-	32 413	3 565	378 400
CIlr MM Ngobese	288 117	43 500	-	-	43 218	-	374 835
CIlr JM Mathaba	298 922	40 800	-	-	32 413	-	372 135
CII TO Ndhela	24 910	3 700	-	-	2 701	-	31 311
CIlr M Mtshali	306 620	43 500	-	-	24 716	11 473	386 309
CIlr BN Buthelezi	288 117	40 800	-	-	43 218	-	372 135
CIlr SW Mgenge	-	-	27 581	-	-	-	27 581
CIlr ZD Mfusi	-	-	29 787	-	-	-	29 787
CIlr XM Bhengu	58 905	-	-	-	-	-	58 905
CIlr MG Mhlongo	-	-	24 271	-	-	-	24 271
CIlr SG Mkhize	-	-	36 407	-	-	-	36 407
CIlr M Lourens	-	-	43 026	-	-	-	43 026
CIlr DJ Ndimande	-	-	26 478	-	-	-	26 478
CIlr KD Sibiya	-	-	29 787	-	-	-	29 787
CIlr KE Ndlovu - Nkosi	-	-	29 787	-	-	-	29 787
CIlr JZ Mabuyakhulu	-	-	24 271	-	-	9 708	33 979
CIlr EM Masikane	-	-	27 581	-	-	-	27 581
CIlr CJ Mkhulisi Khumalo	-	-	36 407	-	-	-	36 407
CIlr- SP Mthembu	-	-	28 684	-	-	-	28 684
CIlr TB Zulu	-	-	15 445	-	-	-	15 445
CIlr CT Dlamini	-	-	37 510	-	-	-	37 510
CII BP Simelane	-	-	35 303	-	-	-	35 303
CIlr NL Ngidi	-	-	35 303	-	-	4 751	40 054
CIlr MJ Xulu	-	-	31 994	-	-	-	31 994
CIlr NR Xulu	-	-	25 374	-	-	-	25 374
CIlr TF Nxumalo	58 905	-	-	-	-	11 589	70 494
CIlr SS Cele	58 905	-	-	-	-	-	58 905
CIlr PT Mbatha	-	-	31 994	-	-	-	31 994

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Related parties (continued)

30 JUNE 2021 - RESTATED							
	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
CIlr NPN Magubane	-	-	35 303	-	-	4 057	39 360
CIlr ME Dlamini	-	-	9 929	-	-	-	9 929
CIlr AM Mtshali	53 996	-	-	4 909	-	-	58 905
MM Mkhwanazi - Sec 81	-	-	1 750	-	-	-	1 750
BS Mthembu - Sec 81	-	-	1 750	-	-	-	1 750
ZA Mpungose - Sec 81	-	-	7 000	-	-	-	7 000
VT Dube - Sec 81	-	-	1 750	-	-	-	1 750
	9 758 389	706 614	634 472	10 451	1 062 019	125 391	12 297 336

2021/2022

The new Council was appointed from 9 November 2021 with the previous Council term ending on 8 November 2021.

All newly elected councillors were remunerated from 9 November to 25 November 2021 as ordinary part time councillors. The Honourable Mayor, Deputy Mayor and Speaker were appointed as full time from 26 November 2021.

The EXCO members, MPAC chair & Chief Whip were appointed as part time members in the respective committees from 26 November 2021, thereafter from 23 March 2022 EXCO members, MPAC Chair & Chief Whip were appointed as full time following the COGTA approval process.

2020/2021

In February 2021 the Honourable Mayor NNP Mkhulisi passed away. The Honourable Deputy Mayor BL Phungula was then mandated with the mayoral responsibilities from 1 April 2021. Councillor JD Vilikazi then assumed the position of Deputy Mayor on 1 April 2021.

Furthermore outlined below is the movement in councillors from 2019/2020 to 2020/2021:

- Councillor NR Xulu became an executive committee member on 14 May 2021;
- Councillor AM Mtshali replaced the resigned councillor FM Thusi on 1 July 2020;
- Councillor ME Dlamini replaced the late councillor TB Zulu on 01 March 2021, and
- Councillor PP Xulu replaced the resigned councillor TO Ndhlela on 25 September 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38. Budget and Actual amount variances

The budget has been prepared for the 2021/2022 financial year on the accrual basis of accounting in accordance with the prescripts of the Municipal Budget Regulations as well as the Municipal Finance Management Act budget circulars.

Variances greater than 10% and with a value greater than R500 000 between the final budget and actual amounts as referenced on the statement of comparison of budget and actual amounts, as reflected on page 10 to 13, have been deemed material and explanations thereto are set out below.

Statement of Financial Performance

38.1 Other income

The variance between the budget and actual is primarily due to the budgeting for expected insurance proceeds which did not materialise. Insurance claims are dependent on unpredictable events and are thus difficult to budget for.

38.2 Remuneration of councillors

The variance is attributable to the budget accommodating an anticipated increase, while the increase gazetted in the upper limits was less than anticipated. Furthermore during the period of the change over of Councils the positions of each Councillor were not approved until March 2022 and thus councillors were remunerated as part time.

38.3 Depreciation, amortisation and impairment

The variance is attributable to the budget accommodating for depreciation on capital projects that were anticipated to be completed within the year which will be completed early in the new year..

38.4 Debt impairment

The municipality performs an assessment of debtors at year end and also estimates budgets for impairments based on history and debtor behaviour. The budget is not easily determined as debtor behaviour and economic situations may vary year on year. The municipality anticipated an increased impairment especially due to the fact that the Country has experienced two years of COVID-19 and has also written off debtor balances in the year, refer to note 2.

38.5 Transfers and subsidies

The variance is attributable to budget accommodating anticipated transfers to organisations within the year that did not transpire.

Statement of Financial Position

38.6 Receivables from exchange transactions - consumer debtors

The variance is attributable to the municipality ending the year with a lower than anticipated outstanding debtors balance.

38.7 Exchange transactions - VAT

The assumption is that SARS will refund VAT claimable in a timely manner, furthermore reference is made to 38.8 below.

38.8 Receivables from exchange transaction - other

The variance is attributable to the budget accommodating the vat under exchange and not separately, while the actual's is disclosed separately in the annual financial statements.

38.9 Current portion of long-term receivables from exchange transactions

The variance is attributable to the budget including an opening balance for the King Cetshwayo Fresh Produce Market (PTY) Ltd which had been dissolved in the previous financial year.

38.10 Intangible assets

The variance is attributable to the the budget including assets anticipated to be acquired in the year, which were then not procured.

38.11 Payables from exchange transactions

The variance is attributable to the municipality anticipating that the dispute with the bulk service provider would be resolved during the financial year and thus would only budget for the year end accruals.

38.12 Employee benefit obligation - current and non-current

The variance for defined benefits is mainly attributable to the fact that the actuarial valuation is performed at year end and it is difficult to budget accurately for the many variables that contribute to the year end valuation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38. Budget and Actual amount variances (continued)

38.13 Unspent transfers and subsidies

The variance is due to the principle that the municipality aims at ensuring all grant allocations are spent in the year and thus budgets for zero unspent grant allocations. The municipality has thus not spent all grant allocations.

38.14 Provisions - current and non-current

The variance is due to the year end valuation performed by an engineer for the rehabilitation of the landfill site. The increased inflation rates, which were not anticipated, has resulted in the provision increasing.

38.15 Borrowings

The variance is attributable to the budget on the long term borrowings not being adjusted correctly.

Cash flow statement

38.16 Consumers and other

The variance is attributable to the municipality expecting to reduce the overall outstanding debtors by the end of the financial year.

38.17 Suppliers

The variance is mainly attributable to the culmination of cash outflows being less than anticipated for the year, which is difficult to calculate accurately at budget stage, as well as the impact outlined in 38.11 above.

Changes from approved budget to the final budget

The changes between the approved budget are a consequence of the following:

The original 2021/2022 Multi Year Budget was approved by Council on 28 May 2021, per resolution number KCDMC:2952/2021, in accordance with section 24 of the Municipal Finance Management Act (MFMA).

The second adjustment budget was passed on 25 February 2022 where some adjustments were made after the consideration of the mid-year budget assessment, where it was felt certain estimates would need to be adjusted in accordance with the performance of the first six months of the financial year as well as the forecasts for the remainder of the financial year.

In accordance with Regulation 23(3) of the Municipal Budget and Reporting Regulations, which states that if a National or Provincial adjustments budget allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available Council meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustment budget referred to in section 28(2)(b) of the Act in the municipal Council to appropriate these additional revenues. This adjustment budget was approved by Council on 28 April 2022 per resolution KCDMC: 180/2022 to account for an additional allocation.

The fourth and final adjustment budget was tabled and approved by Council on the 29 June 2022 per resolution number KCDMC:412/2022. This was occasioned by the recent floods in April 2022 which had a devastating effect in the KwaZulu Natal Province.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

39. Water distribution losses

Figures in Rands	2022	2021

2021/2022

The Department of Water and Sanitation considers any losses below that of 25 % as an acceptable norm while National Treasury circular 71 of the Municipal Finance management act 53 of 2006 prescribes a norm of 15% to 30 %. The calculated loss of 49.6% is therefore not within the acceptable norm. The project will be ongoing, aimed at isolating the root causes (like metering, illegal connections, leak detection and pressure reduction) in order to assist the municipality to calculate water losses and to implement water reducing loss strategies. The 49.6% represents 8 978 222 kl which equates to R111 427 488. The water loss is calculated for the entire water schemes within the District.

2020/2021

The Department of Water and Sanitation considers any losses below that of 25 % as an acceptable norm while National Treasury circular 71 of the Municipal Finance management act 53 of 2006 prescribes a norm of 15% to 30 %. The calculated loss of 50.90% is therefore not within the acceptable norm. The appointed service provider is continuing with the project aimed at isolating the root causes (like metering, illegal connections, leak detection and pressure reduction) in order to assist the municipality to calculate water losses and to implement water reducing loss strategies. The 50.90% represents 9 844 874 kl which equates to R123 266 453. The water loss is calculated for the entire water schemes within the District.

40. Unauthorised, Fruitless, Wasteful and Irregular expenditure

Unauthorised expenditure		
Opening Balance	20 033 993	10 475 709
Less: Depreciation, amortisation and impairment	-	(682 027)
Less: Bulk Water Purchases	-	(9 793 682)
Add: Contracted services	-	20 033 993
Less: Contracted services	(20 033 993)	-
Closing balance	-	20 033 993

2021/2022

On 30 August 2022, Council resolved per KCDMC:565/2022 to deem the expenditure on the contracted services expenditure type level amounting to R20 033 993 and contracted maintenance vote level amounting to R33 521 820 as irrecoverable and written off.

2020/2021

A) In the financial year the Council approved an adjustments budget on 25 June 2021 - KCDMC: 2972/2021 to account for the budget relating to the R10 475 709 which was recorded in 2019/2020 financial year.

B) In finalising the 2020/2021 annual financial statements and ensuring all expenditure has been recorded for, unauthorised expenditure was identified as follows:

Expenditure type level

Contracted services R 20 033 993

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Unauthorised, Fruitless, Wasteful and Irregular expenditure (continued)

Figures in Rands	2022	2021

Vote level

Contracted maintenance R 33 521 820

On the contracted services expenditure type level the amount of unauthorised amounts to R20 033 993, however contracted services encompasses all the cost centres and as such the unauthorised on contracted maintenance vote level amounts to R33 521 820. The additional expenditure incurred is as a result of the increased vandalism and destruction of water infrastructure experienced in the year, which had to be restored to ensure service delivery to the communities affected.

In terms of Municipal Finance Management Act No. 56 of 2003 section 32, the Municipal Manager has informed the Honourable Mayor, EXCO, Council, Provincial Treasury, National Treasury and Auditor General of the identified expenditure.

Fruitless and wasteful expenditure		
Opening Balance	872 779	14 685
Reversal of City of uMhlathuze - penalty charges	-	(2 107)
Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2	-	860 201
	872 779	872 779

2021/2022

Eskom

The fruitless and wasteful expenditure is currently under dispute with Eskom and it is envisaged that such will be resolved and the interest charges will be reversed.

Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2

The costs incurred for standing time delays on a project (Middledrift SSA 5 Phase 2) charged by a contractor was deliberated on by Council on 30 August 2022. In terms of KCDMC:564/2022, Council resolved that an investigation be conducted by the internal auditors and a report be brought back to Council.

2020/2021

City of Umhlathuze

The query between the City of uMhlathuze and King Cetshwayo District Municipality has been resolved and the charges raised have been reversed in June 2021.

Eskom

Eskom have confirmed that the disputes raised by the municipality are under investigation and at the reporting date no outcome has been finalized.

Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2

The municipality has incurred costs relating to standing time delays charged by the contractor on this project for the sod turning ceremony and specifications in relation to the prepaid meters.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Unauthorised, Fruitless, Wasteful and Irregular expenditure (continued)

Figures in Rands	2022	2021
Irregular expenditure		
Opening balance - overtime expenditure	5 066 537	5 066 537
Less: non-compliance with Basic Condition of Employment Act, section 10	(5 066 537)	-
Opening balance - non-compliance with MFMA	-	2 628 111
Less: written off non-compliance with MFMA	-	(2 628 111)
Opening balance : non-compliance with Municipal Supply Chain Regulations, Regulation 22 (1)	-	31 704 722
Add: non-compliance with Municipal Supply Chain Regulations, Regulation 22(1) incurred in the year - prior year contract	-	5 730 978
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 22(1) - opening balance	-	(31 704 722)
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 22(1) - current year expenditure	-	(5 730 978)
Opening balance - non-compliance with MFMA section 1(e)	-	32 012 838
Less: written off non-compliance with MFMA section 1 (e) - opening balance	-	(32 012 838)
Opening balance - non-compliance with MFMA section 1(e)	-	40 221 582
Less: written off non-compliance with MFMA section 1 (e) - opening balance	-	(40 221 582)
Opening balance : non-compliance with Municipal Supply Chain Regulations, Regulation 36 (1) a	-	14 330 394
Add: non-compliance with Municipal Supply Chain Regulations, Regulation 36 (1) a incurred in the year - prior year contract	18 955 955	23 332 519
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 36 (1) a - opening balance	-	(14 330 394)
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 36 (1) a - current year expenditure prior year contract	(18 955 955)	(23 332 519)
Opening balance: non-compliance with Municipal Supply Chain Regulations, Regulation 36	-	22 616 129
Add: non-compliance with Municipal Supply Chain Regulations, Regulation 36 incurred in the year - prior year contract	-	3 225 639
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 36 - opening balance	-	(22 616 129)
Less: written off non-compliance with Municipal Supply Chain Regulations, Regulation 36 - current year expenditure	-	(3 225 639)
Opening balance - non-compliance with Basic Condition of Employment Act, section 10	2 601 163	-
Less: non-compliance with Basic Condition of Employment Act, section 10	(2 601 163)	-
Add: non-compliance with Basic Condition of Employment Act, section 10	3 088 678	2 601 163
Opening balance - non-compliance with Basic Condition of Employment Act, section 12	167 343	-
Less: non-compliance with Basic Condition of Employment Act, section 12	(167 343)	-
Add: non-compliance with Basic Condition of Employment Act, section 12	-	167 343
Add: non-compliance with Municipal Supply Chain Regulations, Regulation 43(2)	608 003	-
	3 696 681	7 835 043

All balances have been disclosed inclusive of VAT as outlined in Circular 68 as amended in 2021/2022. The figures for 2020/2021 have also been adjusted to include VAT where applicable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Unauthorised, Fruitless, Wasteful and Irregular expenditure (continued)

Figures in Rands	2022	2021
2021/2022		
Overtime expenditure - R5 066 537		
The municipality commissioned an investigation as outlined in section 32 of the MFMA and the report compiled by Ngubane and Co. was presented to the MPAC and Council in August 2022. The expenditure has been deemed as irrecoverable and written off by Council on 24 August 2022, resolution KCDMC: 428/2022.		
Non-compliance with Municipal Supply Chain Regulations, Regulation 36(1)a R18 955 955		
To note that as at 30 June 2022 expenditure has been incurred on a contract deemed irregular in the previous financial years, amounting to R18 955 955. The contract and related expenditure had been certified as irrecoverable and written off by Council on 19 March 2021, resolution KCDMC 2849/2021.		
Non-compliance with the Basic Conditions of Employment Act No. 75 of 1997 - R2 601 163 and R167 343 (R2 768 506)		
The municipality commissioned an investigation as outlined in section 32 of the MFMA and the report compiled by Ngubane and Co. was presented to the MPAC and Council in August 2022. The expenditure has been deemed as irrecoverable and written off by Council on 24 August 2022, resolution KCDMC: 428/2022.		
Non-compliance with the Basic Conditions of Employment Act No. 75 of 1997 - section 10 - R3 088 678		
During the financial year, irregular expenditure amounting to R3 088 678 was incurred, resulting from the payment of overtime to employees who worked in excess of 40 hrs per month. The municipality has commissioned an investigation as outlined in MFMA section 32(2)(b) and Circular 68.		
Non-compliance with Municipal Supply Chain Regulations, Regulation 43(2) - R608 002.50		
During the conclusion of the audit the Office of the Auditor-General raised a compliance finding relating to SCM regulation 43(2). The municipality will follow the prescriptions of section 32 of the MFMA Act No. 56 of 2003.		
2020/2021		
Overtime expenditure - R5 066 537		
Subsequent to the matter been reported to Council on 15 April 2019(KCDMC: 1881/2019), the matter was deliberated on at the municipal public accounts committee on 22 August 2019 (KCDMC: 89/2019). The MPAC noted the resolutions of Council, wherein the expenditure was condoned as necessary for the employees to work the time and there was no intention to prejudice Council. The MPAC further endorsed an investigation and the said report was still to serve through the applicable structures.		
Non-compliance with Municipal Finance Management Act - R2 628 111		
2018/2019(R1 609 561) financial year and concluded in the 2019/2020 (R681 397) financial year upon being identified as irregular expenditure in the course of the 2018/2019 audit. The municipality commissioned an investigation as outlined in section 32 of the MFMA and the amounts have been certified as irrecoverable and written off per Council resolution KCDMC: 2764/2021, dated 17 February 2021.		
Non-compliance with Municipal Supply Chain Regulations, Regulation 22(1) - R31 704 722 and R5 730 978		
The expenditure emanated from an award that was made wherein a bid was advertised from 07/06/2018 to 06/07/2018 being 29.5 days. The municipality commissioned an investigation as outlined in section 32 of the MFMA and the amounts have been certified as irrecoverable and written off per Council resolution KCDMC: 2849/2021, dated 19 March 2021.		
Non-compliance with MFMA section 1(e) R32 012 838 and R40 221 582		
The municipality had identified expenditure in 2019/2020 financial year relating to section 1(e) of the MFMA, in that portions of conditional grant allocations from National Government detailed below, have been used for a purpose other than that specified in the relevant conditional grant framework. The municipality commissioned an investigation as outlined in section 32 of the MFMA and the amounts have been certified as irrecoverable and written off per Council resolution KCDMC: 2849/2021,dated 19 March 2021.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Unauthorised, Fruitless, Wasteful and Irregular expenditure (continued)

Figures in Rands	2022	2021

Water and Sanitation Infrastructure Grant

The funding request for water supply through water tankers which was beyond the 2019/2020 provisions of the WSIG grant framework had not considered that COVID-19 expenditure may not be capital in nature due to community demands and the inherent nature of the District. In this regard the Council had taken the decision to reprioritise R32 012 839 incl vat (R27 837 251 excl vat) of the WSIG grant funding to cart water to the communities effected by the COVID-19 pandemic (KCDMC: 2480/2020 and KCDMC: 2624/2020).

Regional Bulk Infrastructure Grant

The Council had in 2019/2020 also considered the re-purposing of an amount of R40 221 585 incl vat (R34 975 289 excl vat) of the RBIG to the procurement of water tankers. The re-purposing of the grant was considered taking into account the basic needs of the communities during the COVID-19 pandemic and the impact of the pandemic on the health of the Districts citizens. The Council concluded that the repurposing was in the best interest of the communities ensuring access to water and sanitation services in a sustainable manner (KCDMC:2544/2020).

Non-compliance with Municipal Supply Chain Regulations, Regulation 36(1)a - R14 330 394 and R23 332 519

During the 2019/2020 financial year transactions pertaining to the SCM processes had been identified as irregular expenditure. The municipality commissioned an investigation as outlined in section 32 of the MFMA and the amounts have been certified as irrecoverable and written off per Council resolution KCDMC: 2849/2021, dated 19 March 2021.

Non-compliance with Municipal Supply Chain Regulations, Regulation 36 - R22 616 129 and 3 225 639

During the 2019/2020 financial year transactions pertaining to the SCM processes had been identified as irregular expenditure. The municipality commissioned an investigation as outlined in section 32 of the MFMA and the amounts have been certified as irrecoverable and written off per Council resolution KCDMC: 2849/2021, dated 19 March 2021.

Non-compliance with the Basic Conditions of Employment Act No. 75 of 1997 - R2 768 506

During the financial year, irregular expenditure amounting to R2 768 506, resulting from the payment of overtime to employees who worked in excess of 40 hrs per month and those over the threshold, had been incurred. The municipality followed the process as outlined in MFMA section 32(2)(b) and Circular 68.

The municipality has submitted an application to National Treasury for the previous financial years irregular expenditure for condonement and to date no approval has been received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. COVID-19

Figures in Rands	2022	2021
Uniform & protective clothing, cleaning services & supplies - National Treasury MDRG - refer to note 23	-	70 261
Purchase of water tankers and tank stands - DWS - refer to note 23	-	14 851 804
Uniform & protective clothing, cleaning services & cleaning supplies, medical services and water tanks/stands - refer to note 8, 24, 29 & 30	214 563	792 878
Refurbishment of leachate line and berm - National Treasury MDRG - refer to note 23	-	362 458
	214 563	16 077 401

2021/2022

As outlined above, the municipality has incurred expenditure as a result of the ongoing global pandemic of COVID - 19. The expenditure was incurred in the main for the supply of protective clothing, cleaning service supplies, purchase of water tanks, tank stands and sanitising of work spaces and are reflected exclusive of VAT.

2020/2021

The municipality had incurred expenditure as a result of the ongoing global pandemic of COVID - 19 in the year. The expenditure was incurred in the main for the supply of protective clothing, cleaning services supplies, purchase of water tankers, tank stands and sanitising of work spaces and are reflected exclusive of VAT.

The municipality applied to the Department of Water and Sanitation for WSIG grant funding to be re-purposed to accommodate the supply, installation of galvanised steel tank stands, static tanks and the purchase of water tankers for interim emergency water services.

Other than the impairment related to receivables from exchange transactions consumer debtors, no known significant impacts/impairments have been assessed for assets and liabilities.

As part of the deviations disclosed in note 33, two(2) deviations amounting to R102 945 related to COVID-19.

Contracted services - maintenance & operations - refer to note 28	7 489 451	-
Inventory consumed - materials and supplies - refer to note 28	132 165	-
Survival water - refer to note 8	701 688	-
	8 323 304	-

the severity of the damage and the unfortunate loss of lives, a national state of disaster was declared (Gazette No.4624 dated 13 April 2022). An adjustments budget was tabled and approved by Council on 29 June 2022 per resolution KCDMC:412/2022 to account for the reprioritization of funding from the department of Water and Sanitation for WSIG and MIG. The reprioritised expenditure as at 30 June 2022 is outlined above. To note that flood damage expenditure was also incurred under internal maintenance and operations under note 29.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

43. Risk management

Capital risk management

The municipality's objectives when managing capital are to safe guard the municipality's ability to continue as a going concern in order to provide returns and benefits for all stakeholders, while delivering sustainable services and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt , which includes the long term liabilities as disclosed in note 13, cash and cash equivalents disclosed in note 7 and equity as disclosed in the statement of financial position.

Financial risk management

Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's financial services function monitors and manages the financial risks relating to the operation of the municipality. These risks include credit risk and liquidity risk.

Liquidity risk

The municipality's liquidity risk pertains to whether funds are available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit obligations. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The trade payables under payables from exchange transactions under note 14 are paid in accordance with Council's creditors, councillors and staff payment policy, being within thirty days of the date of receipt of all correct supporting documents, invoices and statement.

The liquidity ratio is outlined below:

	30 June 2022	30 June 2021
Current Assets	552 409 625	546 961 924
Current liabilities	412 011 191	356 587 600
Liquidity ratio	1,34:1	1,53:1

At 30 June 2022	Carrying value	Less than 1 year	Between 1 and 2 years	
Borrowings	15 849 428	11 250 482	6 887 349	-
Consumer deposits	10 122 867	-	-	-
Payables from exchange transactions	384 696 852	-	-	-

At 30 June 2022	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 4 years
Borrowings	24 334 929	11 250 482	11 250 482	6 887 349
Consumer deposits	10 115 897	-	-	-
Payables from exchange transactions	332 383 622	-	-	-

	30 June 2022	30 June 2021
The gearing ratio		
Total borrowings	15 849 428	24 334 929
Borrowings - non current	371 332 253	369 491 412
Less: Cash and cash equivalents	(355 482 825)	(345 156 483)
Net cash	2 895 350 745	2 846 939 389
Total equity	2 539 867 920	2 501 782 906
Total capital	0,62%	0,97%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

43. Risk management (continued)

Credit risk

Credit risk consists mainly of cash investment deposits, cash equivalents, receivables from exchange and nonexchange transactions. The municipality manages credit risk in its investing activities by only dealing with well established financial institutions of high credit standing and by spreading its exposure over a range of such institutions in accordance with its approved cash banking and investment policy.

Credit risk pertaining to consumer debtors comprise of mainly water, sanitation and refuse users, dispersed across different industries and geographical areas. Ongoing evaluations are performed on the financial condition of these debtors and have been presented in these financial statements net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", which ever procedure is applicable in terms of Council's credit control and debt collection policy. Furthermore the consumer debtors neither past due nor impaired are considered in the impairment assessment at year end as collectible debts as they are further secured by deposits held.

The carrying amount of consumer debtors whose terms have been re-negotiated through an acknowledgment of debt whereby payment terms were extended amounts to R6 931 822 (2021 - R6 821 968).

Certain consumer debtors are recorded as past due when payment is not received in accordance with the credit terms, however such debtors are not impaired in compliance with the prescripts of Council's credit control policy which does not permit the impairment of such classes of consumers. Inclusive hereto are debtors within the different organs of State. The disclosure and analysis hereto is reflected in the annual financial statements under note receivables from exchange transactions consumer debtors (National and Provincial Government) and note 5 receivables from exchange transactions - other.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties have similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with credit ratings. The carrying amount of financial assets recorded in the annual financial statements which is net of impairment losses, represents the municipality's maximum exposure to credit risk.

Financial assets exposed to credit risk at 30 June 2022 and 30 June 2021 respectively are detailed below:

	30 June 2022	30 June 2021
Investments	120 000 000	260 000 000
Cash and cash equivalents	251 332 253	109 491 412
Receivables from exchange transactions - consumer debtors	53 453 471	48 366 937
Exchange transactions - VAT	106 287 784	107 788 339
Receivables from exchange transactions - other	13 118 224	12 847 014
Receivables from exchange transactions - long term	6 680	65 709
Maximum exposure to credit risk	544 198 412	538 559 411

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

43. Risk management (continued)

Interest rate risk

The municipality limits exposure to interest rate fluctuations by only dealing with well-established institutions and opting for fixed interest rates rather than variable rates.

44. Segment information

General information

Identification of segments

The municipality is organised and operates six key functional segments. The segments are 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.

Aggregated segments

The municipality operates throughout the District of King Cetshwayo situated in the KwaZulu Natal Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout district were sufficiently similar to warrant aggregation.

Types of services by segment

These reportable segments as well as the services for each segment are set out below:

Reportable segment

Community and public safety
Economic and environmental services
Trading services - water management
Trading services - waste water management
Trading services - waste management
Other - Governance and Administration

Services

Community and social services
Planning and development and environmental services
Provision of water services
Provision of sanitation services
Provision of refuse services
Provision of support services - finance, corporate, municipal managers office and board

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021/2022	Community and public safety	Economic and environmental services	Trading service - water management	Trading service - waste water management	Trading service - waste management	Other - governance and administration	Total
Revenue							
Service Charges	469 303	139 197	60 138 731	8 575 291	33 320 782	-	102 643 304
Rental Income	-	-	414 606	-	-	49 304	463 910
Interest received	-	-	351 853	244 007	-	21 055 043	21 650 903
Other income	-	-	-	-	-	6 168 392	6 168 392
Revenue from non-exchange transactions	-	19 888 026	456 071 713	51 857 690	19 183 571	320 702 722	867 703 722
Total segment revenue	469 303	20 027 223	516 976 903	60 676 988	52 504 353	347 975 461	998 630 231
Employee related costs	18 579 031	30 377 999	92 923 019	2 240 122	5 152 723	111 873 969	261 146 863
Remuneration of councillors	-	-	-	-	-	12 014 343	12 014 343
Depreciation, amortisation and impairment	2 233 690	61 120	90 853 541	4 683 992	3 974 419	7 262 571	109 069 333
Finance costs	-	-	559 204	192 093	7 825 898	1 184 899	9 762 094
Debt impairment	-	-	7 627 512	580 182	-	-	8 207 694
Inventory consumed	421 672	319 302	123 922 039	40 653	81 635	34 326 149	159 111 450
Contracted Services	5 974 551	1 502 639	197 970 601	37 993 589	15 033 319	37 843 166	296 317 865
Operational costs	2 409 603	837 190	40 601 011	39 208	421 211	49 538 579	93 846 802
Loss on disposal of property, plant and equipment	7 843	-	504 982	-	18 556	211 050	742 431
Total segment expenditure	29 626 390	33 098 250	554 961 909	45 769 839	32 507 761	254 254 726	950 218 875
Total segmental surplus							48 411 356

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Segment information (continued)

	Community and public safety	Economic and environmental services	Trading services - water management	Trading services - waste water management	Trading services - waste management	Other - governance and administration	Total
Assets							
Receivables from exchange transactions - consumer debtors	-	-	-	5 053 871	3 919 723	44 479 877	53 453 471
Inventories	-	-	4 247 668	-	-	3 963 545	8 211 213
Exchange transaction - VAT	-	-	-	-	-	106 287 784	106 287 784
Receivables from exchange transactions - other	-	-	8 700 113	-	-	4 418 111	13 118 224
Current portion of long term receivables	-	-	-	-	-	6 680	6 680
Cash and cash equivalents	-	-	-	-	-	371 332 253	371 332 253
Property, plant and equipment	38 493 448	192 370	2 576 392 152	150 319 035	79 510 497	42 725 812	2 887 633 314
Intangibles assets	-	-	-	-	-	7 289 195	7 289 195
Heritage assets	-	-	-	-	-	700 000	700 000
Total segment assets	38 493 448	192 370	2 589 339 933	155 372 906	83 430 220	581 203 257	3 448 032 134
Total assets as per Statement of financial Position							3 448 032 134
Liabilities							
Borrowings - current portion	-	-	-	-	-	9 563 780	9 563 780
Payables exchange transactions	-	-	-	-	-	384 696 852	384 696 852
Consumer deposits	-	-	-	-	-	10 122 867	10 122 867
Defined employee benefit obligations -current	-	-	-	-	-	2 181 000	2 181 000
Unspent transfers and subsidies	-	-	-	-	-	3 607 347	3 607 347
Provisions - current	-	-	-	-	-	1 839 345	1 839 345
Borrowings	-	-	-	-	-	6 285 648	6 285 648
Defined employee benefit obligations - non current	-	-	-	-	-	37 755 000	37 755 000
Provisions - non current	-	-	-	-	96 629 550	-	96 629 550
Total segment liabilities	-	-	-	-	96 629 550	456 051 839	552 681 389
Total liabilities as per Statement of financial Position							552 681 389

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Segment information (continued)

30 June 2021 - restated

	Community and public safety	Economic and environmental services	Trading service - water management	Trading service - waste water management	Trading service - waste management	Other - governance and administration	Total
Revenue							
Service Charges	473 903	28 606	58 997 429	8 143 659	28 859 677	-	96 503 274
Rental Income	-	-	436 645	-	-	52 000	488 645
Interest received	-	-	-	-	-	19 995 607	19 995 607
Other income	-	-	-	-	-	3 005 216	3 005 216
Gain on disposal of property, plant and equipment	-	-	-	-	-	1 837 878	1 837 878
Fair value adjustments in investment	-	-	-	-	-	11 814	11 814
Revenue from non-exchange transactions	-	18 627 578	294 610 966	22 809 198	-	563 155 971	899 203 713
Donations	-	-	-	-	-	1 330 636	1 330 636
Total segment revenue	473 903	18 656 184	354 045 040	30 952 857	28 859 677	589 389 122	1 022 376 783
Total revenue							1 022 376 783
Expenditure							
Employee related costs	18 458 769	31 199 580	89 448 578	1 941 732	4 769 099	89 049 226	234 866 984
Remuneration of councillors	-	-	-	-	-	12 297 336	12 297 336
Depreciation, amortisation and impairment	1 443 993	78 236	95 066 696	2 906 219	249 467	7 025 976	106 770 587
Finance costs	-	-	720 480	247 495	4 428 397	1 579 699	6 976 071
Debt impairment	-	-	6 284 415	1 100 750	-	-	7 385 165
Inventory consumed	140 200	62 987	148 427 464	65 708	93 650	4 113 702	152 903 711
Contracted Services	1 443 581	3 968 407	236 492 096	25 567 954	12 385 624	39 923 971	319 781 633
Operational costs	801 645	1 052 706	41 281 827	38 818	345 008	32 048 256	75 568 260
Total segment expenditure	22 288 188	36 361 916	617 721 556	31 868 676	22 271 245	186 038 166	916 549 747
Total segmental surplus							105 827 036

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Segment information (continued)

	Community and public safety	Economic and environmental services	Trading services - water management	Trading services - waste water management	Trading services - waste management	Other - governance and administration	Total
Assets							
Receivables from exchange transactions - consumer debtors	-	-	38 462 715	6 170 705	3 733 517	-	48 366 937
Inventories	-	-	1 606 580	-	-	6 809 722	8 416 302
Exchange transaction - VAT	-	-	-	-	-	107 788 339	107 788 339
Receivables from exchange transactions - other	-	-	8 101 883	-	-	4 745 131	12 847 014
Current portion of long term receivables	-	-	-	-	-	51 920	51 920
Cash and cash equivalents	-	-	-	-	-	369 491 412	369 491 412
Long - term receivables from exchange transactions	-	-	-	-	-	13 789	13 789
Property, plant and equipment	34 285 924	253 490	2 499 948 940	138 373 108	32 436 806	47 556 977	2 752 855 245
Intangibles assets	-	-	-	-	-	7 326 883	7 326 883
Heritage assets	-	-	-	-	-	700 000	700 000
Total segment assets	34 285 924	253 490	2 548 120 118	144 543 813	36 170 323	544 484 173	3 307 857 841
Total assets as per Statement of financial Position							3 307 857 841
Liabilities							
Borrowings	-	-	-	-	-	8 485 501	8 485 501
Payables exchange transactions	-	-	-	-	-	332 383 622	332 383 622
Consumer deposits	-	-	-	-	-	10 115 897	10 115 897
Defined employee benefit obligations	-	-	-	-	-	2 097 000	2 097 000
Unspent transfers and subsidies	-	-	-	-	-	1 008 347	1 008 347
Provisions	-	-	-	-	-	2 497 233	2 497 233
Borrowings	-	-	-	-	-	15 849 428	15 849 428
Defined employee benefit obligations	-	-	-	-	-	33 348 000	33 348 000
Provisions	-	-	-	-	55 133 424	-	55 133 424
Total segment liabilities	-	-	-	-	55 133 424	405 785 028	460 918 452
Total liabilities as per Statement of financial Position							460 918 452

	Community and public safety	Trading services - water management	Trading services - waste water management	Trading services - waste management	Other - governance and administration	Total
Other information						
Capital expenditure - 30 June 2022	728 658	168 140 868	16 623 946	21 238 169	3 321 492	210 053 133
Capital expenditure - 30 June 2021	42 114	212 914 660	20 972 693	2 904 960	3 129 529	239 963 955

The comparative figures have been restated by the effected changes reflected in note 45 into the applicable segments.

Information about geographical areas

The municipality's operations encompass the entire district of King Cetshwayo DC 28 and includes the water and sanitation functions within the following local municipalities: uMlalazi local municipality (KZN 284), uMthonjaneni local municipality (KZN 285), uMfolozi local municipality (KZN 281), and Nkandla local municipality (KZN 283).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Segment information (continued)

The table below indicates the relevant geographical information:

2021 / 2022	External revenues from nonexchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Administrative or head office	403 465 385	40 361 480	231 451 939	4 999 672
Whole of the district	464 238 337	24 463 074	657 671 510	2 373 264 898
KZN282 uMhlathuze	-	-	-	19 553 653
KZN284 uMlalazi	-	20 005 917	28 226 947	137 379 137
KZN285 uMthonjaneni	-	9 523 860	13 258 992	97 280 272
KZN281 uMfolozi	-	27 514 702	9 910 799	25 646 752
KZN 283 Nkandla	-	9 057 476	9 698 688	237 498 125
Total	867 703 722	130 926 509	950 218 875	2 895 622 509

*Excludes additions to financial instruments and post-employment benefit assets.

30 June 2021 - restated	External revenues from nonexchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Administrative or head office	900 534 349	120 004 556	170 696 964	75 980 743
Whole of the district	-	-	655 216 818	1 709 773 133
KZN 284 uMlalazi	-	-	41 294 684	510 863 133
KZN 285 uMthonjaneni	-	-	12 024 962	204 239 419
KZN 281 uMfolozi	-	-	15 465 540	34 531 039
KZN 283 Nkandla	-	-	15 140 660	113 107 670
KZN 282 uMhlathuze	-	-	4 872 241	112 386 991
Total	900 534 349	120 004 556	914 711 869	2 760 882 128

*Excludes additions to financial instruments and post-employment benefit assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

45. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and disclosure notes that have been affected by prior-year adjustments:

Receivables from exchange transactions - other

The municipality has reclassified receivables from non exchange transactions to receivables from exchange transactions other, as the transactions are as a result of an exchange.

Property, Plant and equipment

The municipality received a donation from a service provider in the form of a water tanker in May 2022 (KCDMC: 2902/2021) which was not accounted for in 2020/2021. The adjustment has effected the cost by R1 330 636, accumulated depreciation by R21 654. Furthermore an adjustment was required to motor vehicles accumulated depreciation for the correction to estimated useful lives amounting to R123 087; resulting in the carrying value for this asset class been adjusted by R1 185 894 as at 30 June 2021.

Intangible assets

The municipality identified assets that had a carrying value of zero that were still in use. The adjustment has resulted in an adjustment of R334 987 (Opening balance R255 228 and R79 759 in 2020/2021) to the carrying value as at 30 June 2021.

Payables exchange transaction

The municipality reallocated the costs related to Eskom of R11 252 258 and security services of R2 415 679 to the bulk service provider per the contractual agreement. Furthermore the municipality has adjusted the payables from exchange to include the accrual of staff bonuses of R6 284 193 (Opening balance of R6 024 535 and R259 658 in 2020/2021).

Unspent transfers and subsidies

The municipality had been accounting for the LG SETA funding (R167 677) as a transfer and subsidies instead of a refund - (Opening balance R91 682, Revenue recognised R220 706 and receipts R296 701 in 2020/2021).

Rental income

The municipality has reclassified lease income amounting to R436 645 from other income.

Other income

The municipality has accounted for the LG SETA refund of R296 701 from previous years within other income. Furthermore an amount of R436 645 for lease income has been reclassified to rental income.

Transfers and subsidies

The LG SETA refund has been accounted for under other income amounting to R220 706.

Donations

The municipality received a donation amounting to R1 330 636 from a service provider in the form of a water tanker in May 2022 (KCDMC: 2902/2021) which was not accounted for in 2020/2021.

Employee relates costs

The municipality had not accounted for the accrual of staff bonuses in the previous financial years and such has been adjusted by R259 659.

Depreciation ,amortisation and impairment

The municipality received a donation from a service provider in the form of a water tanker in May 2022 (KCDMC: 2902/2021) which was not accounted for in 2020/2021. The take on of this asset has resulted in an adjustment for depreciation of R21 654. Furthermore fully amortised assets and an adjustment to certain motor vehicles estimated useful lives has resulted in an adjustment to amortisation of R79 759 and depreciation of R123 087.

Inventory consumed

The municipality has aligned the nature of expenses to that of the MSCOA chart version 6.5 which was effective from 1 July 2021. The alignment resulted in bulk purchases of R129 360 773, inventory - consumables of R16 244 730 and inventory materials and supplies of R7 298 208, being incorporated into inventory consumed.

Contracted services

Expenses relating to security services of R2 415 679 have been recharged to the bulk water service provider in terms of contractual obligations.

Operational costs

Expenses relating to Eskom charges of R11 252 258 have been recharged to the bulk water service provider in terms of contractual obligations. Furthermore the alignment of expenses to the MSCOA chart version 6.5, has resulted in inventory - consumables of R16 244 730 and inventory materials and supplies of R7 298 208, being incorporated into inventory consumed.

Bulk purchases

The line item bulk purchases has been removed and aligned to inventory consumed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

45. Prior-year adjustments (continued)

Statement of financial position

30 June 2021 - restated		As previously reported	Reclassification	Adjustment	Adjustment	Restated
Effect on receivables from non exchange transactions	5	12 847 014	(12 847 014)	-	-	-
Effect on receivables from exchange transactions - other	5	-	12 847 014	-	-	12 847 014
Effect on non current assets - property, plant & equipment	8	2 751 669 351	-	(123 087)	1 308 981	2 752 855 245
Effect on non current assets - intangible assets	9	6 991 896	-	-	334 987	7 326 883
Effect on current liabilities - payables exchange transactions	14	339 767 366	-	(13 667 937)	6 284 193	332 383 622
Effect on unspent transfers and subsidies	17	1 176 024	-	-	(167 677)	1 008 347
Effect on rental income	20	(52 000)	(436 645)	-	-	(488 645)
Effect on other income	22	(3 145 160)	436 645	-	(296 701)	(3 005 216)
Effect on transfers and subsidies	23	(899 424 419)	-	-	220 706	(899 203 713)
Effect on donation		-	-	-	(1 330 636)	(1 330 636)
Effect on employee related costs	24	234 607 325	-	-	259 659	234 866 984
Effect on depreciation, amortisation	26	106 705 605	-	-	64 982	106 770 587
"and impairment Effect on inventory consumed"	28	-	129 360 773	23 542 938	-	152 903 711
Effect on contracted services	29	322 197 312	-	-	(2 415 679)	319 781 633
Effect on operational costs	30	110 363 456	-	(23 542 938)	(11 252 258)	75 568 260
Effect on bulk purchases		129 360 773	(129 360 773)	-	-	-
Effect on surplus for the year		91 077 109	-	-	14 749 927	105 827 036

Statement of changes in net assets

30 June 2021 - restated	As previously reported	Adjustment	Adjustment	Restated
Effect on balance as at 1 July 2020 for accumulated surplus	2 746 789 978	(6 024 535)	346 910	2 741 112 353
Effect on balance as at 1 July 2021 for accumulated surplus	2 837 867 087	(5 677 624)	14 749 927	2 846 939 390

Adjustments to the disclosure notes

Exchange transaction - VAT

The municipality has reclassified Receivables from exchange transactions - VAT receivable to Exchange transactions -VAT. Furthermore the disclosure note has been amended to reflect the split between VAT accruals and VAT receivable - refer to note 4.

Commitments

The comparative figure for commitments was restated by an amount of R7 757 584 from R317 947 390 to R 310 189 806. The restatement was due to project expenditures incurred in 2020/2021 not included in the calculation of the total commitments as at 30 June 2021, as well as other adjustments - refer to note 31.

46. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of R2 895 350 745 and that the municipality's total assets exceed its liabilities by R2 895 350 745.

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, dependent on the receiving of equitable share allocations.

47. Events after the reporting date

At the date of submission of the annual financial statements there were no known adjusting events.

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

	Redeemable Date	Balance at 1 July 2021 R	Received during the period R	Redeemed written off during the period R	Balance at 30 June 2022 R
ANNUITY LOAN					
INCA @ 11.95%	2023/06/30	7 561 887	-	3 561 770	4 000 117
ABSA @ 12.6%	2024/06/30	16 773 042	-	4 923 731	11 849 311
		24 334 929	-	8 485 501	15 849 428
TOTAL EXTERNAL LOANS					
ANNUITY LOAN		24 334 929	-	8 485 501	15 849 428
		24 334 929	-	8 485 501	15 849 428

APPENDIX B

Analysis of property plant and equipment, intangible and heritage assets as at 30 June 2022

Asset Group Type	Opening Balance	Additions	Additions WIP	Capitalised WIP	Disposals	Adjustment of Provisions	Transfer Cost	Closing Balance	Opening Balance	Additions	Accumulated Impairment	Disposals	Closing Balance	Carrying Value
WIP Opening	951 634 581	-	-	-	-	-	-	951 634 581	-	-	-	-	-	951 634 581
Heritage Asset	700 000	-	-	-	-	-	-	700 000	-	-	-	-	-	700 000
Sub total	700 000	-	-	-	-	-	-	700 000	-	-	-	-	-	700 000
COMPUTER SOFTWARE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Backup	9 592	-	-	-	-9 592	-	-	-	-9 111	-160	-	9 271	-	-
DESKTOP	92 800	-	-	-	-92 800	-	-	-	-90 226	-571	-	90 797	-	-
HUMAN/INGRID	555	-	-	-	-	-	-	555	-551	-1	-	-	-552	3
Identity Manager	287 968	-	-	-	-287 968	-	-	-	-193 281	-31 562	-	224 843	-	-
Software	21 648 575	821 250	1 999 079 34	-821 250	-492 038 09	-	-	14 155 616	-5 421 480	-1 832 483	-	-	-7 253 963	6 901 653
Servers	8 911	-	-	-	-	-	-	8 911	-6 855	685	-	386 183	378 643	387 554
Sub total	13 048 401	821 250	1 999 079 34	-821 250	-492 396 09	-	-	14 185 082	-5 721 504	-1 865 462	-	711 094	-6 875 872	7 289 210
COMMUNITY FACILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries / Crematoria	20 833 148	-	-	-	-	-	-	20 833 148	-5 220 530	-1 619 877	-	-	-6 840 407	13 992 741
Markets / Stalls / Shops	5 000 999	-	-	-	-	-	-	5 000 999	-581 616	-412 614	-	-	-994 230	4 006 769
Public Ablution Facilities	2 005 863	-	-	-	-	-	-	2 005 863	-346 608	-122 473	-	-	-469 081	1 536 782
Sub Total	27 840 010	-	-	-	-	-	-	27 840 010	-6 148 754	-2 154 964	-	-	-8 303 718	19 536 292
SANITATION INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pump Stations	51 904 838	2 461 636	-	-4 309 912	-	-	1 848 336	51 904 838	-41 344 242	-1 832 601	-15 476	-	-43 192 319	8 712 519
Retreatment	24 110 070	10 563 227	16 573 215 94	-23 447 018	-	-	12 883 791	40 683 286	-9 062 821	-1 433 370	-	-	-10 496 191	30 187 095
Toilet Facilities	13 896	-	-	-	-	-	-	13 896	-9 388	-1 503	-	-	-10 891	3 005
Waste-water treatment works	17 933 593	1 454 827	-	-9 372 967	-	-	7 918 140	17 933 593	-8 343 537	-1 265 834	-9 816	-	-9 619 187	8 314 406
Sub total	93 962 397	14 479 690	16 573 215 94	-37 129 957	-	-	22 650 267	110 535 613	-58 759 988	-4 533 308	-25 292	-	-63 318 588	47 217 025
SERVITUDES	48 807 528	-	-	-	-	-	-	-	-	-	-	-	-	-
Servitudes	61 683	-	-	-	-	-	-	61 683	-	-	-	-	-	61 683
Sub Total	61 683	-	-	-	-	-	-	61 683	-	-	-	-	-	61 683
SOLID WASTE INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill sites	66 560 565	-	21 008 764 44	0	-	34 489 014	-	122 068 343	-38 847 063	-3 946 455	-	-	-42 793 518	79 274 824
Sub total	66 560 565	-	21 008 764 44	-	-	34 489 014	-	122 068 343	-38 847 063	-3 946 455	-	-	-42 793 518	79 274 824
WATER INFRASTRUCTURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borehole	93 220 596	14 439 457	506 902	-21 053 553 90	-	-	6 614 127	93 727 498	-53 777 266	-5 222 397	-674 638	-	-59 674 301	34 053 197
Bulk Mains	496 252 901	607 188	37 326 207 95	-17 111 862	-	-	16 504 674	533 579 109	-41 789 488	-9 295 618	-	-	51 085 106	482 494 003
Dams and Weirs	3 582 281	-	16 599 590 16	-	-	-	-	20 81 871	-2 495 876	-58 513	-	-	-2 554 389	17 627 482
Distribution	948 603 485	9 462 726	74 236 540 04	-48 046 329	-	-	38 593 003	1 022 840 125	-318 627 914	-28 564 910	-	-	-347 192 824	675 647 301
Pump Stations	148 235 348	933 693	-	-20 414 354	-144 440	-	19 480 661	148 090 908	-44 832 947	-8 714 977	-	68 370	-53 470 554	94 611 354
Reservoirs	382 820 740	6 459 341	27 568 598 70	-23 105 110 99	510 136	-	16 645 770	389 779 203	-95 893 682	-17 291 028	-4 185	188 336	-112 596 559	277 282 644
Water Treatment Works	153 118 579	-	11 738 405 05	-	-	-	-	164 856 984	-51 379 269	-9 277 365	-182	-	-60 656 816	104 200 168
Sub total	2 205 833 930	31 902 405	187 976 343 90	-129 731 239 89	-654 576	-	97 828 835	2 373 155 698	-608 396 442	-78 420 808	-879 005	255 706	-887 239 549	1 665 916 149

APPENDIX B

Analysis of property plant and equipment, intangible and heritage assets as at 30 June 2022 (continued)

Asset Group Type	Opening Balance	Additions	Additions WIP	Capitalised WIP	Disposals	Adjustment of Provisions	Transfer Cost	Closing Balance	Opening Balance	Additions	Accumulated Impairment	Disposals	Closing Balance	Carrying Value
COMPUTER EQUIPMENT														
Computer Equipment	15 611 030	1 167 544.48	-	-	-185 902	-	-	16 591 672	-10 720 593	-1 426 741	-	141 240	-12 006 084	4 585 588
Subtotal	15 611 030	1 167 544.48	-	-	-185 902	-	-	16 591 672	-10 720 593	-1 426 741	-	141 240	-12 006 084	4 585 588
FURNITURE														
Furniture	7 338 577	6 608.69	-	-	-136 204	-	-	7 208 982	-5 128 345	-497 020	-	120 726	-5 504 638	1 704 344
Sub Total	7 338 577	6 608.69	-	-	-136 204	-	-	7 208 982	-5 128 345	-497 020	-	120 726	-5 504 638	1 704 344
MOTOR VEHICLE														
Motor Vehicle	71 833 661	694 206	-	-	-152 086	-	-	72 375 781	-13 222 547	-11 698 321	-	67 988	-24 852 880	47 522 901
Sub Total	71 833 661	694 206	-	-	-152 086	-	-	72 375 781	-13 222 547	-11 698 321	-	67 988	-24 852 880	47 522 901
OFFICE EQUIPMENT														
Office Equipment	8 626 397	203 906.02	-	-	-151 753	-	-	8 678 550	-6 553 822	-573 087	-	143 407	-6 983 302	1 695 248
Sub Total	8 626 397	203 906.02	-	-	-151 753	-	-	8 678 550	-6 553 822	-573 087	-	143 407	-6 983 302	1 695 248
OPERATIONAL BUILDINGS														
Municipal Offices	68 302 718	-	187 440	-	-	-	-	68 490 158	-22 090 222	-2 720 712	-	-	-24 810 934	43 679 224
Stores	6 256 822	-	-	-	-	-	-	6 256 822	-2 693 803	-228 950	-	-	-2 922 653	3 374 169
Workshops / Stores	353 564	-	-	-	-	-	-	353 564	-184 107	-36 823	-	-	-210 931	142 633
Sub Total	74 953 104	-	187 440.00	-	-	-	-	75 140 544	-24 968 132	-2 976 385	-	-	-27 944 518	47 196 026
PLANT EQUIPMENT														
Plant and Equipment	3 984 883	236 025.17	-	-	-27 429	-	-	4 193 479	-2 640 096	-272 484	-	7 755	-2 904 824	1 288 655
Sub Total	3 984 883	236 025.17	-	-	-27 429	-	-	4 193 479	-2 640 096	-272 484	-	7 755	-2 904 824	1 288 655
Intangible Assets Total	13 048 402	821 250	1 999 079.34	-821 250.00	-882 396.09	-	-	14 165 082	-5 721 504	-1 865 463	-	711 094	-6 875 872	7 289 210
Heritage Assets Total	700 000	-	-	-	-	-	-	700 000	-	-	-	-	-	700 000
Property, Plant, Equipment Total	3 528 240 818	48 690 385.36	205 745 764.28	-166 861 196.89	-1 308 950	34 499 014	120 479 102	2 817 850 356	-775 385 572	-106 499 573	-704 297	737 822	-881 851 619	1 935 988 735
Grand Total	3 541 989 220	49 511 636	207 744 643.62	-167 662 446.89	-2 191 346.09	34 499 014	120 479 102	2 844 350 019	-781 107 076	-108 365 036	-704 297	1 448 916	-888 727 491	2 895 622 527

APPENDIX C

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 560 2003

Name of Grant & Vote	Name of organ of state or municipal entity	CURRENT YEAR RECEIPTS				CONDITIONS MET TRANSFERRED TO REVENUE			
		Sep-21	Dec-21	Mar-22	Jun-22	Sep-21	Dec-21	Mar-22	Jun-22
Rural Transport Services & Infrastructure	DOT	1 809 000		775 000	-				
Subtotal - Department of Transport		1 809 000	-	775 000	-	-	-	-	-
Regional Bulk Infrastructure Grant	DWS	1 000 000	3 000 000	16 000 000	-	1 015 774	3 298 638	2 788 239	12 897 349
Water Services Infrastructure Grant	DWS	15 000 000	20 000 000	35 000 000	-	3 777 248	9 151 579	9 578 437	47 492 736
Subtotal - Department of Water and Sanitation		16 000 000	23 000 000	51 000 000	-	4 793 022	12 450 217	12 366 676	60 390 085
MIG	MIG	113 610 000		67 385 000	-	32 412 559	45 805 349	34 180 125	68 596 967
Sub total - Department of Co-operative Governance		113 610 000	-	67 385 000	-	32 412 559	45 805 349	34 180 125	68 596 967
Local Government Finance Grant	NT	1 200 000			-	229 665	245 102	258 525	466 708
Equitable Share	NT	104 791 204	83 833 133	62 874 637	-	62 874 744	62 874 744	62 874 744	62 874 744
Levy Replacement	NT	133 109 122	106 487 514	79 865 365	-	79 865 500	79 865 500	79 865 500	79 865 500
Environmental Health (EQS)	NT	8 286 675	6 629 353	4 971 998	-	4 972 007	4 972 007	4 972 007	4 972 007
Subtotal - National Treasury		247 387 000	196 950 000	147 712 000	-	147 941 915	147 957 352	147 970 775	148 178 958
EPWP Incentive Grant	PW	1 155 000	2 078 000	1 386 000	-	1 036 986	1 750 607	1 648 601	182 806
Sub total - Department of Public Works		1 155 000	2 078 000	1 386 000	-	1 036 986	1 750 607	1 648 601	182 806
Public Contributions	PUBLIC CONTRIBUTION	-	15 000			-			
Sub total Public Contributions		-	15 000	-	-	-	-	-	-
TOTAL		379 961 000	222 043 000	268 258 000	-	186 184 482	207 963 525	196 166 177	277 348 816
					870 262 000				867 663 000

APPENDIX D

APPROPRIATION STATEMENT (Reconciliation: Budget and in-year performance) 30 June 2022

Description	2020/2021										Restated 2019/2020				
	Original Budget	Budget Adjustments (i.Lo s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of Funds (i.Lo s31 of the MFMA)	Virements (i.Lo Council Approved bylaw)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Report Unauthorised Expenditure	Expenditure Authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance															
Property Rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services Charges	126 505 682	-22 780 487	103 725 195	-	-	103 725 195	102 643 304	-	-1 081 891	99%	81%	-	-	-	96 503 274
Interest received income	19 995 230	1 200 000	21 175 230	-	-	21 175 230	21 650 903	-	475 673	102%	108%	-	-	-	19 995 607
Transfers and Subsidies - Operational	634 455 603	13 921 312	648 376 915	-	-	648 376 915	645 257 174	-	-3 119 741	100%	102%	-	-	-	641 485 200
Other Income	5 934 672	4 534 138	10 468 810	-	-	10 468 810	6 632 302	-	-3 836 508	63%	112%	-	-	-	3 505 675
Total Revenue (Excluding capital transfers and contributions)	786 871 187	-3 125 037	783 746 150	-	-	783 746 150	776 183 683	-	-7 562 467	-	-	-	-	-	761 489 756
Employee related costs	275 161 229	-13 493 868	261 667 361	-	1 355 495	263 022 856	261 146 863	-	-1 875 993	99%	95%	-	-	-	234 866 984
Remuneration of councillors	15 215 953	-919 190	14 296 763	-	-	14 296 763	12 014 343	-	-2 282 420	84%	75%	-	-	-	12 297 336
Debt impairment	8 285 997	1 200 000	9 485 997	-	-8 832	9 477 165	8 207 694	-	-1 269 471	87%	99%	-	-	-	7 385 165
Depreciation, amortisation and impairment	129 711 532	-	129 711 532	-	-	129 711 532	109 069 333	-	-20 642 199	84%	84%	-	-	-	106 770 587
Finance Costs	2 764 979	6 997 113	9 762 092	-	-	9 762 092	9 762 094	-	2	100%	353%	-	-	-	6 976 071
Inventory Consumed	210 278 162	-51 714 532	158 563 630	-	1 130 570	159 694 200	159 111 450	-	-	100%	76%	-	-	-	152 903 711
Contracted services	166 016 538	146 725 189	312 741 727	-	-1 777 429	310 964 288	296 317 865	-	-14 646 433	95%	178%	20 033 993	20 033 993	-	319 781 633
Transfers and subsidies	-	757 997	757 997	-	-	757 997	-	-	-757 997	0%	0%	-	-	-	-
Operational Costs	98 314 555	-3 437	98 311 118	-	-699 804	97 611 314	93 846 802	-	163 458 712	96%	95%	-	-	-	75 568 260
Loss / (Gain) on disposal of PPE	-	-	-	-	-	-	742 431	-	-	0%	0%	-	-	-	-1 837 878
Total Expenditure	905 748 945	89 549 272	995 298 217	-	-	995 298 217	950 218 875	-	-45 079 342	-	-	-	-	-	914 711 869
Surplus / (Deficit)	-118 877 758	-92 674 309	-211 552 067	-	-	-211 552 067	-174 035 192	-	37 516 875	-	-	-	-	-	-153 222 113
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	225 791 397	-3 921 312	221 870 085	-	-	221 870 085	222 405 826	-	535 741	100%	99%	-	-	-	257 718 513
Donations	-	-	-	-	-	-	40 722	-	40 722	0%	0%	-	-	-	1 330 636
Surplus / (Deficit) after capital transfers and contributions	106 913 639	-96 595 621	10 318 018	-	-	10 318 018	48 411 356	-	38 093 338	-	-	-	-	-	105 827 036

APPENDIX D

APPROPRIATION STATEMENT (Reconciliation: Budget and in-year performance) 30 June 2022 (continued)

Description	2020/2021										Restated 2019/2020				
	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)	Virements (i.t.o Council Approved bylaw)	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Report Unauthorised Expenditure	Expenditure Authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Capital Expenditure & Funds Sources															
Capital Expenditure	244 466 738	-795 836	243 670 902	-	-	243 670 902	210 053 134	-	-33 617 768			-	-	-	-
Transfers and subsidies - Capital	225 791 397	-3 921 312	221 870 085	-	-	221 870 085	205 745 761	-	-16 124 324	93%	91%	-	-	-	-
Public Contributions & donations	-	-	-	-	-	-	-	-	-			-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-			-	-	-	-
Internally General Funds	18 675 341	3 125 476	21 800 817	-	-	21 800 817	4 307 373	-	-17 493 444	20%	23%	-	-	-	-
Total Sources of Capital funds	244 466 738	-795 836	243 670 902	-	-	243 670 902	210 053 134	-	-33 617 768			-	-	-	-
Cash Flows															
Net cash from (used) operating	247 676 147	-88 407 340	159 268 807	-	-	159 268 807	233 058 390	-	73 789 583	146%	94%				104 069 563
Net cash from (used) investing	-244 466 738	795 836	-243 670 902	-	-	-243 670 902	-219 967 067	-	23 703 835	90%	90%				-230 637 102
Net cash from (used) financing	-12 328 760	-	-12 328 760	-	-	-12 328 760	-11 250 482	-	1 078 278	91%	91%				-11 250 483
Cash/cash equivalents at the year end	386 651 421	-193 049 144	193 602 277	-	-	193 602 277	371 332 253	-	-177 729 976						369 491 412

REPORT BY THE AUDIT COMMITTEE CHAIRPERSON FOR THE YEAR ENDED 30 JUNE 2022

1. Legislative requirements

The purpose of this report is to apprise the Council of King Cetshwayo District Municipality (Herein referred to as the "Municipality") of the work done by the Audit and Performance Audit Committee (Herein referred to as the "audit committee") during the financial year ended 30 June 2022 as prescribed by section 166 of the Municipal Finance Act No. 56 of 2003, as amended ("the MFMA"), read with circular 65 of the MFMA published by the National Treasury and regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee is governed by formal terms of reference (The Audit Committee Charter read in conjunction with the Internal Audit Charter), which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2022.

2. Audit committee's responsibility

The audit committee has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and hereby reports that it operated in terms of the Audit Committee Charter read in conjunction with the Internal Audit Charter.

3. Audit committee members and attendance

The audit committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The Audit Committee Charter requires that the audit committee comprises a minimum of three (3) members who are appropriately qualified, financially literate and independent of management, Council or any member of the Council.

The audit committee comprises four members including the chairperson. In terms of section 166(4)(b) of the MFMA and the Audit Committee Charter, the audit committee must meet at least four (4) times a year. During the financial year ended 30 June 2022, the audit committee met on four (4) occasions.

NAME	DATE APPOINTED	DATE RESIGNED	MEETINGS HELD	MEETINGS ATTENDED
Mr M Ncube (Chairperson)	01 August 2019	28 February 2022	4	4
Mr RJ Monyokolo	01 August 2019	28 February 2022	4	4
Ms P Mbanjwa	01 August 2019	28 February 2022	4	4
Mr B Dladla	01 August 2019	28 February 2022	4	4

The members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal auditors and the external auditors collectively and individually on matters related to governance, internal controls and risk management during the reporting period. The Chairperson of the MPAC attended some of the meetings as well.

These meetings were held as follows:

- 24 August 2021
- 27 August 2021
- 23 September 2021
- 16 November 2021

On the 28 February 2022, all the audit committee members resigned as the members of the Audit and Performance Audit Committee. The replacement committee was appointed with effect from the 01 August 2022.

4. Internal audit function and effectiveness of internal control

In terms of section 165 of the MFMA, the accounting officer is obliged to ensure that the Municipality has a system of internal audit under the control and direction of the audit committee. Furthermore, the Council must ensure that a fully capacitated internal audit function is in place.

The committee hereby reports that, in all material respects, the internal audit operated in terms of section 165 of the MFMA and in accordance with the Internal Audit Charter.

The internal audit function has concluded that the control environment of the municipality as a whole is effective. The audit committee acknowledges the management's effort towards strengthening internal controls within the municipality and their commitment to ensuring that effective corrective action is implemented in respect of internal control weaknesses identified and reported by the internal and external auditors.

The internal audit plan for the 2021/22 financial period included the review of ICT controls. The review highlighted shortcomings in the following areas:

- ICT Governance;
- ICT Security Management;
- User Access Management;
- ICT Service Continuity; and
- IT Change Management.

Due to the strategic importance of the information and communication technology (ICT) to the municipality, the audit committee recommends that the Municipality must fast track the implementation of the recommendations made by the internal auditors. The internal audit and the audit committee will monitor the progress in this regard on a regular basis.

5. Risk management function

The audit committee is also responsible for the oversight of the risk management function. The risk management committee reports frequently to the audit committee on the municipality's management of risk.

To ensure that the risk management committee understands the requirements of the audit committee, the chairperson of the risk management committee has a standing invitation to the audit committee.

The committee reviewed the risk registers and the reports from the risk committee and is satisfied with the maturity of the risk management function of the municipality.

6. Performance management

The responsibility of the audit committee also includes the oversight of the performance management function. To this end, the audit committee has performed the following:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality.
- Review of compliance with in-year reporting requirements.
- Review of the quarterly performance reports submitted by the internal audit function.
- Review and comment on the municipality's performance management system and provide recommendations for its improvement.

The audit committee is satisfied that the Annual Performance Report has been prepared in terms of the MFMA, MSA and the related Regulations. Furthermore, the committee has noted that the Auditor General did not raise any material findings regarding the usefulness and reliability of the reported performance information.

The audit committee commends the Accounting Officer and the Heads of the Departments of the municipality for the effort they have put into ensuring that performance information meets the SMART principle as expected.

7. Fraud and irregular activities

During the period under review, no forensic investigations were performed internally, therefore no reports were submitted to the audit committee for consideration.

8. Evaluation of the annual financial statements

Prior to submission of the Annual Financial Statements to the Auditor General the audit committee reviewed these financial statements to ensure that they are prepared in terms of GRAP and the MFMA. The audit committee's review focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks.

9. External auditor's report

The audit committee congratulates the Municipal Council, the Accounting Officer, the Chief Finance Officer and the Management of the municipality for attaining an Unqualified Audit Opinion with no findings for two consecutive financial years.

The audit committee confirms that it has been adequately appraised of the issues which informed the opinion of the external auditors and the final report was also presented to the committee.

The audit committee hereby draws attention of the Council to the following matters which were reported by the Auditor General as follows:

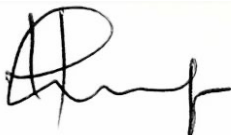
- Significant water distribution losses;
- Material impairment of receivables; and
- Contingent liabilities raised as a result of water tariffs disputes with service providers.

The audit committee concurs with the recommendations of the Auditor General regarding these matters and hereby requests the Council and the Management of the Municipality to implement these recommendations.

10. Conclusion

The Committee hereby unreservedly affirms its commitment to serving and supporting the Council in the execution of its mandate.

On behalf of the audit committee:



Mr Hopewell Mpungose
Acting Chairperson: King Cetshwayo District Municipality Audit Committee



KING CETSHWAYO

DISTRICT MUNICIPALITY

OVERSIGHT REPORT ON THE ANNUAL REPORT 2021/2022

This Oversight Report is based on the Annual Report 2021/2022 and is drafted and submitted in accordance with the Local Government: Municipal Finance Management Act (Act 56 of 2003)

1. INTRODUCTION

- The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regards to the Annual Report and the preparation of an Oversight Report. Section 129(1) of the Municipal Finance Management Act, Act 56 of 2003 requires the Council of a municipality to consider the Annual Report by not later than two months after the annual report was tabled in Council.
- Given the processes required by Council to effectively undertake its oversight role, the establishment of MPAC of Council would provide the appropriate mechanism in which Council could fulfill its oversight responsibilities.
- The MPAC's primary role will be to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council.

2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council have delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- Approval of budgets;
- Approval of Budget related Policies; and
- Review of the Annual Report and adoption of the Oversight Report.

3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The functions of the MPAC are to:

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

Membership

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998. Section 79, allows for the co-option of advisory members to a Committee of Council, who are not members of the Council.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the MPAC.

The following members were nominated to serve on the KCDM MPAC Committee (Council meeting of 17 December 2021: KCDMC: 19/2021):

No	Name of portfolio	Party
	MPCA committee	
1	Cllr M Mtshali	DA (Chairperson)
2	Cllr XM Bhengu	IFP
3	Cllr QT Xulu	IFP
4	Cllr MN Biyela	IFP
5	Cllr NT Mthiyane	ANC
6	Cllr PSM Mchunu	ANC
7	Cllr SD Khubisa	EFF

Authority & Power

The MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the MPAC must be open to the public and minutes of the meetings must be submitted to Council meetings.

5. 2021/2022 ANNUAL REPORT

- In terms of Section 127(2) of the Municipal Finance Management Act, 2003 (MFMA), the Mayor must table before Council the Annual Report of the Municipality within seven months after the end of the financial year.
- The final draft of the 2021/2022 Annual Report was presented to Council on 07 December 2022 (KCDMC:821/2022) where it was resolved that:
- "The draft of the King Cetshwayo Annual Report for the 2021/2022 financial year, be approved."
- The Annual Report was advertised for public comment on the municipal website and in the Zululand Observer newspaper, dated 12 December 2022.
- The Annual Report document was placed at the municipal foyer security desk for a period of 14 days from the date of publication of the advertisement.
- The Annual Report was also shared with the Auditor-General, National Treasury, Provincial Treasury and the Department of Cooperative Government and Traditional Affairs.

Annual Financial Statements

In terms of sec 126 (1) (a) of the MFMA the Municipality must prepare Annual Financial Statements and within 3 months after the end of the financial year, submit them to Auditor-General for auditing.

The Annual Financial Statements for 2021/2022 were submitted to the Auditor General on 31 August 2022 for auditing in compliance with Section 126 (1) (a) of the MFMA and served at the Audit Committee and Council on 25 August 2022 (KCDMAC: 01/2022) and 30 August 2022 (KCDMC: 560/2022) respectively.

5. AUDITOR-GENERAL'S REPORT ON THE 2021/2022 ANNUAL FINANCIAL STATEMENTS

- The management report and audit report for the financial year ending 30 June 2022 was tabled and discussed at a meeting between the Office of Auditor General, Honorable Deputy Mayor, MPAC Chair, Performance Audit Committee Chair (Also Audit committee member), Accounting Officer and members from management on 21 November 2022.
- The office of the Auditor – General has expressed the following opinion on the annual financial statements:
"In my opinion, the financial statements present fairly, in all material respects, the financial position of the King Cetshwayo 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 Recognized Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (Dora)."
- The municipality has received an unqualified audit opinion with no matters, resulting in a clean audit.

6. CONCLUSION

- The Unqualified Audit Report (Clean Audit) for King Cetshwayo District Municipality for the 2021/2022 annual financial statements received from the Office of the Auditor General, be noted with appreciation.
- The MPAC commends the Council, the management and staff at King Cetshwayo District Municipality on maintaining its record of good governance and once again achieving an unqualified audit report.
- An Audit Response Plan be drafted to assist responding to other matters raised in the Management Report and audit report, and to work towards a clean audit in the next financial year.
- Having performed the following tasks:
 - Reviewed and analysed the Annual Report;
 - Considered that no written comments were received on the Annual Report from the public consultation process;
 - Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
 - Prepared the draft Oversight Report, taking into consideration, the views and inputs of the public, representatives of the Auditor-General, Council's Audit Committee and Councillors;
 - The MPAC has pleasure in presenting the Oversight Report to Council to consider the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature.

8. RECOMMENDATIONS OF KCDM MPAC

That Council having fully considered the Annual Report of the King Cetshwayo District Municipality for the 2021/2022 Financial Year, adopts the Oversight Report for the 2021/2022 Financial Year, a copy of which is attached to the minutes of this meeting.

- The Unqualified Audit Report (Clean Audit) for King Cetshwayo District Municipality for the 2021/2022 financial year, be noted with appreciation.
- An audit action plan be developed by the King Cetshwayo District Municipality to address any other matters as reported in the Management Letter and audit report. The audit action plan be monitored on a regular basis to ensure adherence to timeframes.
- The Final Draft of the King Cetshwayo Annual Report for the 2021/2022 financial year be noted.
- The Oversight Report 2021/2022 be submitted to Council for adoption.

APPENDICES

APPENDIX A: COUNCILLORS: COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

APPENDIX D: FUNCTIONS OF MUNICIPALITY/ENTITY

APPENDIX E: DISCLOSURE OF FINANCIAL INTEREST

COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

PORTFOLIO COMMITTEES

NO.	NAME OF PORTFOLIO	PARTY
CORPORATE SERVICES		
1	Cllr PP Xulu	IFP (Chairperson)
2	Cllr CN Mpanza	IFP
3	Cllr MM Mthiyane	IFP
4	Cllr F Mndaba	IFP
5	Cllr ME Dlamini	ANC
6	Cllr BB Ndimba	ANC
7	Cllr SL Magubane	DA
8	Cllr NN Ngubane	EFF

NO.	NAME OF PORTFOLIO	PARTY
COMMUNITY SERVICES		
1	Cllr IN Zwane	IFP (Chair)
2	Cllr ES Mbatha	IFP
3	Cllr M Msimango	IFP (DA)
4	Cllr SE Mhlongo	IFP
5	Cllr NR Xulu	ANC
6	Cllr PC Cele	ANC
7	Cllr M Mtshali	DA
8	Cllr NM Madida	EFF

NO.	NAME OF PORTFOLIO	PARTY
TECHNICAL SERVICES		
1	Cllr SZ Dlamini	IFP (Chairperson)
2	Cllr XM Bhengu	IFP
3	Cllr MM Ngema	IFP
4	Cllr NP Mahaye	IFP
5	Cllr BL Phungula	ANC
6	Cllr NN Lembede	ANC
7	Cllr S Ntshangase	DA
8	Cllr NM Madida	EFF

NO.	NAME OF PORTFOLIO	PARTY
PLANNING & ECONOMIC DEVELOPMENT		
1	Cllr NM Madida	EFF (Chairperson)
2	Cllr SH Mkhwanazi	IFP
3	Cllr SF Mdletshe	IFP
4	Cllr FPB Mpungose	IFP
5	Cllr A Lange	IFP
6	Cllr ZL Mfusi	ANC
7	Cllr WL Ngema	ANC
8	Cllr SL Magubane	DA

NO.	NAME OF PORTFOLIO	PARTY
FINANCIAL SERVICES		
1	Cllr AT Ntuli	IFP (Chairperson)
2	Cllr QT Xulu	IFP
3	Cllr MN Biyela	IFP
4	Cllr JL Nzuza	IFP
5	Cllr SW Mgenge	ANC
6	Cllr SP Mpanza	ANC
7	Cllr S Ntshangase	DA
8	Cllr PH Khuzwayo	EFF

NO.	NAME OF PORTFOLIO	PARTY
MPAC COMMITTEE		
1	Cllr M Mtshali	DA (Chairperson)
2	Cllr XM Bhengu	IFP
3	Cllr QT Xulu	IFP
4	Cllr MN Biyela	IFP
5	Cllr NT Mthiyane	ANC
6	Cllr PSM Mchunu	ANC
7	Cllr SD Khubisa	EFF
8	Cllr PH Khuzwayo	EFF

NO.	NAME OF PORTFOLIO	PARTY
RULES COMMITTEE		
1	Cllr IJ Naidoo	IFP (Chairperson)
2	Cllr AM Mtshali (Council Whip)	IFP
3	Cllr ME Mthethwa (IFP Whip)	IFP
4	Cllr M Mtshali (DA Whip)	DA
5	Cllr NT Mthiyane (ANC Whip)	ANC
6	Cllr SD Khubisa (EFF Whip)	EFF
7	Cllr SL Magubane	DA
8	Cllr NN Ngubane	EFF

The three (3) Traditional Leaders assigned to KCDM be distributed between the Community Services, Technical Services and Planning & Economic Development Portfolio Committees respectively.

ATTENDANCE REGISTER FOR COUNCIL FOR THE FIRST QUARTER FROM JULY TO SEPTEMBER 2021

NAME	09.07.2021	30.07.2021	20.08.2021	27.08.2021	23.09.2021
KER Hadebe	Present	Present	Present	Present	Present
BL Phungula	Present	Present	Present	Present	Present
JD Vilakazi	Present	Present	Present	Present	Present
IT Gcabashe	Present	Present	Present	Present	Apology
PC Cele	Present	Present	Present	Present	Present
CPG Cele	Present	Present	Present	Present	Present
NR Xulu	Present	Present	Present	Apology	Apology
IJ Naidoo	Present	Present	Present	Present	Present
ES Mbatha	Present	Present	Present	Present	Apology
ME Mthethwa	Present	Present	Present	Absent	Apology
BN Buthelezi	Present	Apology	Present	Absent	Present
MM Ngobese	Present	Absent	Present	Present	Absent
NC Mthalande	Network problem	Present	Present	Present	Present
N Naidoo	Present	Present	Present	Present	Present
JM Mathaba	Present	Present	Absent	Apology	Absent
PP Xulu	Present	Present	Present	Present	Present
M Mtshali	Absent	Apology	Apology	Present	Apology
S Mgenge	Present	Present	Present	Present	Absent
ZD Mfusi	Absent	Absent	Apology	Present	Absent
X Bhengu	Absent	Apology	Absent	Present	Absent
AM Mtshali	Absent	Present	Present	Present	Present
MG Mhlongo	Present	Present	Present	Absent	Present
PT Mbatha	Present	Present	Present	Present	Absent
M Lourens	Present	Present	Present	Present	Present
SG Mkhize	Present	Present	Present	Present	Present
DJ Ndimande	Present	Present	Present	Present	Present
KD Sibiya	Present	Present	Absent	Present	Present
Dr KE Ndlovu-Nkosi	Present	Present	Present	Present	Present
JZ Mabuyakhulu	Absent	Apology	Apology	Apology	Apology
CG Mkhulise-Khumalo	Absent	Present	Present	Present	Present
SP Mthembu	Present	Present	Present	Present	Present
CT Dlamini	Present	Apology	Apology	Present	Present
ME Dlamini	Present	Present	Present	Present	Present
BP Simelane	Present	Present	Present	Present	Present
NL Ngidi	Absent	Apology	DECEASED		
SS Cele	Network problem	Apology	Present	Present	Present
TF Zinume	Present	Present	Present	Present	Absent
MJ Xulu	Present	Present	Present	Present	P+G42
TF Nxumalo	Present	Absent	Absent	Present	Absent
VACANT					
NPN Magubane	Present	Absent	Present	Absent	Absent

ATTENDANCE FOR EXCO MEMBERS FOR THE FOURTH QUARTER FROM JULY TO SEPTEMBER 2021

NAME	08.07.2021	30.07.2021	12.08.2021	20.08.2021	27.08.2021	09.09.2021	23.09.2021
BL Phungula	Present	Present	Present	Present	Present	Present	Present
JD Vilakazi	Present	Present	Present	Apology	Present	Present	Present
PC Cele	Present	Present	Apology	Present	Present	Present	Present
CPG Cele	Present	Present	Present	Present	Present	Present	Present
NR Xulu	Present	Present	Present	Present	Apology	Present	Apology
IJ Naidoo	Present	Present	Present	Present	Present	Present	Present
ES Mbatha	Present	Present	Present	Present	Present	Apology	Present
PP Xulu	Present	Present	Present	Present	Present	Present	Present

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE FIRST QUARTER FROM JULY TO SEPTEMBER 2021

Community	16.07.2021	26.08.2021	16.09.2021
JD Vilakazi	Meeting cancelled due to unrest	Present	Present
MM Ngobese		Absent	Apology
DJ Ndimande		Present	Present
CT Dlamini		Present	Present
BN Buthelezi		Apology	Present
XM Bhengu		Present	Present
AM Mtshali		Present	Present
VACANT			

Finance	29.07.2021	06.08.2021	19.08.2021 No quorum	26.08.2021	10.09.2021	23.09.2021 No quorum
BL Phungula	Present	Present	Present	Present	Present	Present
M Lourens	Present	Present	Present	Apology	Present	Present
S Mgenge	Present	Present	Present	Present	Present	Present
PT Mbatha	Present	Present	Present	Present	Present	Present
MG Mhlongo	Apology	Absent	Absent	Present	Present	Absent
ME Mthethwa	Apology	Present	Absent	Present	Apology	Absent
NPN Magubane	Present	Present	Absent	Present	Present	Absent
NL Ngidi	Apology	DECEASED				

Technical	16.07.2021	13.08.2021	17.09.2021
NR Xulu	No Meeting	Present	No Meeting
ZD Mfusi		Present	
KD Sibiya		Present	
MJ Xulu		Absent	
SG Mkhize		Present	
ES Mbatha		Present	
TF Zincume		Present	
JZ Mabuyakhulu		Apology	

Planning	15.07.2021	13.08.2021	16.09.2021
PC Cele	No Meeting	Present	No Meeting
M Lourens		Present	
SW Mgege		Present	
PT Mbatha		Present	
N Naidoo		Present	
IJ Naidoo		Apology	
SS Cele		Apology	
SP Mthembu		Present	

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE FIRST QUARTER FROM JULY TO SEPTEMBER 2021

RULES	06.08.2021
KER Hadebe	Present
IT Gcabashe	Present
ES Mbatha	Present
M Mtshali	Present

MPAC	12.08.2021	10.09.2021
N Naidoo	Present	Present
CT Dlamini	Present	Present
NC Mthlana	Present	Present
PT Mbatha	Present	Present
ZD Mfusi	Present	Present
SS Cele	Present	Present
JM Mathaba	Present	Present
Dr KE Ndlovu-Nkosi	Present	Absent

ATTENDANCE FOR EXCO MEMBERS FOR THE SECOND QUARTER FROM OCTOBER TO DECEMBER 2021 - PREVIOUS EXCO

NAME	13.10.2021
Cllr BL Phungula	Present
Cllr JD Vilakazi	Present
Cllr PC Cele	Present
Cllr CPG Cele	Present
Cllr NR Xulu	Present
Cllr IJ Naidoo	Present
Cllr ES Mbatha	Present
Cllr PP Xulu	Present

ATTENDANCE FOR EXCO MEMBERS FOR THE SECOND QUARTER FROM OCTOBER TO DECEMBER 2021 - CURRENT EXCO

NAME	17.12.2021
Cllr AT Ntuli	Present
Cllr SZ Dlamini	Connection network problem
Cllr IN Zwane	Present
Cllr PP Xulu	Present
Cllr NM Madida	Present
Cllr PC Cele	Present
Cllr SW Mgenge	Present
Cllr SL Magubane	Present

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE SECOND QUARTER FROM OCTOBER TO DECEMBER 2021

NO PC MEETING HELD IN THIS QUARTER

ATTENDANCE FOR TRADITIONAL LEADERSHIP FOR THE SECOND QUARTER FROM OCTOBER TO DECEMBER 2021 - CURRENT EXCO

NAME	26.11.2021	30.11.2021	09.12.2021	17.12.2021	28.12.2021
Inkosi TN Mzimela	Present	Present	Present	Absent	Absent
Inkosi LTZ Biyela	Present	Present	Apology	Absent	Present
VACANT					

ATTENDANCE REGISTER FOR COUNCIL FOR THE SECOND QUARTER FROM OCTOBER TO NOVEMBER 2021

NAME	13.10.2021
KER Hadebe	Meeting was placed on hold due to Local Govt Elections
BL Phungula	
JD Vilakazi	
IT Gcabashe	
PC Cele	
CPG Cele	
NR Xulu	
IJ Naidoo	
ES Mbatha	
ME Mthethwa	
BN Buthelezi	
MM Ngobese	
NC Mthalande	
N Naidoo	
JM Mathaba	
PP Xulu	
M Mtshali	
S Mgenge	
ZD Mfusi	
X Bhengu	
AM Mtshali	
MG Mhlomo	
PT Mbatha	
M Lourens	
SG Mkhize	
DJ Ndimande	
KD Sibiba	
Dr KE Ndlovu-Nkosi	
JZ Mabuyakhulu	
CG Mkhulise-Khumalo	
SP Mthembu	
CT Dlamini	
ME Dlamini	
BP Simelane	
VACANT	
SS Cele	
TF Zingume	
MJ Xulu	
TF Nxumalo	
VACANT	
NPN Magubane	

ATTENDANCE FOR EXCO MEMBERS FOR THE SECOND QUARTER FROM OCTOBER 2021 - PREVIOUS EXECUTIVE COMMITTEE

NAME	13.10.2021	29.10.2021	11.11.2021	26.11.2021
CIlr BL Phungula	Present	Meetings were placed on hold due to Local Govt Elections	Meetings were placed on hold due to Local Govt Elections	Meetings were placed on hold due to Local Govt Elections
CIlr JD Vilakazi	Present			
CIlr PC Cele	Present			
CIlr CPG Cele	Present			
CIlr NR Xulu	Present			
CIlr IJ Naidoo	Present			
CIlr ES Mbatha	Present			
CIlr PP Xulu	Present			

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE SECOND QUARTER FROM OCTOBER TO NOVEMBER 2021

COMMUNITY	15.10.2021	19.11.2021
JD Vilakazi	Meeting was placed on hold due Local Govt. Elections.	Meeting was placed on hold due Local Govt. Elections.
MM Ngobese		
DJ Ndimande		
CT Dlamini		
BN Buthelezi		
XM Bhengu		
AM Mtshali		
VACANT		

FINANCE	07.10.2021	12.11.2021	09.12.2021
BL Phungula	No quorum	No quorum	Meeting was placed on hold due Local Govt. Elections.
M Lourens			
S Mgenge			
PT Mbatha			
MG Mhlongo			
ME Mthethwa			
NPN Magubane			
VACANT			

Corporate	21.10.2021	19.11.2021
CPG Cele	Meeting was placed on hold due Local Govt. Elections.	Meeting was placed on hold due Local Govt. Elections.
ME Dlamini		
SG Mkhize		
BP Simelane		
TF Nxumalo		
PP Xulu		
CG Mkhulise-Khumalo		
VACANT		

TECHNICAL	15.10.2021	25.11.2021
NR Xulu	Meeting was placed on hold due Local Govt. Elections.	Meeting was placed on hold due Local Govt. Elections.
ZD Mfusi		
KD Sibiya		
MJ Xulu		
SG Mkhize		
ES Mbatha		
TF Zincume		
JZ Mabuyakhulu		

PLANNING	22.10.2021	18.11.2021
PC Cele	Meeting was placed on hold due Local Govt. Elections.	Meeting was placed on hold due Local Govt. Elections.
M Lourens		
SW Mgenge		
PT Mbatha		
N Naidoo		
IJ Naidoo		
SS Cele		
SP Mthembu		

RULES	12.11.2021
KER Hadebe	Meeting was placed on hold due to Local Govt Elections.
IT Gcabashe	
ES Mbatha	
M Mtshali	
MM Ngobese	

MPAC	21.10.2021	18.11.2021	09.12.2021
N Naidoo	Meeting was placed on hold due to Local Govt Elections	Meeting was placed on hold due to Local Govt Elections	Meeting was placed on hold due to Local Govt Elections
CT Dlamini			
NC Mthlane			
PT Mbatha			
ZD Mfusi			
SS Cele			
JM Mathaba			
Dr KE Ndlovu-Nkosi			

ATTENDANCE REGISTER FOR COUNCIL FOR THE THIRD QUARTER FROM JANUARY TO MARCH 2022

NAME	05.01.2022	21.01.2022	21.02.2022	25.02.2022	25 29.03.2022
CIlr IJ Naidoo	Present	Present	Present	Present	Present
CIlr AT Ntuli	Present	Absent	Present	Present	Present
CIlr SZ Dlamini	Present	Absent	Present	Apology	Present
CIlr SW Mgenge	Present	Present	Present	Absent	Present
CIlr PC Cele	Present	Present	Present	Present	Present
CIlr SL Magubane	Present	Present	Present	Present	Present
CIlr NM Madida	Present	Apology	Present	Apology	Present
CIlr PP Xulu	Present	Present	Present	Present	Present
CIlr IN Zwane	Present	Present	Present	Present	Present
CIlr NR Xulu	Present	Present	Absent	Present	Present
CIlr BL Phungula	Present	Present	Present	RESIGNED	
CIlr NT Mthiyane	Present	Present	Present	Present	Present
CIlr ZL Mfusi	Present	Present	Present	Present	Apology
CIlr NN Lembede	Present	Present	Present	Present	Present
CIlr PH Khuzwayo	Present	Present	Present	Absent	Present
CIlr F Mndaba	Present	Present	Present	Present	Present
CIlr SE Mhlongo	Present	Present	Present	Absent	Absent
CIlr CN Mpanza	Present	Present	Present	Present	Present
CIlr ME Mthethwa	Present	Absent	Present	Present	Present
CIlr ES Mbatha	Present	Present	Present	Present	Present
SF Mdletshe	Present	Present	Present	Present	Present
FPB Mpungose	Present	Present	Present	Apology	Present
SP Mpanza	Present	Present	Present	Present	Present
XM Bhengu	Present	Present	Present	Absent	Present
AM Mtshali	Present	Present	Present	Present	Present
MM Mthiyane	Present	Present	Present	Present	Present
SN Ntshangase	Present	Present	Present	Present	Present
MM Msimango	Present	Present	Present	Present	Present
M Mtshali	Present	Present	Present	Present	Present
NN Ngubane	Present	Absent	Present	Absent	Apology
JL Nzuza	Present	Present	Present	Present	Present
SH Mkhwanazi	Present	Present	Present	Present	Present
A Lange	Present	Present	Present	Present	Present
ME Dlamini	Present	Present	Present	Present	Present
WL Ngema	Present	Present	Present	Absent	Present
QT Xulu	Present	Present	Present	Present	Present
MM Ngema	Present	Present	Present	Present	Absent
BC Magwaza	Present	Present	Present	Present	Present
SD Khubisa	Present	Present	Present	Absent	Present
PSM Mchunu	Present	Present	Present	Present	Present
MN Biyela	Present	Present	Present	Absent	Present
BB Ndimma	Present	Present	Present	Present	Present
NP Mahaye	Present	Present	Apology	Apology	Present

ATTENDANCE FOR EXCO MEMBERS FOR THE THIRD QUARTER FROM JANUARY TO MARCH 2022

NAME	21.01.2022	10.02.2022	25.02.2022	10.03.2022	25 29.03.2022
CIlr AT Ntuli	Present	Apology	Present	Present	Present
CIlr SZ Dlamini	Present	Present	Present	Present	Present
CIlr IN Zwane	Present	Present	Present	Present	Present
CIlr PP Xulu	Present	Present	Present	Present	Present
CIlr NM Madida	Apology	Present	Apology	Present	Present
CIlr PC Cele	Present	Present	Present	Present	Present
CIlr SW Mgenge	Present	Absent	Absent	Absent	Present
CIlr SL Magubane	Present	Present	Present	Present	Present

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE THIRD QUARTER FROM JANUARY TO MARCH 2022

CORPORATE SERVICES	17.02.2022	18.03.2022
CIlr PP Xulu	Present	Present
CIlr CN Mpanza	Present	Present
CIlr MM Mthiyane	Present	Absent
CIlr F Mndaba	Present	Absent
CIlr ME Dlamini	Present	Present
CIlr BB Ndima	Present	Present
CIlr SL Magubane	Present	Present
CIlr NN Ngubane	Absent	Absent

COMMUNITY SERVICES	18.02.2022	17 31.03.2022
CIlr IN Zwane	Present	Present
CIlr ES Mbatha	Present	Apology
CIlr M Msimango	Present	Apology
CIlr SE Mhlongo	Present	Present
CIlr NR Xulu	Present	Absent
CIlr PC Cele	Present	Present
CIlr M Mtshali	Present	Present
CIlr NM Madida	Present	Present

TECHNICAL SERVICES	17.02.2022	18.03.2022
CIlr SZ Dlamini	Present	Present
CIlr XM Bhengu	Absent	Apologies
CIlr MM Ngema	Absent	Present
CIlr NP Mahaye	Apology	Present
CIlr BL Phungula	Present	Resigned
CIlr NN Lembede	Present	Present
CIlr S Ntshangase	Present	Present
CIlr NM Madida	Present	Present

PLANNING & ECO. DEV.	18.02.2022	17.03.2022
Cllr NM Madida	Present	Present
Cllr SH Mkhwanazi	Present	Present
Cllr SF Mdletshe	Present	Present
Cllr FPB Mpungose	Present	Present
Cllr A Lange	Present	Present
Cllr ZL Mfusi	Present	Present
Cllr WL Ngema	Present	Present
Cllr SL Magubane	Present	Present

FINANCIAL SERVICES	20.01.2022	11.10.2022	24.02.2022	10.03.2022	24.29.03.2022
Cllr AT Ntuli	Present	Present	Present	Apology	Present
Cllr QT Xulu	Present	Present	Present	Present	Present
Cllr MN Biyela	Present	Apology	Absent	Present	Present
Cllr JL Nzuza	Present	Present	Present	Apology	Present
Cllr SW Mgenge	Present	Absent	Present	Absent	Present
Cllr SP Mpanza	Present	Present	Present	Present	Present
Cllr S Ntshangase	Present	Present	Present	Present	Present
Cllr PH Khuzwayo	Present	Apology	Present	Present	Present

RULES & ETHICS	11.02.31.03.2022
Cllr IJ Naidoo	Present
Cllr AM Mtshali	Present
Cllr ME Mthethwa	Present
Cllr M Mtshali	Present
Cllr NT Mthiyane	Present
Cllr SD Khubisa	Present

MPAC	20.01.2022	24.02.2022
Cllr M Mtshali	Present	Present
Cllr XM Bhengu	Present	Present
Cllr QT Xulu	Present	Present
Cllr MN Biyela	Present	Absent
Cllr NT Mthiyane	Present	Present
Cllr PSM Mchunu	Present	Present
Cllr SD Khubisa	Present	Present

ATTENDANCE REGISTER FOR COUNCIL FOR THE FOURTH QUARTER FROM APRIL TO JUNE 2022

NAME	07.04.2022	29 28.04.2022	25.05.2022	27.05.2022	24 29.06.2022
CIlr IJ Naidoo	Present	Present	Present	Present	Present
CIlr AT Ntuli	Apology	Absent	Present	Present	Present
CIlr SZ Dlamini	Present	Present	Present	Present	Present
CIlr SW Mgenge	Present	Absent	Absent	Present	Present
CIlr PPC Cele	Present	Absent	Apology	Absent	Present
CIlr SL Magubane	Present	Apology	Present	Present	Present
CIlr NM Madida	Absent	Present	Present	Present	Present
CIlr PP Xulu	Present	Present	Present	Present	Present
CIlr IN Zwane	Present	Present	Present	Present	Absent
CIlr NR Xulu	Apology	Absent	Absent	Present	Absent
CIlr DJ Ndimande				Present	Present
CIlr NT Mthiyane	Present	Absent	Absent	Present	Present
CIlr ZL Mfusi	Apology	Absent	Present	Present	Absent
CIlr NN Lembede	Present	Present	Present	Absent	Present
CIlr PH Khuzwayo	Present	Present	Present	Absent	Present
CIlr F Mndaba	Absent	Present	Present	Present	Present
CIlr SE Mhlongo	Present	Present	Apology	Present	Present
CIlr CN Mpanza	Absent	Present	Present	Present	Present
CIlr ME Mthethwa	Present	Apology	Apology	Present	Present
CIlr ES Mbatha	Absent	Present	Present	Present	Present
CIlr SF Mdletshe	Absent	Absent	Present	Present	Present
CIlr FPB Mpungose	Absent	Present	Present	Present	Present
CIlr SP Mpanza	Present	Present	Present	Present	Present
CIlr XM Bhengu	Absent	Absent	Absent	Present	Absent
CIlr AM Mtshali	Absent	Present	Present	Present	Absent
CIlr MM Mthiyane	Present	Present	Present	Absent	Absent
CIlr SN Ntshangase	Present	Present	Present	Present	Present
CIlr MM Msimango	Present	Present	Present	Present	Present
CIlr M Mtshali	Present	Present	Absent	Present	Present
CIlr NN Ngubane	Absent	Absent	Absent	Absent	Absent
CIlr JL Nzuza	Present	Present	Present	Present	Present
CIlr SH Mkhwanazi	Absent	Present	Present	Present	Present
CIlr A Lange	Apology	Apology	Apology	Apology	Apology
CIlr ME Dlamini	Present	Present	Present	Present	Present
CIlr WL Ngema	Present	Present	Present	Absent	Present
CIlr QT Xulu	Present	Present	Present	Present	Present
CIlr MM Ngema	Present	Present	Present	Present	Present
CIlr BC Magwaza	Present	Present	Present	Present	Present
CIlr SD Khubisa	Present	Present	Present	Present	Present
CIlr PSM Mchunu	Present	Present	Absent	Absent	Present
CIlr MN Biyela	Absent	Absent	Present	Present	Present
CIlr BB Ndimma	Present	Absent	Present	Present	Present
CIlr NP Mahaye	Absent	Absent	Present	Present	Present

ATTENDANCE FOR EXCO MEMBERS FOR THE FOURTH QUARTER FROM APRIL TO JUNE 2022

NAME	07.04.2022	14.04.2022	29 28.04.2022	12.05.2022	27.05.2022	09.06.2022	24 29.06.2022
CIlr AT Ntuli	Apology	Present	Present	Apology	Apology	Present	Present
CIlr SZ Dlamini	Present	Present	Present	Present	Present	Present	Present
CIlr IN Zwane	Present	Present	Present	Present	Present	Present	Present
CIlr PP Xulu	Present	Present	Present	Present	Present	Present	Present
CIlr NM Madida	Absent	Present	Present	Present	Present	Present	Present
CIlr PC Cele	Present	Present	Absent	Present	Present	Present	Present
CIlr SW Mgenge	Present	Present	Present	Absent	Present	Present	Present
CIlr SL Magubane	Present	Present	Apology	Present	Present	Present	Present

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE FOURTH QUARTER FROM APRIL TO JUNE 2022

CORPORATE SERVICES	21.04.2022	19.05.2022	17.06.2022
CIlr PP Xulu	Apology	Present	Present
CIlr CN Mpanza	Apology	Present	Absent
CIlr MM Mthiyane	Present	Apology	Present
CIlr F Mndaba	Present	Present	Present
CIlr ME Dlamini	Present	Present	Present
CIlr BB Ndima	Present	Present	Present
CIlr SL Magubane	Present	Present	Present
CIlr NN Ngubane	Present	Absent	Absent

COMMUNITY SERVICES	22.04.2022	19 25.05.2022	23.06.2022
CIlr IN Zwane	Present	Present	Present
CIlr ES Mbatha	Apology	Present	Present
CIlr M Msimango	Present	Present	Present
CIlr SE Mhlongo	Present	Apology	Absent
CIlr NR Xulu	Absent	Absent	Absent
CIlr PC Cele	Present	Apology	Present
CIlr M Mtshali	Present	Present	Present
CIlr NM Madida	Present	Present	Present

TECHNICAL SERVICES	21 29.04.2022	20.05.2022	23.06.2022
CIlr SZ Dlamini	Present	Present	Present
CIlr XM Bhengu	Present	Present	Present
CIlr MM Ngema	Present	Present	Present
CIlr NP Mahaye	Present	Absent	Present
CIlr DJ Ndimande			Present
CIlr NN Lembede	Present	Apology	Absent
CIlr S Ntshangase	Present	Present	Apology
CIlr NM Madida	Apology	Present	Present

ATTENDANCE REGISTER FOR THE PORTFOLIO COMMITTEE MEMBERS FOR THE FOURTH QUARTER FROM APRIL TO JUNE 2022

PLANNING & ECO. DEV.	22.04.2022	20 25.05.2022	17.06.2022
CIlr NM Madida	Present	Present	Present
CIlr SH Mkhwanazi	Present	Present	Apology
CIlr SF Mdletshe	Present	Present	Present
CIlr FPB Mpungose	Present	Present	Present
CIlr A Lange	Apology	Apology	Apology
CIlr ZL Mfusi	Present	Present	Absent
CIlr WL Ngema	Absent	Present	Present
CIlr SL Magubane	Present	Present	Present

FINANCIAL SERVICES	07 28.04.2022	13.05.2022	26.05.2022	10 30.06.2022
CIlr AT Ntuli	Present	Apology	Present	Present
CIlr QT Xulu	Present	Present	Present	Present
CIlr MN Biyela	Absent	Present	Apology	Apology
CIlr JL Nzuza	Present	Present	Present	Present
CIlr SW Mgenge	Absent	Absent	Present	Absent
CIlr SP Mpanza	Absent	Present	Present	Absent
CIlr S Ntshangase	Present	Apology	Present	Present
CIlr PH Khuzwayo	Present	Present	Present	Present

RULES & ETHICS	13.05.2022
CIlr IJ Naidoo	Present
CIlr AM Mtshali	Apology
CIlr ME Mthethwa	Apology
CIlr M Mtshali	Present
CIlr NT Mthiyane	Present
CIlr SD Khubisa	Present
CIlr S Ntshangase	Present
CIlr PH Khuzwayo	Present

MPAC	26.05.2022
CIlr M Mtshali	Present
CIlr XM Bhengu	Present
CIlr QT Xulu	Present
CIlr MN Biyela	Apology
CIlr NT Mthiyane	Present
CIlr PSM Mchunu	Present
CIlr SD Khubisa	Present
CIlr PH Khuzwayo	Present

LIST OF PORTFOLIO COMMITTEES - CURRENT

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	CORPORATE SERVICES		
1	Cllr PP Xulu	079 082 9879	IFP (Chairperson)
2	Cllr CN Mpanza	072 362 5725	IFP
3	Cllr MM Mthiyane	063 876 9330	IFP
4	Cllr F Mndaba	078 326 2142	IFP
5	Cllr ME Dlamini	083 498 8891	ANC
6	Cllr BB Ndim	079 787 4430	ANC
7	Cllr SL Magubane	068 081 4154	DA
8	Cllr NN Ngubane	073 024 9807	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	COMMUNITY SERVICES		
1	Cllr IN Zwane	073 641 7652	IFP (Chairperson)
2	Cllr ES Mbatha	063 635 0484	IFP
3	Cllr M Msimango	072 689 2250	IFP (DA)
4	Cllr SE Mhlongo	072 224 9256	IFP
5	Cllr NR Xulu	082 954 3204	ANC
6	Cllr PC Cele	064 535 2507 / 082 425 4631	ANC
7	Cllr M Mtshali	083 470 3000	DA
8	Cllr NM Madida	078 785 4607	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	TECHNICAL SERVICES		
1	Cllr SZ Dlamini	071 078 1565	IFP (Chairperson)
2	Cllr XM Bhengu	083 974 2669	IFP
3	Cllr MM Ngema	082 541 4490	IFP
4	Cllr NP Mahaye	072 188 6709	IFP
5	Cllr DJ Ndimande	073 479 8776	ANC
6	Cllr NN Lembede	078 978 9584	ANC
7	Cllr S Ntshangase	068 133 8211	DA
8	Cllr NM Madida	078 785 4607	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	PLANNING SERVICES		
1	Cllr NM Madida	078 785 4607	EFF (Chairperson)
2	Cllr SH Mkhwanazi	067 284 3826	IFP
3	Cllr SF Mdletshe	072 483 4966	IFP
4	Cllr FPB Mpungose	083 695 0038	IFP
5	Cllr A Lange	078 772 1202	IFP
6	Cllr ZL Mfusi	071 084 5348	ANC
7	Cllr WL Ngema	072 010 0272	ANC
8	Cllr SL Magubane	068 081 4154	DA

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	FINANCIAL SERVICES		
1	Cllr AT Ntuli	072 585 5000	IFP (Chairperson)
2	Cllr QT Xulu	072 143 2700	IFP
3	Cllr MN Biyela	071 277 6447	IFP
4	Cllr JL Nzuza	067 385 1328	IFP
5	Cllr SW Mgenge	082 550 7506	ANC
6	Cllr SP Mpanza	072 808 7298	ANC
7	Cllr S Ntshangase	068 133 8211	DA
8	Cllr PH Khuzwayo	060 560 2946	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	MPAC COMMITTEE		
1	Cllr M Mtshali	083 470 3000	DA (Chairperson)
2	Cllr XM Bhengu	083 974 2669	IFP
3	Cllr QT Xulu	072 143 2700	IFP
4	Cllr MN Biyela	071 277 6447	IFP
5	Cllr NT Mthiyane	073 035 8849	ANC
6	Cllr PSM Mchunu	076 858 8517	ANC
7	Cllr SD Khubisa	076 573 0712	EFF
8	Cllr PH Khuzwayo	060 560 2946	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	RULES COMMITTEE		
1	Cllr IJ Naidoo	082 451 1179	IFP (Chairperson)
2	Cllr AM Mtshali (Council Whip)	073 792 7359	IFP
3	Cllr ME Mthethwa (IFP Whip)	071 947 9471	IFP
4	Cllr M Mtshali (DA Whip)	083 470 3000	DA
5	Cllr NT Mthiyane (ANC Whip)	073 035 8849	ANC
6	Cllr SD Khubisa (EFF Whip)	076 573 0712	EFF

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	AUDIT COMMITTEE		
1	Mr M Mncube	073 860 8478	mandla@ngwazi.co.za
2	Mr R Mofokeng Manyokolo	081 386 7840	Ramateu.mofokeng@gmail.com
3	Ms P Mbanjwa	084 448 1737	Phindile.mbanjwa@icloud.com
4	Venu Nakpan – Observer Status – Ngubane	082 7102 478	nakpanv@ngubane.co.za
5	Mr D Msomi – Observer Status - Ngubane	082 4587 832	msomid@ngubane.co.za
6	Cogta		Per invitation
7	AG		Per Invitation

COUNCILLORS SITTING ON PORTFOLIO COMMITTEES: PREVIOUS COMMITTEES

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	CORPORATE SERVICES		
1	Cllr CPG Cele	076 538 4196	ANC/Chairperson
2	Cllr ME Dlamini	083 498 8891	ANC
3	Cllr SG Mkhize	083 726 7533	ANC
4	Cllr BP Simelane	076 200 5848	ANC
5	VACANT		ANC
6	Cllr TF Nxumalo	082 627 2544	IFP
7	Cllr PP Xulu	079 082 9879	IFP
8	Cllr CG Mkhulise-Khumalo	071 998 5159	IFP

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	COMMUNITY SERVICES		
1	Cllr JD Vilakazi	073 026 7780	ANC/Chairperson
2	Cllr MM Ngobese	082 974 6095	ANC
3	VACANT		ANC
4	Cllr DJ Ndimande	073 479 8776	ANC
5	Cllr CT Dlamini	082 315 4021	ANC
6	Cllr BN Buthelezi	076 555 0516	IFP
7	Cllr XM Bhengu	083 974 2669	IFP
8	Cllr AM Mtshali	073 792 7359	IFP

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	TECHNICAL SERVICES		
1	Cllr NR Xulu	082 954 3204	ANC/Chairperson
2	Cllr ZD Mfusi	078 448 7427	ANC
3	Cllr KD Sibiya	078 244 7526	ANC
4	Cllr MJ Xulu	072 391 1002	ANC
5	Cllr SG Mkhize	083 726 7533	ANC
6	Cllr ES Mbatha	076 075 2173	IFP
7	Cllr TF Zincume	076 671 7236	IFP
8	Cllr JZ Mabuyakhulu	073 760 4696	IFP

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	PLANNING COMMITTEE		
1	Cllr PC Cele	078 207 4232/ 082 425 4631	ANC/Chairperson
2	Cllr M Lourens	083 637 5374	ANC
3	Cllr SW Mgenge	082 550 7506	ANC
4	Cllr PT Mbatha	081 075 5519	ANC
5	Cllr N Naidoo	082 928 1460	ANC
6	Cllr IJ Naidoo	082 451 1179	IFP
7	Cllr SS Cele	072 171 9840	IFP
	Cllr SP Mthembu	073 771 5837	IFP

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	FINANCIAL SERVICES		
1	Cllr BL Phungula	073 687 0031/ 082 303 1991	ANC/Chairperson
2	Cllr M Lourens	083 637 5374	ANC
3	Cllr S Mgenge	082 550 7506	ANC
4	Cllr PT Mbatha	081 075 5519	ANC
5	Cllr MG Mhlongo	082 522 9895	ANC
6	Cllr ME Mthethwa		IFP
7	Cllr NPN Magubane	079 700 1635	IFP
8	Cllr NL Ngidi	072 695 4044	IFP

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	RULES COMMITTEE		
1	Cllr KER Hadebe	072 337 7894	ANC/Chairperson
2	Cllr IT Gcabashe (Council Whip)	072 049 2471	ANC
3	Cllr ES Mbatha (IFP Whip)	076 075 2173	IFP
4	Cllr M Mtshali (DA Whip)	076 778 7946	DA
5	Cllr MM Ngobese (ANC Whip)	082 974 6095	ANC

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	MPAC COMMITTEE		
1	Cllr N Naidoo	082 928 1460	ANC/Chairperson
2	Cllr CT Dlamini	082 315 4021	ANC
3	Cllr N Mthlane	078 456 8938	ANC
4	Cllr PT Mbatha	063 380 2438	ANC
5	Cllr ZD Mfusi	078 448 7427	ANC
	Cllr SS Cele	072 171 9840	IFP
	Cllr JM Mathaba	083 340 8085	IFP
	Cllr KE Ndlovu-Nkosi	072 989 4940	DA
	Venu Nakpan – Observer Status – Ngubane	082 7102 478	nakpanv@ngubane.co.za
	Mr D Msomi – Observer Status - Ngubane	082 4587 832	msomid@ngubane.co.za

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	AUDIT COMMITTEE		
1	Mr M Mncube	073 860 8478	mandla@ngwazi.co.za
2	Mr R Mofokeng Manyokolo	081 386 7840	Ramateu.mofokeng@gmail.com
3	Ms P Mbanjwa	084 448 1737	Phindile.mbanjwa@icloud.com
4	Venu Nakpan – Observer Status – Ngubane	082 7102 478	nakpanv@ngubane.co.za
5	Mr D Msomi – Observer Status - Ngubane	082 4587 832	msomid@ngubane.co.za
6	Cogta		Per invitation
7	AG		Per Invitation
	Cllr N Naidoo – MPAC Chairperson		Ex-Officio

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	PERFORMANCE AUDIT COMMITTEE		
1	Mr M Mncube	073 860 8478	mandla@ngwazi.co.za
2	Mr R Mofokeng Manyokolo	081 386 7840	Ramateu.mofokeng@gmail.com
3	Ms P Mbanjwa	084 448 1737	Phindile.mbanjwa@icloud.com
4	Cllr Representative - DJ Ndimande	073 479 8776	ANC
5	Venu Nakpan – Observer Status – Ngubane	082 7102 478	nakpanv@ngubane.co.za

NO.	NAME OF PORTFOLIO	CELL NO.	PARTY
	LOCAL LABOUR FORUM COMMITTEE		
1	Cllr CPG Cele	076 538 4196	ANC
2	Cllr SG Mkhize	083 726 7533	ANC
3	Cllr TF Nxumalo	082 627 2544	IFP
4	Municipal Manager		
5	DMM : Corporate Services		
6	Snr Mng: Human Resources		
7	Organised Labour		IMATU
8	Organised Labour		SAMWU
	All HODs		Per Invitation

COMMITTEES AND COMMITTEE PURPOSES

CORPORATE SERVICES PORTFOLIO COMMITTEE

"The following personnel matters be delegated to the Corporate Services Portfolio Committee within the framework of existing policies approved by the Executive Committee, as well as within the framework of the budget approved by Council:

1. Consideration and approval of staff structures;
2. Adoption and amendment, from time to time, on the Conditions of Service;
3. The adoption and amendment, from time to time, on all service benefits as provided within the Framework of the bargaining process by the National Bargaining Council for Local Government;
4. To obtain legal opinions;
5. The nomination of representative Councillors to represent Council in respect of Corporate Services related matters;

COMMUNITY, CULTURAL AND RECREATIONAL SERVICES PORTFOLIO COMMITTEE

The following matters be delegated to the Community, Cultural and Recreational Services Portfolio Committee within the framework of existing policies approved by the Executive Committee, as well as within the framework of the budget approved by Council:

1. To formulate, adopt and amend Disaster Management Plans and Preventative Strategies;
2. To formulate, adopt and amend Public Health Policies for the District;
3. To recommend expenditure within the terms of the Policy;
4. To consider and approve Capacity Building initiatives within the District;
5. To negotiate with public transport providers with a view to resolving regional transport issues;
6. To liaise with line function Government Departments that provide services to communities with a view to promoting the improvement thereof e.g. welfare services etc.;
7. To build, foster and strengthen the relationship between non-government organizations, including CBO's, with a view to improving service provision to communities.

TECHNICAL SERVICES PORTFOLIO COMMITTEE

"The following matters be delegated to the Technical Services Portfolio Committee:

1. Approval of electricity supply network extension in areas where King Cetshwayo holds the licence;
2. All matters relating to Building Control including the approval of Encroachment Agreements;
3. Any proposed amendments to the Delegated Powers of the Committee be submitted to the Committee in the first instance;
4. The nomination of representatives to Forums related to the work of the Committee be the responsibility of the Committee.

PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE

"The following matters be delegated to the Planning, Social and Economic Development Portfolio Committee:

1. In principle approval of (rural) housing projects;
2. Preliminary identification and in principle support of land reform projects;
3. Comments on and approval of comments on:
 - Development Facilitation Act applications
 - Environmental Impact Assessments/Scoping reports
 - Other development applications
4. Preliminary identification and in principle support of Agricultural projects;
5. Amendments of, and amendments in terms of, Town Planning Schemes/ Land Use Management Systems;
6. Comments on Development Frameworks and Integrated Development Plans;
7. Preliminary identification and in principle support of Local Economic Development projects and Investment Opportunities;
8. Consideration, approval and amendment of Policies related to Portfolio functions;
9. Consideration of issues relating to Environmental Management;
10. Nomination of representatives to represent Council on Forums relating to Portfolio functions.

TOURISM

1. Powers to approve marketing and advertising allocations within the framework of the budget;
2. Approval of prioritization and allocations within the framework of the budget in respect of signage;
3. Nomination of Councillors and officials to attend tourism related meetings, conferences and workshops.

FINANCIAL SERVICES PORTFOLIO COMMITTEE

"The following matters be delegated to the Financial Services Portfolio Committee:

1. Preparation of the Annual Budget;
2. Preparation of annual tariffs and charges
3. Write off and sale of redundant capital equipment be considered and thereafter be submitted to ExCo for final approval
4. Matters related to levy collection
5. To launch legal action for debt recovery;
6. Investment of surplus funds;
7. Settlement of internal and external debt to be considered and submitted to ExCo for final approval;
8. Credit Policy Management."

RULES COMMITTEE

To consider all matters falling within its Terms of Reference as set out below and to give direction to the Executive Committee and Council in respect of these matters:

1. To investigate processes and procedures to facilitate efficient and expeditious carrying out of the work of Council and Committees where difficulties are found to exist;
2. To make recommendations of a procedural nature to implement (1) above;
3. To ensure that all Standing Orders and other matters of a procedural nature are complied with by Council and its Committees;
4. To consult with Committee Chairperson's where necessary to ensure the smooth running of Committees;
5. To consider and make recommendations for the resolution of disputes where such may occur;
6. To interpret and give guidance on the Standing Orders where disputes as to meaning or interpretation may occur.

The following matters be delegated to the Rules Committee within the framework of existing Legislation:

1. To formulate and recommend amendments to the Standing Orders;
2. To consider and resolve disputes of interpretation in respect of the Standing Orders;
3. To request Councillors who have transgressed the rules to appear before it to explain their actions;
4. To recommend the removal of Councillors who have transgressed the Standing Orders or the provision of any Legislation which governs their behaviour and/or attendance at meetings;
5. To recommend the censure of any Councillor in respect of any matter arising from (4) above;
6. To make recommendations on any matter which relates to the efficient operation of the Council and its Committees;
7. To carry out Disciplinary Hearings in terms of transgression referred to in (3) and (4) above.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

INTRODUCTION:

Circular No 32 of the Municipal Finance Management Act No 56 of 2003 recommends the establishment of an Oversight Committee under sections 33 and 79 of the Municipal Structures Act 1998.

The MPACs are established in terms of section 79 (as opposed to section 80) of the Municipal Structures Act.

The guideline for Establishment of MPACs provides municipalities and councillors on the establishment and functioning of MPACs to strengthen the oversight arrangements in municipalities.

PURPOSE:

1. The MPACs will assist council to hold the executive and municipal entities to account, and to ensure the efficient and effective use of municipal resources.
2. The MPAC would help to increase council and public awareness of the financial and performance issues of the municipality and its entities.
3. The MPAC as a Municipal Structures Act section 79 Committee performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or that of the independent Audit Committee.
4. The MPAC reports directly to Council through the Speaker of the municipality and interfaces with the other committees of Council through the Speaker, where relevant.
5. The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the accounting officer of a municipality or municipal entity, and can request the support of both the internal and external auditors (advisory) when necessary

FUNCTIONS AND POWERS:

The primary functions of MPACs are the following:

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the Committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of council within its area of responsibility.

The MPAC shall have permanent referral of documents as they become available relating to:

- In-year reports of the municipality and municipal entities;
- financial statements of the municipality and municipal entities as part of the committee's oversight process;
- audit opinion, other reports and recommendations from the Audit Committee;
- information relating to compliance in terms of section 128 and 133 of the MFMA (submission of Annual Financial Statements to AG and tabling of Annual Report before council);
- information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- any other audit report from the municipality or its entities; and
- performance information of the municipality and municipal entities.

COMPOSITION AND MEMBERSHIP

The MPAC, similar to other committees of council should comprise solely of Councillors appointed by resolution of a full Council meeting.

A Councillor who is serving as an Executive Mayor or Deputy Executive Mayor, Mayor or Deputy Mayor, Speaker, Chief Whip, a member of Mayoral Committee, a member of the Executive Committee, is excluded from MPAC membership. Where the municipality has a sufficient number of councillors, councillors serving on the MPAC should preferably not serve in other Committees of Council to minimise possible conflict of interest.

Councillors serving on MPAC should be appointed for a term which corresponds to the term of sitting Council. Care should be taken that councillors represent a wide range of experience and expertise available in council and represent various political affiliations.

The names of councillors serving on MPAC will be published in the annual report.

The actual size of the MPAC will be determined by the number of councillors in the municipality:

- Municipalities with less than 15 councillors may nominate up to 5 councillors;
- Municipalities with between 15-30 councillors may nominate up to 9 councillors;
- Municipalities with between 31-60 councillors may nominate up to 11 councillors;
- Municipalities with more than 60 councillors may nominate up to 13 councillors.

Co-opting of other members:

As a committee established in terms of section 79 of the Municipal Structures Act, the MPAC may invite representatives of the community and co-opt members of the public who have expertise in relevant specific fields to assist and advise in the deliberations when the need arise.

These representatives and other members of the public will have no voting rights as they are not elected councillors.

CHAIRMANSHIP

The Chairperson of the Committee is to be appointed by Council Resolution.

In deciding on the Chairperson, the Council may consider appointing councillors from parties other than the majority party in Council.

The Council may consider making the position of Chairperson of the Committee full-time.

ANNUAL AGENDA

MPAC must develop its work programme (which must be approved by Council) annually and link such programmes to the overall planning cycle of council and conclude with the evaluation of the annual report and the recommendations to Council when adopting the Oversight Report on the Annual Report.

The committee shall develop a monitoring mechanism in line with the approved work programme to determine if actions have been taken to implement its recommendations.

The Council must ensure that the MPAC is supported by officials to coordinate and undertake research activities as required by the committee work programme.

REPORTING

The MPAC will report to council on the activities of the committee; include a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

The committee must discuss and adopt its report for Council.

The MPAC should report to full Council at least quarterly and may bring items before Council as and when necessary. The full Council should deliberate on the recommendations from the MPAC, at a meeting open to the public, and must reach finality in the shortest possible time. Council must evaluate the performance of the MPAC on an annual basis.

MONITORING BY MPAC

The Committee shall develop a monitoring mechanism in line with the approved work programme to determine if actions have been taken to implement its recommendations.

The responses to reports are to be provided to the MPAC as soon as possible after the date of the resolution, together with the recommendations to which they relate.

AUDIT COMMITTEE

The Audit committee is established in accordance with Chapter 14 Section 166 of the Municipal Finance Management Act No 56 of 2003.

Membership:

The Committee shall comprise of three (3) members: a) Council shall appoint 3 external members for a period of two years.

Frequency of meetings:

The Committee shall meet at least four times a year or as often as required.

Objectives and responsibilities of the Audit Committee

The Audit Committee is an independent advisory body which must:

- (a) Advise the Municipal Council, Political Office Bearers, the Accounting Officer and Management staff of the Municipality on matters relating to:
 - i. Internal Financial Control & Internal Audit;
 - ii. Risk Management;
 - iii. Accounting Policies;
 - iv. The adequacy, reliability & accuracy of financial reporting & information;
 - v. Performance Management;
 - vi. Effective Governance;
 - vii. Compliance with the MFMA, annual Division of Revenue Act (DORA) & any other applicable Legislation;
 - viii. Performance Evaluation;
 - viv. Any other issue referred to it by the Municipality.
- (b) Review the Annual Financial Statements to provide the Council of the Municipality with an authoritative and credible view of the financial position of the Municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA, the annual Division of Revenue Act and any other applicable Legislation;
- (c) Respond to Council on any issues raised by the Auditor General in the Audit Report;
- (d) Carry out such investigations into the financial affairs of the Municipality as may be requested;
- (e) Perform such other functions as may be prescribed.

PERFORMANCE AUDIT

The Performance Audit Committee consist of (3) three members, namely:

- two members be sourced from outside and must be Previously Disadvantaged Individual Candidates and;
- One Councillor of the King Cetshwayo District Municipality.

Interviews of candidates be done by Management and the Chairperson of the Finance Portfolio Committee;

The Chairperson of the Audit Portfolio Committee be invited to sit in at the Performance Evaluation Meetings as an ex-officio member;

The Performance Audit Committee meets at least twice a year.



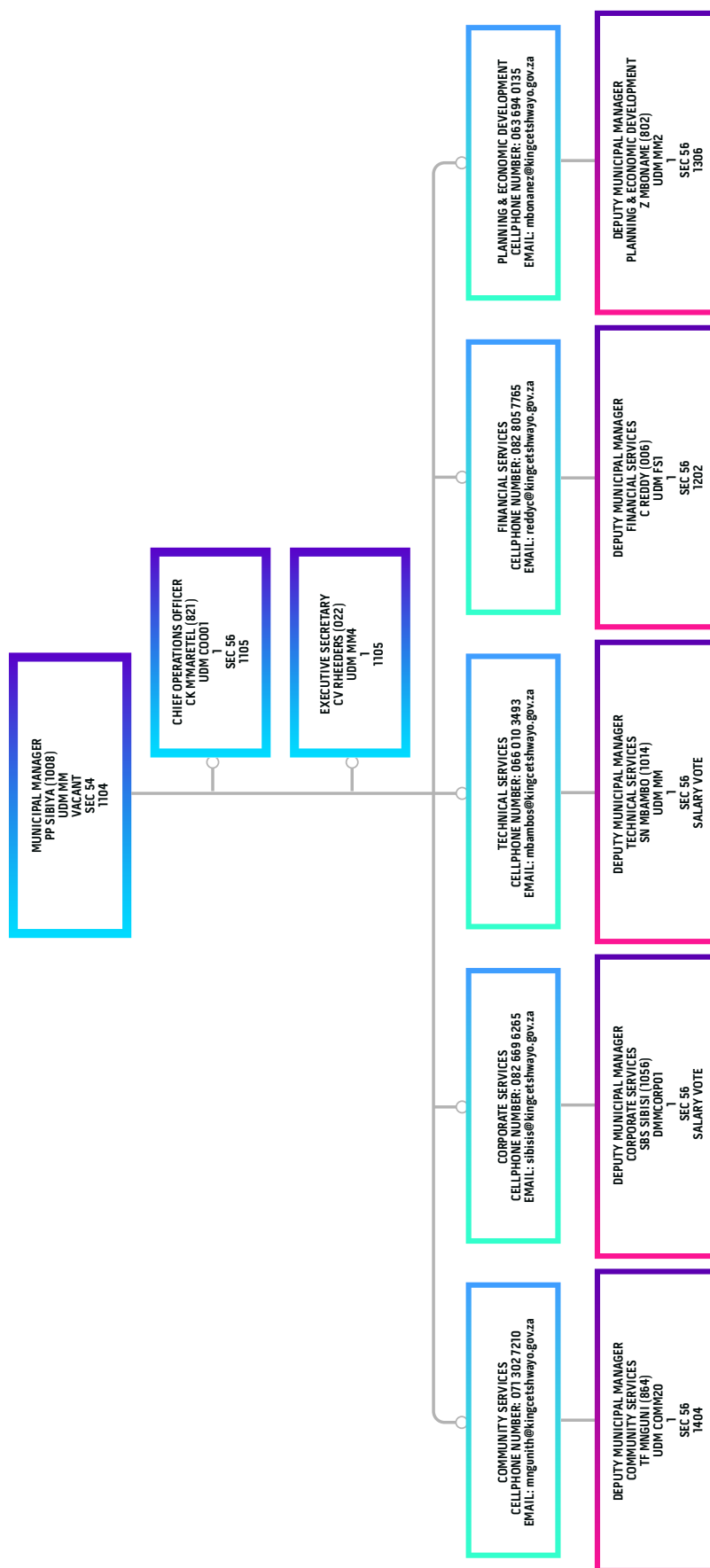
KING CETSHWAYO

DISTRICT MUNICIPALITY

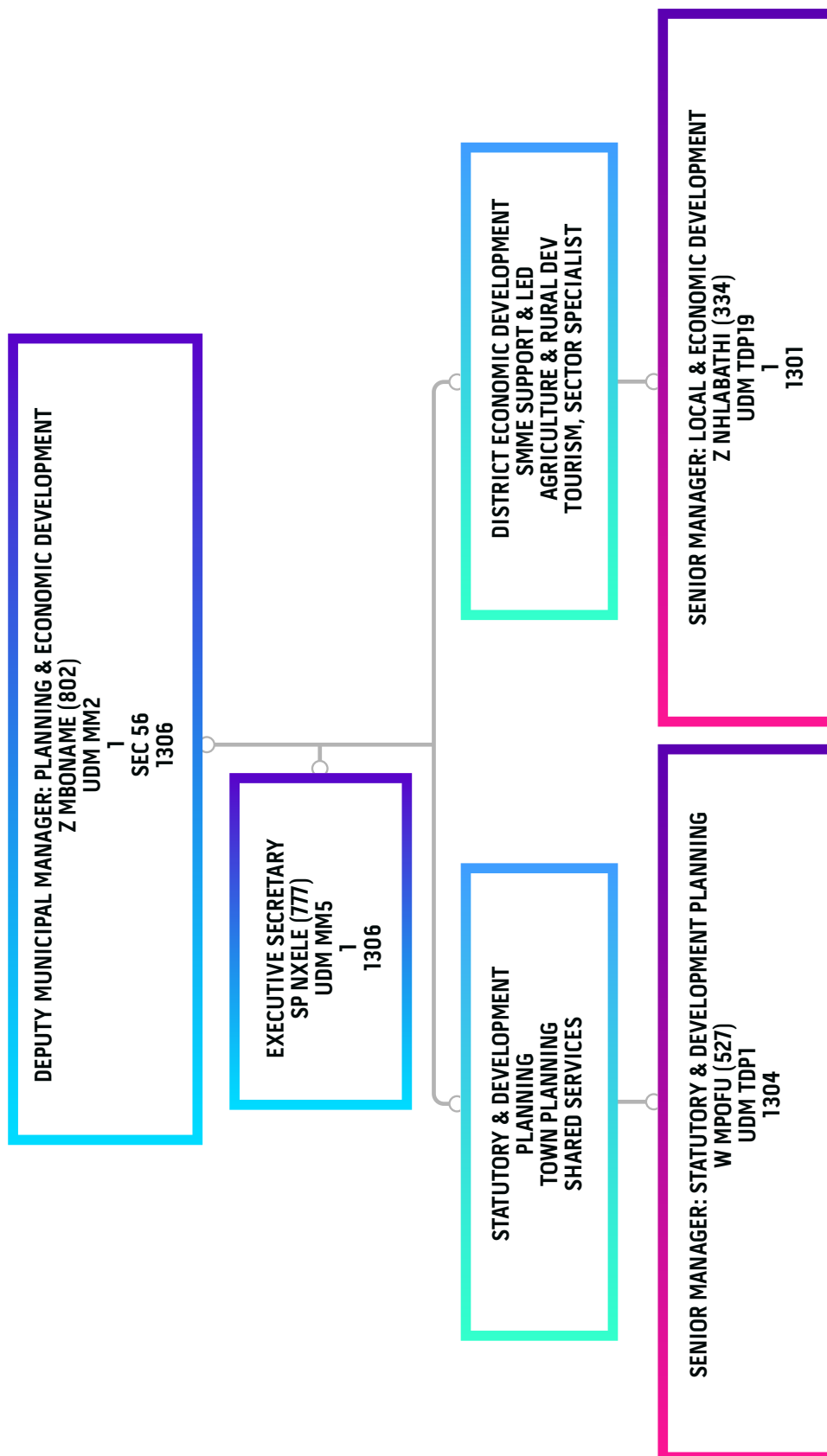
APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

MUNICIPAL ORGANOGRAM - JUNE 2022

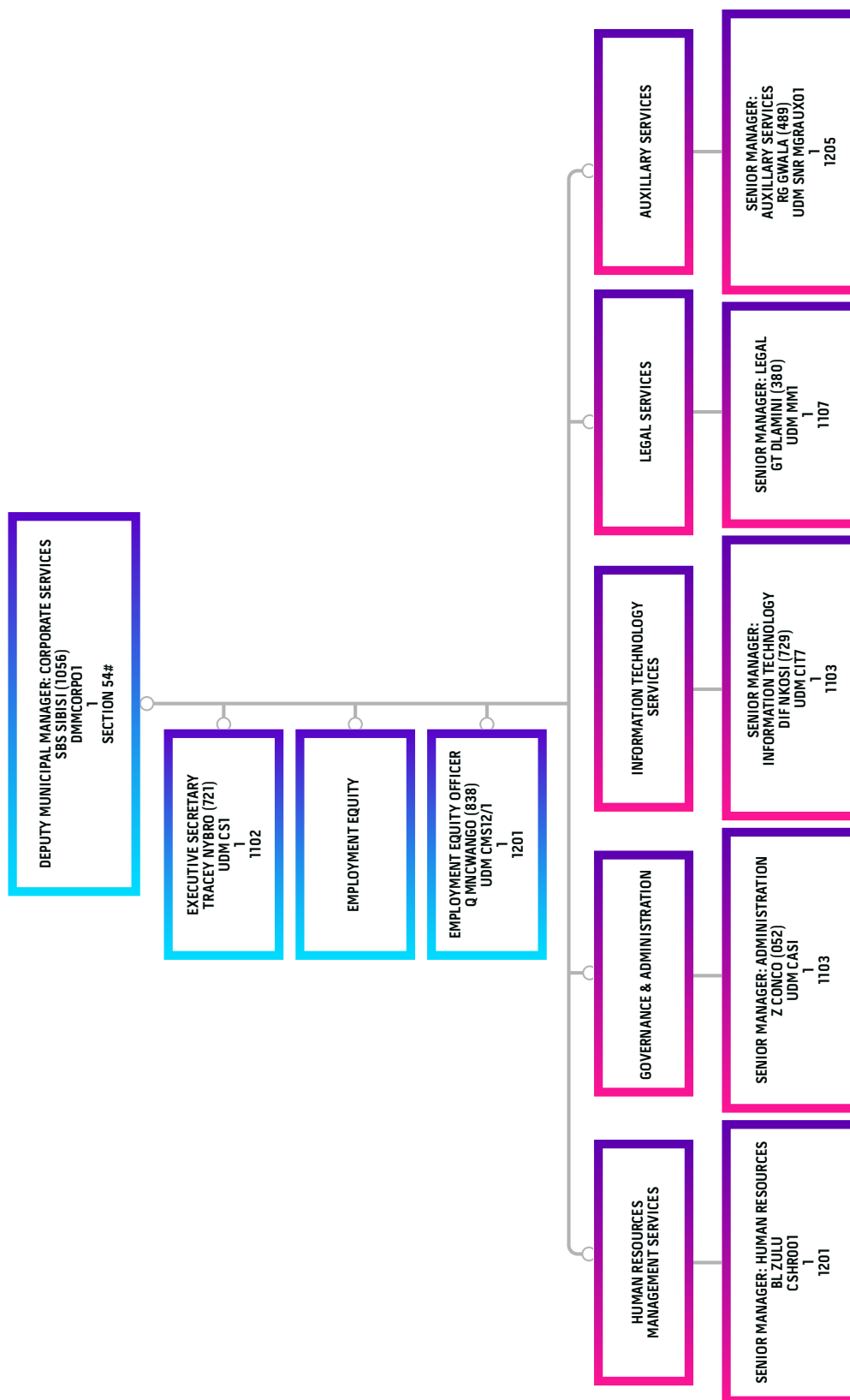
MUNICIPAL MANAGERS DEPARTMENT



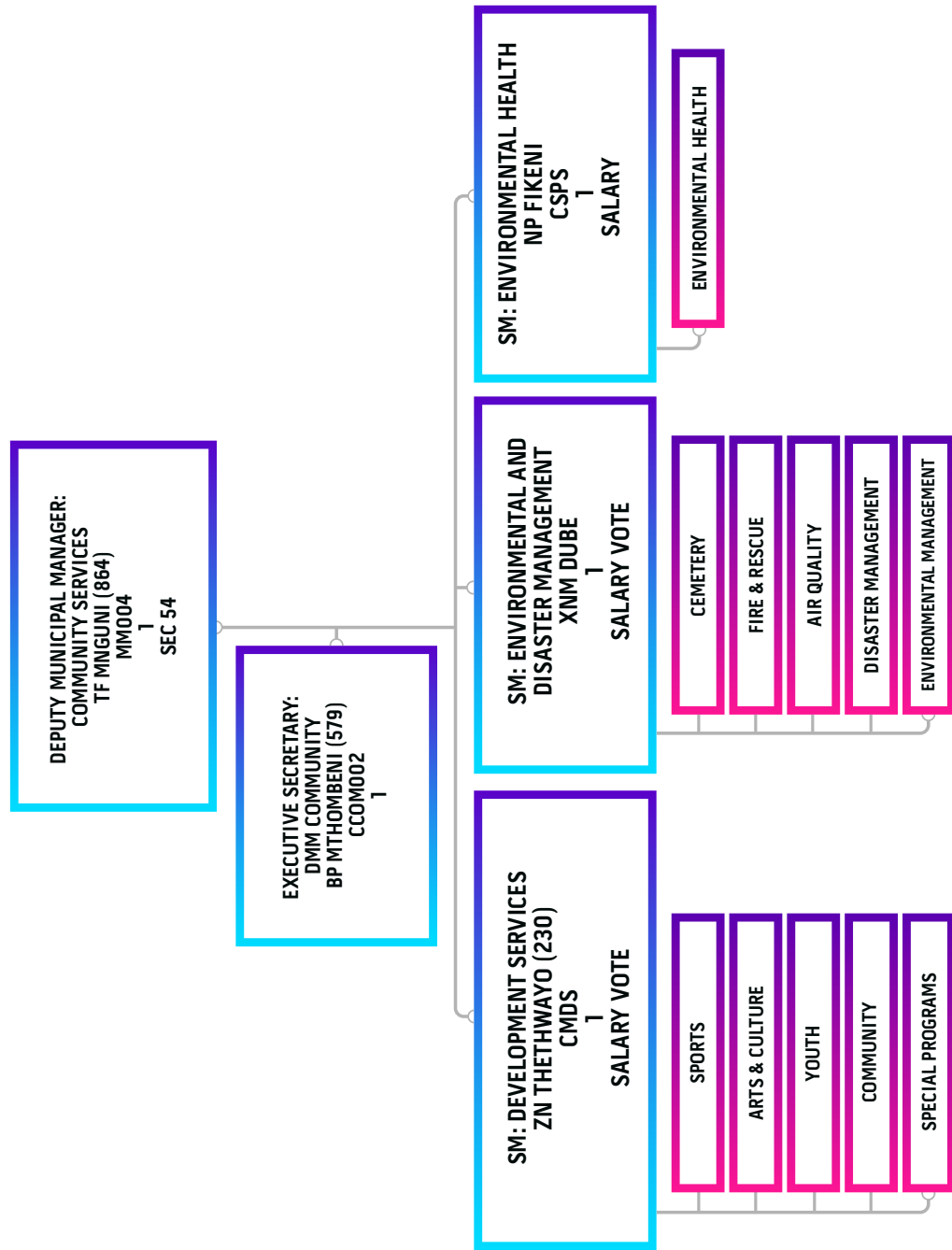
PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT



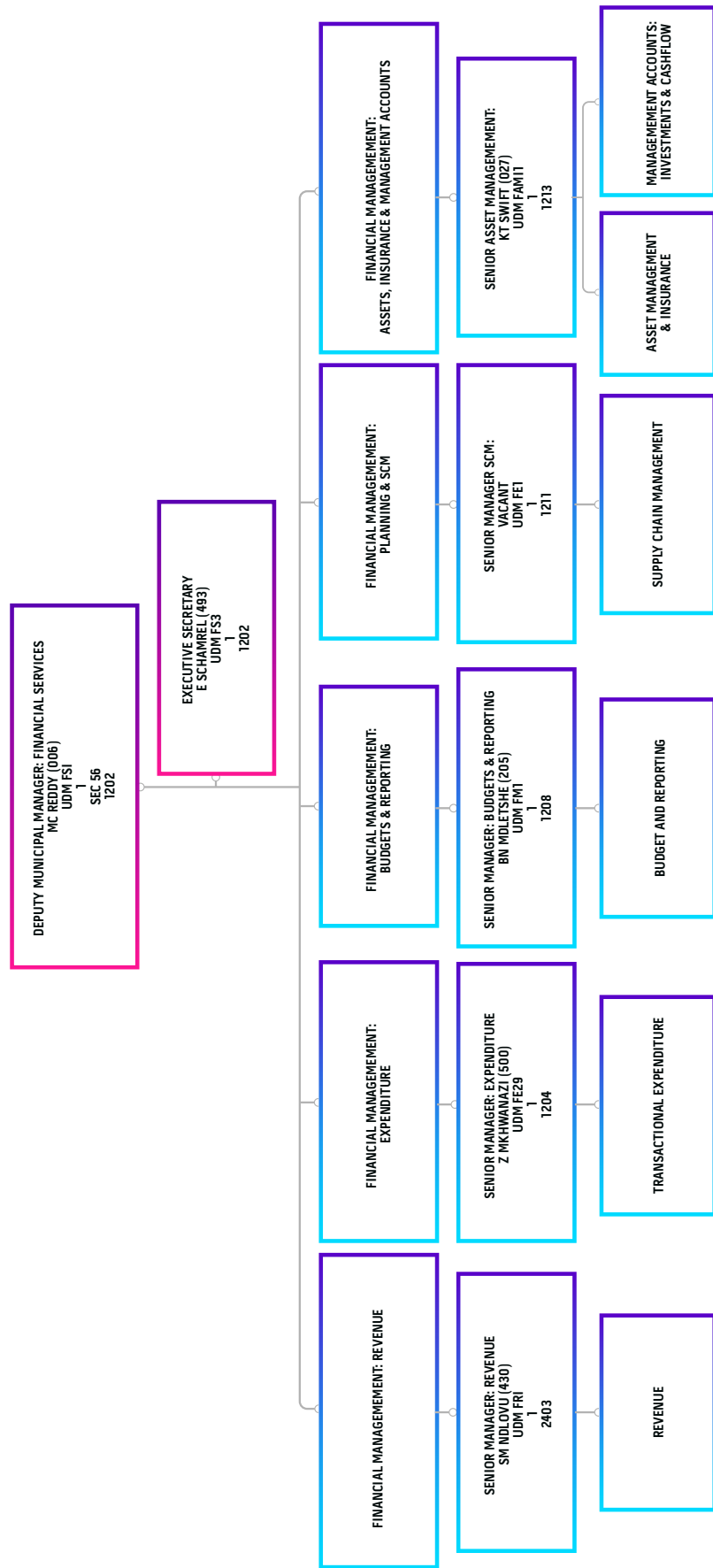
CORPORATE SERVICES DEPARTMENT



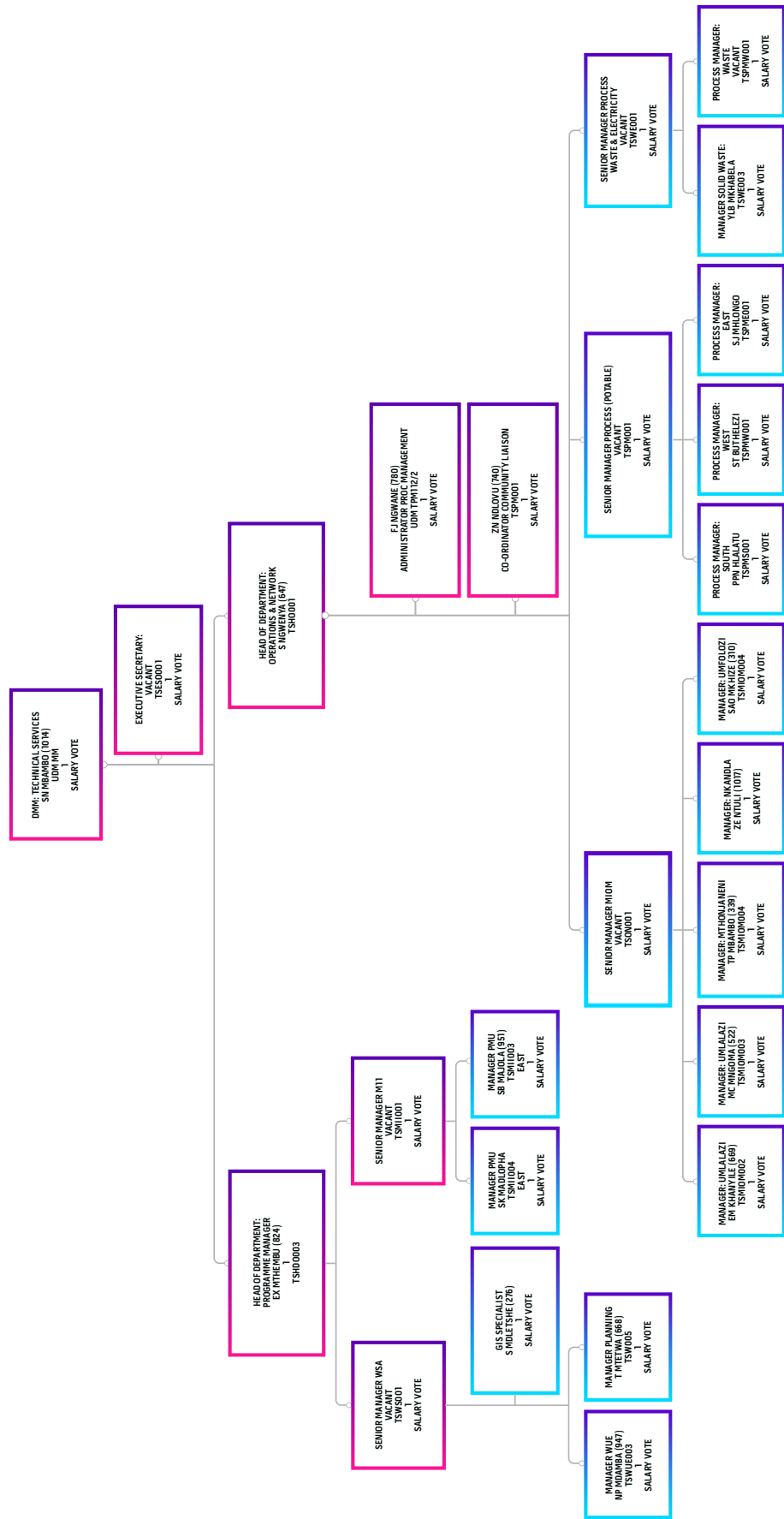
COMMUNITY SERVICES DEPARTMENT



FINANCIAL SERVICES DEPARTMENT



TECHNICAL SERVICES DEPARTMENT





KING CETSHWAYO

DISTRICT MUNICIPALITY

APPENDIX E: DISCLOSURE OF FINANCIAL INTEREST

REPORT ON THE SUBMISSION OF DECLARATIONS OF INTEREST FOR THE PERIOD JULY 2021 TO JUNE 2022

The annual declaration of interest memo for employees to make their yearly submissions was circulated to all staff on 28 September 2021 for the 2021/2022 Financial Year.

The response from employees was not as positive as with previous years. The majority of employees did not adhere to deadline due date being 05 November 2021 at 16h00. Declarations of Interest are signed by Senior Staff upon signing their annual Performance Agreements. This assists HR in obtaining signed declarations for senior personnel by the due date annually.

On 05 November 2021 a reminder was sent to all staff who had not declared by the due date of 05 November 2021, therefore a further extension due date was given of Friday, 10th December 2021.

Email reminders were sent out individually on 24 January 2022 to staff members who had not declared by the due date of 10 December 2021. Further reminder emails were sent on 27 January 2022 and again on 26 April 2022.

As at 30 June 2022, a total of 415 staff members have declared their interests for the 2021/2022 financial year of a staff complement of 470.

Below is a breakdown of the Declarations of Interest submitted per department.

Declaration Submitted – 2021/2022 FY

Department Name	No. of Declarations Submitted
MMs Department	33
Technical	141
Finance	94
Community	66
Corporate	67
Planning	14
TOTAL SUBMITTED	415
Staff Complement	470
Outstanding	55

Report Compiled By: HR Benefits Section

2020/2021 AUDIT ACTION PLAN – AUDIT REPORT

Type of Opinion Current Year : Unqualified with no findings
 Type of Opinion Previous Year : Unqualified with finding

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)	Audit Response (31 May 2022)	Audit Response (30 June 2022)
Material Losses Water	As disclosed in note 40 to the financial statements, water distribution losses of R123,27 million (2019-20: R154,42 million) was incurred by the municipality, which represents 50,9% (201920: 56,6%) of total water purchased. These losses were mainly due to illegal connections, meter inaccuracy, leakage in transmission and excess pressure resulting in burst pipes.	Audit Action 1. Monthly water balance is being undertaken and was updated to December 2021, water losses are 43,8%. 2. Reservoir level indicators have been installed (40) at critical reservoirs for O&M to monitor the reservoir levels. 3. A water level monitoring computer system will be in place by end of 28 Feb 2022. 4. NRW Reduction Strategy as well as Revenue Management Plan draft reviews shall be tabled for adoption and approval on the next Council sitting, scheduled for 25 Feb 2022. 5. Data logging and active leak detection is proceeding in some of the high demand areas. Reporting and interventions will commence on completion. 6. Further District metered areas with potential high demand are being planned to monitor and further reduce water losses. 7. Existing faulty domestic water meters will be replaced with prepaid water meters and PRV's will be installed to regulate pressure anticipated to be completed by 30 June 2022. Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 June 2022 – update with ongoing as per actions				
		Audit Action 1. Monthly water balance is being undertaken and updated to January 2022, water losses are 42,5% year on year. 2. Reservoir level indicators have been installed (40) at critical reservoirs for O&M to monitor the reservoir levels. 3. A water level monitoring computer system will in place, to conduct workshops on the system – the anticipated date is 25 March 2022. 4. Data logging and active leak detection is proceeding in some of the high demand areas. Reporting and interventions will commence on completion. 5. Further District metered areas with potential high demand are being planned to monitor and further reduce water losses. 6. Existing faulty domestic water meters will be replaced with prepaid water meters and PRV's will be installed to regulate pressure anticipated to be completed by 30 June 2022. Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 June 2022 – update with ongoing as per actions				
		Audit Action 1. Monthly water balance is being undertaken on a monthly basis and updated to February 2022, water losses are 40,0% year on year. 2. Active leak detection and leak repairs is in progress in Thubalethu Township, Melmoth. Progress is approximately 45% and the anticipated completion is 15 May 2022. 3. A water level monitoring computer system is in place. A workshops will be conducted with O&M on the use of the system by Mid April 2022. 4. Further District metered areas with potentially high demand are now being implemented to monitor and further reduce water losses. Unauthorised connections will be formalised. This will be continuous over the district as NRW Reduction strategy is implemented. 5. Existing faulty domestic water meters within the district will be replaced with prepaid water meters and PRV's will be installed to regulate pressure anticipated to be completed by 30 June 2022. Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 June 2022 – update with ongoing as per actions				

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)	Audit Response (31 May 2022)	Audit Response (30 June2022)	
Emphasis of matter – Material impairment — Receivables from exchange transactions	As disclosed in note 3 to the financial statements, material impairments of R40,98 million (2019- 20: R41 ,35 million) were raised by the municipality on receivables from exchange transactions as the recoverability of these amounts was doubtful.	Audit Action 1. Measures as referred to in the December 2021 update are in progress. Prepaid meters have commenced and will go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies .Funds are being identified in the new MTREF to source a panel of attorneys to be used for debt collection services 3. The assessment of write off will be done in March 2022 as per scheduled actions. 4. Regular revenue workshops are planned and approved by the Office of the Municipal Manager for all areas in the district.	Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 April 2022	Audit Action 1. Measures as referred to in the December 2021 update are in progress. Prepaid meters have commenced with go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies. 3. The assessment of write off will be done in March 2022 as per scheduled actions.	Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 April 2022	Audit Action 1. Measures as referred to in the prior quarter's updates are in progress. Prepaid meters have commenced with go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies. 3. The assessment of write off commenced in March 2022, the initial assessment being done by the service provider. The data is being analysed and an item for proposed write off will be submitted through Council structures for consideration.	Responsible Person Deputy Municipal Manager: Technical Services Target Date: 30 June 2022
	Emphasis of matter - Contingent liabilities	As disclosed in note 37 to the financial statements, the municipality is a defendant in various claims relating to water tariff disputes with water service providers and claims from other service providers. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.	Audit Action The municipality has raised disputes with both the City of Umhlathuze and Umgeni Water Board relating to water tariffs applied to the district. A follow up meeting was held with the City of uMhlathuze on 15 February 2022. At the meeting certain proposals were discussed with the aim of settling the dispute.	Responsible Person Municipal Manager Target Date 31 March 2022	Audit Action The municipality has raised disputes with both the City of Umhlathuze and Umgeni Water Board relating to water tariffs applied to the district. A further meeting has been scheduled for 12 April 2022 with the COU.	Person Responsible Municipal Manager Target Date 30 June 2022	

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)	Audit Response (31 May 2022)	Audit Response (30 June 2022)
Other – Investigations (KCDM)		The municipality requested an independent consultant to perform a forensic investigation into allegations of irregular expenditure incurred during 2019. The investigation was still in progress at the date of this report.		Audit Action a) A service provider was engaged to conduct an investigation on Irregular Expenditure for 2019/20 and 2020/21 relating to Overtime amounting to R5 million and R2.7 million respectively. b) The Draft Investigation reports have been submitted to Internal Audit Office for processing, the reports are to be submitted and discussed with Chief Finance Officer and Acting Municipal Manager prior to submission and presentation at Audit and Performance Committee, MPAC, Exco and Council. Responsible Person Municipal Manager Target Date: 30 June 2022	Audit Action a) A service provider was engaged to conduct an investigation on Irregular Expenditure for 2019/20 and 2020/21 relating to Overtime amounting to R5 million and R2.7 million respectively. b) The Draft Investigation reports have been submitted to Internal Audit Office for processing, the reports are to be submitted and discussed with Chief Finance Officer and Acting Municipal Manager prior to submission and presentation at Audit and Performance Committee, MPAC, Exco and Council. Responsible Person Municipal Manager Target Date: 30 June 2022	Audit Action The final investigation reports have been finalised and issued by the service provider. The reports are currently being processed by the office of the Acting Municipal Manager, and to be presented at the next MPAC, Exco, and Council meetings. Responsible Person Municipal Manager Target Date: 30 June 2022
				Audit Action a) A service provider has been engaged to conduct the investigation as far back as November 2021. b) The investigation has been met with unprecedented challenges hindering progress of the investigation wherein the key official assisting with the investigation process, presentation of key documents is away on sick leave. c) IA and Finance will work together to retrieve the documents from the Fresh produce. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action a) A service provider has been engaged to conduct the investigation as far back as November 2021. b) The investigation has been met with unprecedented challenges hindering progress of the investigation wherein the key official being the Acting CFO (KCFPM) assisting with the investigation process and presentation of key documents is away on extended sick leave since November 2021. c) IA and Finance will work together to retrieve the documents from the KCFPM. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action A meeting to engage on the way forward regarding progress and status of the investigation was held, and it was resolved that IA and Finance teams shall embark on a process of retrieving the relevant necessary documentation to enable progress and timeous conclusion of the investigation. The process commenced in November 2021. Person Responsible Acting Municipal Manager Target Date 30 June 2022

2020/2021 AUDIT ACTION PLAN – AUDIT REPORT

Type of Opinion Current Year : Unqualified with no findings
Type of Opinion Previous Year : Unqualified with finding

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)	Audit Response (31 May 2022)	Audit Response (30 June2022)	
Material Losses Water	As disclosed in note 40 to the financial statements, water distribution losses of R 123,27 million (2019-20: R154,42 million) was incurred by the municipality, which represents 50,9% (201920: 56,6%) of total water purchased. These losses were mainly due to illegal connections, meter inaccuracy, leakage in transmission and excess pressure resulting in burst pipes.	Audit Action 1. Monthly water balance is being undertaken on a monthly basis and updated to March 2022. water losses are 39,4% year on year. 2. Active leak detection and leak repairs is in progress in Thubalethu Township, Melmoth. Progress is approximately 85% and the anticipated completion is still 15 May 2022. 3. Focus has been given to Mfolozi Local Municipality in Mzingazi area to reduce water losses and eliminate illegal connections. Smart meters will be installed to ensure revenue collection. Data has been collected for each household and will be made available to Billing. The 3 zones identified is anticipated to be completed by 30 June 2022 4. Further District metered areas with potentially high demand are now being implemented to monitor and further reduce water losses. Unauthorised connections will be formalised. This will be continuous over the district as NRW Reduction strategy is implemented. 5. Existing faulty domestic water meters within the district will be replaced with prepaid water meters and PRV's will be installed to regulate pressure anticipated to be completed by 30 June 2022.		Audit Action 1. Monthly water balance is being undertaken on a monthly basis and updated to March 2022. water losses are 43.8% year on year. 2. Active leak detection completed and new isolation valves installed. Most water losses can be attributed to internal leaks. It should be noted that this community has had a retrofitting project before. 3. Focus has been given to Mfolozi Local Municipality in Mzingazi area to reduce water losses and eliminate illegal connections. Smart meters will be installed to ensure revenue collection. Data has been collected for each household and will be made available to Billing. The 3 zones identified is anticipated to be completed by 30 June 2022 4. Further District metered areas with potentially high demand are now being implemented to monitor and further reduce water losses. Unauthorised connections will be formalised. This will be continuous over the district as NRW Reduction strategy is implemented. 5. Existing faulty domestic water meters within the district will be replaced with prepaid water meters and PRV's will be installed to regulate pressure anticipated to be completed by 30 June 2022.		Audit Action 1. Monthly water balance is being undertaken on a monthly basis and updated to April 2022, water losses are 37.3% year on year. June 2022 water balancing will be done in July 2022. 2. Progress is being made to Mfolozi Local Municipality in Mzingazi area to reduce water losses and eliminate illegal connections. Smart meters installed is proceeding to ensure revenue collection. Data has been collected for each household and has been made available to Billing Section. The 3 zones identified has not been completed due to several stoppages by community members due to social issues. All issues have been resolved. 3. Further District metered areas with potentially high demand are now being implemented to monitor and further reduce water losses. Unauthorised connections will be formalised. This will be continuous over the district as NRW Reduction strategy is implemented. 4. Existing faulty domestic water meters within the district will be replaced with prepaid water meters and PRV's will be installed to regulate pressure. This has also been delayed by social issues however completion is anticipated by end July 2022.	
		Responsible Person Deputy Municipal Manager: Technical Services		Responsible Person Deputy Municipal Manager: Technical Services		Responsible Person Deputy Municipal Manager: Technical Services	
		Target Date: 30 June 2022 – update with ongoing		Target Date: 30 June 2022 – update with ongoing as per actions		Target Date: 31 July 2022 – update with ongoing as per actions	

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)		Audit Response (31 May 2022)		Audit Response (30 June 2022)	
Emphasis of matter - Material impairment — Receivables from exchange transactions	As disclosed in note 3 to the financial statements, material impairments of R40,98 million (2019- 20: R41,35 million) were raised by the municipality on receivables from exchange transactions as the recoverability of these amounts was doubtful.	Audit Action 1. Measures as referred to in the prior quarter's updates are in progress. Prepaid meters have commenced with go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies. 3. The assessment of write off commenced in March 2022, has served and will be serving at FSPC in May 2022 and EXCO and Council in June 2022. Ongoing on items 1 and 2 and Item 3 to be finalised before end of June 2022 Responsible Person Deputy Municipal Manager: Finance Target Date 30 June 2022	Audit Action 1. Measures as referred to in the prior quarter's updates are in progress. Prepaid meters have commenced with go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies. 3. The assessment of write off commenced in March 2022, has served at FSPC in May 2022 and has been recommended for EXCO and Council in June 2022. Ongoing on items 1 and 2 and Item 3 to be finalised before end of June 2022 Responsible Person Deputy Municipal Manager: Finance Target Date 30 June 2022	Audit Action 1. Measures as referred to in the prior quarter's updates are in progress. Prepaid meters have commenced with go live in all areas where such were fitted. 2. Active credit control measures are still effective as well as the communication strategies. 3. The assessment of write off commenced in March 2022, has served at FSPC in May 2022 and approved by council in June. The Write off of debts for identified consumers will assist in reducing the outstanding debts. 4. More aggressive indigent registration strategies are being planned which include Councillor engagements so as to get them more involved in process so as to encourage consumers to register. Responsible Person Deputy Municipal Manager: Finance Target Date Ongoing					
Emphasis of matter - Contingent liabilities	As disclosed in note 37 to the financial statements, the municipality is a defendant in various claims relating to water tariff disputes with water service providers and claims from other service providers. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.	Audit Action The municipality has raised disputes with both the City of Umhlathuze and Umgeni Water Board relating to water tariffs applied to the district. The matter is in progress. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action The municipality has raised disputes with both the City of Umhlathuze and Umgeni Water Board relating to water tariffs applied to the district. The matter is in progress. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action The municipality has raised disputes with both the City of Umhlathuze and Umgeni Water Board relating to water tariffs applied to the district. The matter is still in progress, however, during the month of June 2022, the municipality began investigating the possibility of consolidating the transactions owing by Umgeni Water to the municipality versus the balance that the municipality owes to Umgeni Water, as a means of finalizing the transitional arrangements, with a view to settling a recalculated balance owing to the City of Umhlathuze. Responsible Person Municipal Manager Target Date 31 August 2022					

Emphasis of Matter - Summary		Emphasis of Matter - Detail		Audit Response (30 April 2022)	Audit Response (31 May 2022)	Audit Response (30 June 2022)
Other – Investigations (KCDM)		The municipality requested an independent consultant to perform a forensic investigation into allegations of irregular expenditure incurred during 2019. The investigation was still in progress at the date of this report.		Audit Action The final investigation reports have been finalised and issued by the service provider. The reports are currently with the office of the Municipal Manager and Finance Department for preparation and submission and presentation at the next MPAC, Exco. and Council meetings. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action The final investigation reports have been finalised and issued by the service provider. The reports are currently with the office of the Municipal Manager and Finance Department for preparation, submission and presentation at the next MPAC, Exco. and Council meetings. Responsible Person Municipal Manager Target Date 30 June 2022	Audit Action The investigation for 2020/2021 report has been finalised and issued by the service provider. The report has been considered by Municipal Manager and Finance Department and an item has been prepared for submission and presentation at the next MPAC, Exco. and Council meetings. The report for 2018/2019 is in draft as further investigation is required. Responsible Person Municipal Manager Target Date 31 August 2022
	Other – Investigation (KCFPM)	The municipality requested an independent consultant to perform an investigation into the irregular expenditure incurred during the period 2016 to 2018 at the UFPW. The investigation was still in progress at the date of this report.		Audit Action The investigation is at execution phase. However, the finalisation of investigation is delayed because of numerous challenges including inability to access the required documentation for successful completion of the investigation. Awaiting the investigation team to present status and progress of investigation to management. Responsible Person Acting Municipal Manager Target Date 30 June 2022	Audit Action The investigation is at execution phase. However, the finalisation of investigation is delayed because of numerous challenges including inability to access the required documentation for successful completion of the investigation. An appointment has been scheduled with the investigation team to discuss and pave a way forward regarding the investigation. Responsible Person Acting Municipal Manager Target Date 30 June 2022	Audit Action The investigation has been finalised, reports were presented by the service provider to Municipal Manager and Finance Department for consideration. A decision was taken to submit an item to Council requesting for consideration of the irregular expenditure incurred by the King Cetshwayo Fresh Produce. The item is to be presented at the next MPAC, Exco and Council. Responsible Person Acting Municipal Manager Target Date 31 August 2022

2020/2021 DRAFT AUDIT ACTION PLAN – AUDIT REPORT

Type of Opinion Current Year : Unqualified with no findings
Type of Opinion Previous Year : Unqualified with finding

Nature Of Audit Query		Audit Query		Audit Response (31 December 2021)	
Emphasis of matter – Material Losses Water	As disclosed in note 40 to the financial statements, water distribution losses of R 123.27 million (2019-20: R154.42 million) was incurred by the municipality, which represents 50.9% (2019-20: 56.6%) of total water purchased. These losses were mainly due to illegal connections, meter inaccuracy, leakage in transmission and excess pressure resulting in burst pipes.			Audit Action > 40 Reservoir level indicators have been installed at critical reservoirs for plumbers to note the reservoir levels. > A detailed prepaid meter audit of 6311 meters was taken, including a basic condition assessment of all billed meters in the municipality. > 100 online reservoir-monitoring devices have been installed. > Supply and installation of isolating and pressure reducing valves is at 50% > Bulk water meter installation is 85%. > Data loggers and active leak detection equipment have been procured. > Awaiting Council approval on the reviewed NRW Reduction Strategy as well as Revenue Management Plan which have been completed. > As at 30 June 2021, there was a slight improvement on non-revenue water losses and total water losses which were at 50.9% and 45.1%, respectively.	Responsible Person Senior Manager: WSA Target Date 30 June 2022
Emphasis of matter - Material impairment - Receivables from exchange transactions	As disclosed in note 3 to the financial statements, material impairments of R40.98 million (2019-20: R41.35 million) were raised by the municipality on receivables from exchange transactions as the recoverability of these amounts was doubtful.			Audit Action The impairment allowance is determined through a comprehensive analysis of the domestic and Business debtors. The challenges with collections primarily rests in the domestic sector. The following responses are to be implemented / being implemented to aid the growing debts hereto; 1. The installation of smart metering in three low cost housing projects commenced in 2020/2021 and the said areas would be put on prepaid mode by latter January 2022. Subject to accessing the effectiveness hereto and the available budgets such meters would be considered for other areas. 2. Active credit control, up to the point of limiting water supply is performed, however legal processes are not actioned. The investigation into the feasibility hereto, in considering the targeted debtors is being undertaken, and such process will be pursued for 2022/2023. 3. Assessments to be done by March 2022, through credit bureau analysis on the financial positions of debtors and their ability to pay for the areas, where such reports indicate financial vulnerability, a motivation will be submitted to Council for write off of debts. 4. Campaigns to be pursued through Councils communication units, to actively promote the Indigent and Incentive policies, both of which are aimed at curbing the spiralling of debts. Such processes to commence in January 2022.	Responsible Person Senior Manager: Revenue Target Date 30 June 2022

2020/2021 DRAFT AUDIT ACTION PLAN – AUDIT REPORT

Type of Opinion Current Year : Unqualified with no findings
 Type of Opinion Previous Year : Unqualified with finding

Nature Of Audit Query		Audit Query		Audit Response (31 December 2021)	
Emphasis of matter - Contingent liabilities	As disclosed in note 37 to the financial statements, the municipality is a defendant in various claims relating to water tariff disputes with water service providers and claims from other service providers. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.			Audit Action a) The municipality has raised disputes with both the City of Umhlatuze and Umgeni Water Board relating to water tariffs applied to the district. Follow up correspondence will be sent to the relevant parties. b) The municipality has escalated the disputes via the Intergovernmental Framework legislation to the MEC for COGTA in order to attain facilitation between the parties. Follow up correspondence will be sent to the relevant parties. c) Dispute resolution meetings will be held with the parties in order to resolve on matters.	Responsible Person Municipal Manager Target Date 30 June 2022
Other - Investigations	The municipality requested an independent consultant to perform a forensic investigation into allegations of irregular expenditure incurred during 2019. The investigation was still in progress at the date of this report.			Audit Action a) The municipality has engaged the services of an independent consultant to perform the investigation into the disclosed irregular expenditure for overtime. b) The independent consultant has been given a due date of 31 January 2022 to finalize the investigation. c) The finalized investigation report will serve at Audit, EXCO and Council by 30 June 2022.	Responsible Person Municipal Manager Target Date 30 June 2022



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This annual report was produced by the Public Relations Department
of the King Cetshwayo District Municipality