eThekwini Municipality and its Municipal Entities
Annual Financial statements
for the year ended 30 June 2024

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 (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development , and to promote a safe and healthy environment.
ACCOUNTING OFFICER	Mr. T. B. Mbhele
REGISTERED OFFICE	City Hall Dr. Pixley Kaseme Street Durban 4000
POSTAL ADDRESS	P O Box 1014 Durban 4000
BANKERS	Nedbank P O Box 5662, Durban, 4000
AUDITORS	The Auditor-General, South Africa

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The reports and statements set out below comprise the annual financial statements presented to the municipal Councillors::

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COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Tax
DBSA	Development Bank of South Africa
PPE	Property, Plant and Equipment
GRAP	Generally Recognised Accounting Practice
SALA	South African Local Authority Pension Fund
HDF	Housing Development Fund
NJMPF	Natal Joint Municipal Pension Fund
DOHS	Department of Human Settlements
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
IFRS	International Financial Reporting Standards
MSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund

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

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I have reviewed the municipality's cash flow forecast for the period ended 30 June 2025 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the eThekwini Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality. Refer to Note 56 Going Concern.

I am primarily responsible for the financial affairs of the municipality.

I would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 34 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements are set out on pages 5 to 189.

S. Mrapini (ACM)

Accounting Officer

Date: 26/11/2024

Statement of Financial Position as at 30 June 2024

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Assets					
Current Assets					
Inventories	2	869,552	816,770	857,314	804,867
Current tax receivable		92	-	-	-
Receivables from exchange transactions	3	1,837,745	1,572,621	1,828,260	1,560,894
Receivables from non-exchange transactions	4	133,266	129,487	133,266	129,487
VAT receivable	17	38,318	99,678	38,318	97,654
Consumer debtors	5	12,113,004	10,387,625	12,167,604	10,462,081
Current portion of long-term receivables	6	3,126	6,124	3,126	6,124
Cash and cash equivalents	7	8,477,046	8,812,400	8,377,707	8,639,466
		23,472,149	**21,824,705**	**23,405,595**	**21,700,573**
Non-Current Assets					
Investment property	8	335,143	238,874	288,382	190,113
Property, plant and equipment	9	59,502,681	55,516,494	59,221,724	55,239,637
Intangible assets	10	405,661	509,539	405,183	509,292
Heritage assets	11	69,273	68,398	69,273	68,398
Investments in municipal entities	12	-	-	660,403	695,807
Interest in joint ventures	13	29,292	56,856	29,292	56,856
Deferred tax	60	45,185	43,396	-	-
Deferred income		531	773	-	-
Post-employment benefit asset	19	20,670	15,663	20,670	15,663
Long term receivables	6	21,254	23,820	21,254	23,820
		60,429,690	**56,473,813**	**60,716,181**	**56,799,586**
Total Assets		**83,901,839**	**78,298,518**	**84,121,776**	**78,500,159**
Liabilities					
Current Liabilities					
External borrowings	14	1,332,643	921,997	1,332,643	921,997
Current tax payable		-	272	-	-
Payables from exchange transactions	15	11,316,657	8,270,733	11,308,485	8,264,386
Transfers payable from non-exchange transactions	16	21,371	21,694	21,371	30,247
VAT liability	17	1,260,847	869,413	1,251,387	862,416
Consumer deposits	18	2,862,668	2,736,326	2,845,199	2,712,528
Post-employment benefit obligation	19	311,882	207,032	311,882	207,032
Unspent conditional grants and receipts	20	630,548	2,486,288	630,548	2,486,288
Provisions	21	1,152,915	1,047,336	1,142,134	1,037,426
		18,889,531	**16,561,091**	**18,843,649**	**16,522,320**
Non-Current Liabilities					
External borrowings	14	8,727,479	8,966,938	8,727,479	8,966,938
Post-employment benefit obligation	19	4,421,021	4,157,359	4,421,021	4,157,359
Provisions	21	1,477,833	1,438,159	1,477,245	1,437,449
		14,626,333	**14,562,456**	**14,625,745**	**14,561,746**
Total Liabilities		**33,515,864**	**31,123,547**	**33,469,394**	**31,084,066**
Net Assets		**50,385,975**	**47,174,971**	**50,652,382**	**47,416,093**

* See Note 45

Statement of Financial Position as at 30 June 2024

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Housing Development Fund	22	57,470	57,470	57,470	57,470
Accumulated surplus		50,328,505	47,117,501	50,594,912	47,358,623
Total net assets		**50,385,975**	**47,174,971**	**50,652,382**	**47,416,093**

* See Note 45

STATEMENT OF FINANCIAL PERFORMANCE

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	23	27,062,486	23,714,700	27,136,124	23,781,361
Housing development construction contract revenue	24	385,108	528,221	385,108	528,221
Rental of facilities and equipment	25	920,327	884,079	901,841	858,585
Other income	26	639,748	503,639	448,153	332,715
Gain on dissolution of Joint Venture		66,678	-	66,678	-
Interest earned	27	2,332,163	1,575,217	2,320,254	1,560,353
Gains on disposal of assets		654	13,034	804	13,099
Share of income from Joint Ventures	13	12,634	-	12,634	-
Total revenue from exchange transactions		**31,419,798**	**27,218,890**	**31,271,596**	**27,074,334**
Revenue from non-exchange transactions					
Taxation revenue					
Fines and forfeits	28	232,425	237,994	232,306	237,867
Property rates	29	12,571,299	11,932,643	12,580,864	11,941,550
Interest earned from receivables - property rates	29	628,307	452,220	628,307	452,220
Surcharges and taxes	30	438,120	420,448	438,120	420,448
Licences and permits		52,858	61,399	52,858	61,399
Transfer revenue					
Government grants and subsidies	31	9,544,397	7,678,496	9,544,397	7,678,496
Levies	32	3,557,475	3,379,795	3,557,475	3,379,795
Public contributions and donations		137,607	39,165	137,241	38,126
Reversal of loss on impairment - Property, plant and equipment	9	16,931	17,008	16,931	17,008
Other income	8	41,037	54,032	41,037	54,032
Total revenue from non-exchange transactions		**27,220,456**	**24,273,200**	**27,229,536**	**24,280,941**
Total revenue		**58,640,254**	**51,492,090**	**58,501,132**	**51,355,275**
Expenditure					
Employee related costs	33	(13,233,555)	(12,164,770)	(13,070,944)	(12,009,627)
Remuneration of councillors	34	(143,103)	(141,456)	(143,103)	(141,456)
Amortisation - Intangible assets	10	(102,803)	(118,722)	(102,901)	(118,523)
Depreciation - Property, plant and equipment	9	(2,748,377)	(2,693,408)	(2,716,902)	(2,658,527)
Impairment loss - Property, plant and equipment	9	(10,493)	(40,350)	(10,493)	(40,350)
Finance costs	35	(1,038,211)	(959,709)	(1,038,211)	(959,709)
Lease rentals on operating lease		(141,471)	(141,586)	(141,171)	(141,329)
Debt impairment	49	(6,689,356)	(3,556,291)	(6,684,780)	(3,552,485)
Depreciation - Investment properties	8	(2,605)	(2,485)	(604)	(602)
Electricity and Water consumption	36	(18,559,379)	(16,226,869)	(18,559,379)	(16,226,869)
Contracted services	37	(6,885,207)	(5,980,343)	(6,733,858)	(5,838,753)
Grants and subsidies	38	(912,604)	(684,046)	(1,092,952)	(870,000)
Housing development construction contract expenditure	24	(385,108)	(528,221)	(385,108)	(528,221)
Share of losses from Joint Ventures	13	-	(6,634)	-	(6,634)
Impairment loss - Investment in Municipal Entities	12	-	-	(35,404)	-
General expenses	39	(4,578,725)	(3,951,413)	(4,549,013)	(3,939,895)
Total expenditure		**(55,430,997)**	**(47,196,303)**	**(55,264,823)**	**(47,032,980)**
Surplus before taxation		**3,209,257**	**4,295,787**	**3,236,309**	**4,322,295**
Taxation	57	1,789	1,361	-	-

* See Note 45

Statement of Financial Performance

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Surplus for the year		**3,211,046**	**4,297,148**	**3,236,309**	**4,322,295**

* See Note 45

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Housing development fund	Accumulated surplus	Total net assets
Group and Municipality			
Opening balance as previously reported	57,470	43,718,586	43,776,056
Adjustments			
Prior year adjustments (prior to 2022/23)	-	(898,229)	(898,229)
Balance at July 1, 2022 as restated	**57,470**	**42,820,357**	**42,877,827**
Changes in net assets			
Surplus for the year as previously reported	-	4,486,985	4,486,985
Total changes (excluding prior year adjustments)	-	4,486,985	4,486,985
Prior year adjustments	-	(189,839)	(189,839)
Total changes	-	4,297,146	4,297,146
Balance at July 01, 2023 as restated*	**57,470**	**47,117,503**	**47,174,973**
Changes in net assets			
Surplus for the year	-	3,211,046	3,211,046
Total changes	-	3,211,046	3,211,046
Balance at 30 June 2024	**57,470**	**50,328,549**	**50,386,019**

Note(s)

Figures in Rand thousand	Housing development fund	Accumulated surplus	Total net assets
Municipality			
Opening balance as previously reported	57,470	43,935,485	43,992,955
Adjustments			
Prior year adjustments (prior to 2022/23)	-	(899,156)	(899,156)
Balance at July 1, 2022 as restated	**57,470**	**43,036,329**	**43,093,799**
Changes in net assets			
Surplus for the year as previously reported	-	4,512,133	4,512,133
Total changes (excluding prior year adjustments)	-	4,512,133	4,512,133
Prior year adjustments	-	(189,839)	(189,839)
Total changes (including prior year adjustments)	-	4,322,294	4,322,294
Balance at July 01, 2023 as restated*	**57,470**	**47,358,623**	**47,416,093**
Changes in net assets			
Surplus for the year	-	3,236,309	3,236,309
Total changes	-	3,236,309	3,236,309
Balance at 30 June 2024	**57,470**	**50,594,932**	**50,652,402**

Note(s)

* See Note 45

Cash Flow Statement

		Group and Municipality		Municipality	
Figures in Rand thousand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
Ratepayers, consumers, government and other		47,567,957	46,902,835	47,453,291	46,781,776
Interest on investments		844,437	523,297	833,011	509,231
		48,412,394	47,426,132	48,286,302	47,291,007
Payments					
Employee costs and suppliers		(41,321,649)	(39,091,056)	(41,158,037)	(38,978,814)
Finance costs		(912,398)	(857,170)	(912,398)	(857,170)
		(42,234,047)	(39,948,226)	(42,070,435)	(39,835,984)
Net cash flows from operating activities	40	**6,178,347**	**7,477,906**	**6,215,867**	**7,455,023**
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(6,593,006)	(4,483,116)	(6,557,041)	(4,466,747)
Proceeds from sale of property, plant and equipment, intangibles and investment properties	9	26,099	31,606	26,207	31,600
Purchase of intangible assets	10	(22,480)	(89,305)	(22,479)	(89,304)
Purchases of heritage assets	11	(875)	(1,287)	(875)	(1,287)
Increase in non-current receivables		(7,076)	(3,305)	(7,076)	(3,305)
Capital repayment on dissolution of joint venture		5,634	-	5,634	-
Net cash flows from investing activities		**(6,591,704)**	**(4,545,407)**	**(6,555,630)**	**(4,529,043)**
Cash flows from financing activities					
Proceeds from external borrowings		1,000,000	1,500,000	1,000,000	1,500,000
Repayment of external borrowings		(921,996)	(915,873)	(921,996)	(915,873)
Net cash flows from financing activities		**78,004**	**584,127**	**78,004**	**584,127**
Net increase/(decrease) in cash and cash equivalents		**(335,353)**	**3,516,626**	**(261,759)**	**3,510,107**
Cash and cash equivalents at the beginning of the year		8,812,399	5,295,774	8,639,466	5,129,359
Cash and cash equivalents at the end of the year	7	**8,477,046**	**8,812,400**	**8,377,707**	**8,639,466**

* See Note 45

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual versus Final Budget
Group and Municipality						
Statement of Financial Performance						
Revenue						
Property rates	11,000,000	1,000,000	**12,000,000**	12,571,299	**571,299**	105%
Service charges	28,789,782	-	**28,789,782**	27,062,486	**(1,727,296)**	94%
Interest earned - external investments	539,212	357,321	**896,533**	887,671	**(8,862)**	99%
Transfers recognised - operational	5,578,892	331,907	**5,910,799**	5,744,608	**(166,191)**	97%
Other own revenue	6,790,975	1,058,480	**7,849,455**	8,561,767	**712,312**	109%
Total revenue	**52,698,861**	**2,747,708**	**55,446,569**	**54,827,831**	**(618,738)**	**99%**
Expenditure						
Employee related costs	(13,645,967)	303,409	**(13,342,558)**	(13,233,555)	**109,003**	99%
Remuneration of councillors	(145,266)	1,363	**(143,903)**	(143,103)	**800**	99%
Depreciation and asset impairment	(6,010,762)	(4,312,553)	**(10,323,315)**	(9,553,634)	**769,681**	93%
Finance costs	(994,636)	(35,798)	**(1,030,434)**	(1,038,211)	**(7,777)**	101%
Materials and bulk purchases	(19,500,501)	863,532	**(18,636,969)**	(20,552,886)	**(1,915,917)**	110%
Transfers and grants	(710,214)	(286,825)	**(997,039)**	(912,604)	**84,435**	92%
Other expenditure	(11,282,123)	(2,861,638)	**(14,143,761)**	(9,997,004)	**4,146,757**	71%
Total expenditure	**(52,289,469)**	**(6,328,510)**	**(58,617,979)**	**(55,430,997)**	**3,186,982**	**95%**
Operating deficit	**409,392**	**(3,580,802)**	**(3,171,410)**	**(603,166)**	**2,568,244**	
Transfers recognised - capital	4,674,106	(918,812)	**3,755,294**	3,799,789	**44,495**	
Share of income from Joint Ventures	-	-	**-**	12,634	**12,634**	
Taxation	-	-	**-**	1,789	**1,789**	
	4,674,106	**(918,812)**	**3,755,294**	**3,814,212**	**58,918**	
Surplus / (Deficit)	**5,083,498**	**(4,499,614)**	**583,884**	**3,211,046**	**2,627,162**	
Capital expenditure and funds sources						
Transfers recognised - capital	4,670,262	(914,969)	**3,755,293**	3,755,293	**-**	100%
Public contributions and donations	3,844	(3,844)	**-**	-	**-**	
Borrowing	1,500,000	(500,000)	**1,000,000**	1,000,000	**-**	100%
Internally generated funds	1,969,118	258,463	**2,227,581**	2,089,693	**(137,888)**	94%
Total capital expenditure	**8,143,224**	**(1,160,350)**	**6,982,874**	**6,844,986**	**(137,888)**	**98%**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Actual versus Final Budget
Municipality						
Statement of Financial Performance						
Revenue						
Property rates	11,000,000	1,000,000	**12,000,000**	12,580,864	**580,864**	105%
Service charges	28,789,782	-	**28,789,782**	27,136,124	**(1,653,658)**	94%
Interest earned - external investments	528,829	357,205	**886,034**	876,245	**(9,789)**	99%
Transfers recognised - operating	5,577,616	72,167	**5,649,783**	5,744,608	**94,825**	102%
Other revenue	6,240,966	1,229,639	**7,470,605**	8,350,868	**880,263**	112%
Total revenue	**52,137,193**	**2,659,011**	**54,796,204**	**54,688,709**	**(107,495)**	**99%**
Expenditure						
Employee related costs	(13,473,937)	316,183	**(13,157,754)**	(13,070,944)	**86,810**	99%
Remuneration of councillors	(145,266)	1,363	**(143,903)**	(143,103)	**800**	99%
Depreciation and asset impairment	(5,949,172)	(4,312,553)	**(10,261,725)**	(9,515,680)	**746,045**	92%
Finance costs	(994,636)	(35,798)	**(1,030,434)**	(1,038,211)	**(7,777)**	101%
Materials and bulk purchases	(19,452,768)	866,492	**(18,586,276)**	(20,505,812)	**(1,919,536)**	110%
Transfers and grants	(709,449)	(286,718)	**(996,167)**	(1,092,952)	**(96,785)**	110%
Other expenditure	(10,978,559)	(2,816,688)	**(13,795,247)**	(9,898,121)	**3,897,126**	72%
Total expenditure	**(51,703,787)**	**(6,267,719)**	**(57,971,506)**	**(55,264,823)**	**2,706,683**	**96%**
Operating deficit	**433,406**	**(3,608,708)**	**(3,175,302)**	**(576,114)**	**2,599,188**	
Transfers recognised - capital	4,674,106	(659,073)	**4,015,033**	3,799,789	**(215,244)**	
Share of income from Joint Ventures	-	-	**-**	12,634	**12,634**	
	4,674,106	**(659,073)**	**4,015,033**	**3,812,423**	**(202,610)**	
Surplus for the year	**5,107,512**	**(4,267,781)**	**839,731**	**3,236,309**	**2,396,578**	

Capital expenditure and funds sources

Transfers recognised - capital	4,670,262	(914,969)	**3,755,293**	3,755,293	**-**	100%
Public contributions and donations	3,844	(3,844)	**-**	-	**-**	0%
Borrowing	1,500,000	(500,000)	**1,000,000**	1,000,000	**-**	100%
Internally generated funds	1,926,738	238,702	**2,165,440**	2,009,756	**(155,684)**	93%
Total capital expenditure	**8,100,844**	**(1,180,111)**	**6,920,733**	**6,765,049**	**(155,684)**	**98%**

Accounting Policies

1. Summary of significant accounting policies

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Consolidated Annual Financial Statements, is disclosed below:

1.1 Authorisation of the Annual Financial Statements

The Annual Financial Statements of eThekwini Municipality and its entities for the year ended 30 June 2024 were authorized for issue by the Accounting Officer on 30 September 2024 to the Auditor General.

1.2 Basis of preparation

The Annual Financial Statements 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 terms of section 122 (3) of the Municipal Finance Management Act.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5. These accounting policies and the applicable disclosures have been based on the International Public Sector Accounting Standards and the International Financial Reporting Standards, including any interpretations of such Statements issued by the International Accounting Standards Board and International Public Sector Accounting Standards Board respectively.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. Only Standards of GRAP, IGRAP Standards, Directives, Guidelines and IFRS Standards applicable to the Municipality have been disclosed.

At the date of authorisation of these Annual Financial Statements, the following pronouncement was not authoritative for the year presented:

Guideline: Application of Materiality to Annual Financial Statements

This guideline outlines a process that may be considered by entities when applying materiality to the preparation of Annual Financial Statements.

The Municipality has considered the guideline in formulating the accounting policy.

1.3 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Municipality and all values are rounded to the nearest thousand (R'000).

1.4 Going concern assumption

These Annual Financial Statements were prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months (refer to the note on Going concern).

1.5 Offsetting

Financial assets and liabilities are offset, and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting Policies

1.6 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual Amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending online items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024.

IIn general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the Annual Financial Statements in determining whether a difference between the budgeted and actual amount is material.

1.7 Current year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP.

The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods, except to the extent where there is a change in an accounting policy affecting presentation, classification, or disclosure.

1.8 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Municipality at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the Statement of Financial Performance.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.9 Materiality

Materiality is informed by both quantitative and qualitative factors. In order to determine materiality in the context of these quantitative and qualitative factors, it is important to establish the primary users of the Municipality’s Annual Financial Statements.

The mandate of the Municipality is to provide service delivery to its constituents in line with the Integrated Development Plan, the Constitution, together with National and Provincial strategic objectives. The primary users of the Financial Statements are therefore the Municipality’s service constituents and these users are mainly interested in information pertaining to sustainable service delivery.

1.9 Materiality (continued)

Qualitative materiality refers to the non-financial information that is useful to the users of Financial Statements as it impacts on their ability to make informed decisions. Information about compliance or non-compliance with legislation, supporting regulations or similar means may be material because of its nature, irrespective of the magnitude of any amounts involved. Nature refers to, amongst others, the legislative requirements, new laws, public interest, importance of balances or transactions, complexity of transactions and ethics.

The following information is qualitatively material based on the needs of the users of the Municipality's Financial Statements:
• Disclosures required by the applicable regulatory reporting framework and legislations
• Information that is in the public interest
• Governance and ethical considerations
• Complex transactions requiring high degree of estimation or judgement
• Transactions not within the normal operations of the Municipality
• Related party disclosures
• Information that has an impact on key ratios used to evaluate the Municipality's financial position, results of operations or cash flows. i.e. MFMA Circular 71 Uniform Financial Ratios

Professional judgement is exercised in assessing the importance of these qualitative factors in determining materiality.

Quantitative materiality refers to the financial information that is useful to the users of Financial Statements as it impacts on their ability to make informed decisions.

The primary users of the Financial Statements are the Municipality's service constituents and these users are mainly interested in information pertaining to sustainable service delivery. This will include information about the nature and quality of assets used to perform service delivery and whether these assets are managed adequately in order to ensure that the Municipality operates in a sustainable manner. The applicable materiality benchmark is therefore that pertaining to total assets.

The latest audited figures are used as baseline figures since the auditors have expressed an opinion on them. These figures allow the Municipality to assess materiality throughout the year since the figures are readily available.

The National Treasury Practice Note on the parameters for the calculation of materiality in terms of section 54 of the Public Finance Management Act was used as a basis of calculating the materiality range to be applied against the Rand value in the absence of a similar guidance for the municipal environment, with the parameters being 1% - 2% of total assets.

The Practice Note requires that professional judgement, consistency and other qualitative factors to be considered in calculating the materiality thresholds. Based on the size of the Municipality, the complexity of its operations, nature of transactions and the qualitative factors mentioned, the parameters set in the Practice Note have been adjusted by applying a factor of 25% to arrive at the Municipality's specific materiality ranges of 0.25% - 0.5% of total assets.

A prudent and conservative approach has been applied by using the average percentages on the ranges calculated to provide sufficient information to the users of Financial Statements that will enable them to make informed decisions.

Element:	Total Assets
Baseline (R) - 30 June 2023 audited figures:	R79 555 057 000
Percentage (%)	0.375%
Materiality level (R)	R298 331 464

Overall materially at a Financial Statement level is R298 331 464.

1.10 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Accounting Policies

1.11 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, or for administrative purposes.

Initial Recognition

Intangible assets are initially measured at cost and comprise of software, trademarks and servitudes. The cost of an item of intangible assets is recognised as an asset only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- The Municipality intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.
- The Municipality has the resources to complete the project.
- It is probable that the Municipality will receive future economic benefits or service potential.
- The Municipality is able to use or sell the intangible asset.
- The Municipality is able to measure reliably the expenditure attributable to the intangible asset during its development.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Servitudes are rights that are not amortised as they have an indefinite useful life. The servitude rights are considered to have an indefinite useful life as these are granted to the Municipality for an indefinite period and also taking into consideration the nature of the asset as well as service delivery mandates of the Municipality linked to these assets. Servitudes are rights associated with land which is not depreciable on the basis that it has an indefinite useful life.

Capacity rights are classified as intangible assets. The rights arise from a contractual agreement with Eskom, for the municipality to receive electricity at a specified supply points and capacity. The municipality reimburses Eskom for the initial capital expenditure and costs incurred by Eskom in making the bulk supply of electricity available in the specified supply points. The rights are considered to have an indefinite useful life.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil. Transfers from intangible assets are made when the particular asset no longer meets the definition of an intangible asset.

Amortisation and Impairment
Intangible assets are amortised on a straight line method over their estimated useful lives, as follows:

Details	Years
Computer Software - Internally generated	2 - 20 years
Computer Software - other	2 - 20 years
Servitudes	indefinite
Trademarks	80 years
Capacity Rights	indefinite

1.11 Intangible assets (continued)

The estimated useful lives of the assets are revised using the indicator-based approach. Any changes in the amortisation method and useful lives are recognised as a change in accounting estimate in the Statement of Financial Performance. This change in estimate is applied prospectively. The Municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition:

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

1.12 Employee Benefits Obligations

Employee benefits are all forms of consideration given by the municipality in exchange for services rendered by its employees or for the termination of employment.

1.12.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as wages, salaries, social security contributions, paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. Shift and night allowances are separately disclosed from overtime payments and form part of other employee related costs.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12.2 Defined contribution plans

The Municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are recognised as an expense in the Statement of Financial Performance as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Municipality’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The KZN Municipal Pension Fund is a defined contribution fund.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12 Employee Benefits Obligations (continued)

1.12.3 Pension obligations

The Municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 86% of staff.

The Municipality has both defined benefit and defined contribution plans.
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The following are defined benefit funds:
Durban Pension Fund
Government Employee's Pension Fund
Natal Joint Municipal Pension Fund - Superannuation
Natal Joint Municipal Pension Fund - Retirement Durban Pension Fund

The following are defined contribution funds:
KZN Pension Fund
Multi Linked
SALA
The other fund is a Provident Fund administered by Natal Joint Municipal Pension Fund.
Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability/asset recognised in the Statement of Financial Position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates, best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

Any asset is limited to the net total of the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets plus any liability that may arise as a result of a minimum funding requirement, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Durban Marine Theme Park (proprietary) Limited reimburses uShaka Management (Pty) Ltd for the cost of the provident fund which is governed by the pension's funds act of 1956. Contributions are based on a percentage of the payroll and charged to the statement of financial performance in the year to which they relate.

All staff of the I.C.C (proprietary) Limited are members of the I.C.C pension fund which is a defined contribution fund.

1.12 Employee Benefits Obligations (continued)

1.12.4 Other post-employment benefit obligations

The Municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the year that they arise.

Multi-Employer Retirement Benefit Plans

The Municipality contributes to Government Employees Pension Fund, Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The Municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of Financial Statements are compiled for each fund not per employer. Further details of this plan are included in note on Employee benefits obligation.

1.12.5 Other Long-Term Employee Benefits

Other long-term employee benefits are in respect of long service awards. The amount recognised as a liability for long service awards is the present value of the defined benefit obligation at the reporting date using the Projected Unit Credit Method. There are no plan assets to settle the defined benefit obligation for long service awards.

The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows after taking into account rates of employee turnover, discounting rate, and future salary and benefit levels.

The liability recognised in the Statement of Financial Position in respect of defined long service benefits is equal to the defined benefit obligation at the balance sheet date after taking into account adjustments for unrecognised actuarial gains or losses and past service costs.

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

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

Accounting Policies

1.13 Significant Judgements

In the application of the Municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements include:

Post Retirement Benefits, Multi-Employer Retirement Benefit Plans and Other Long-Term Employee Benefits

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

The Municipality determines the appropriate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that are best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The Municipality's liability in these funds could not be determined because the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan are included in the notes to the Annual Financial Statements.

The present value of the long service award defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions and factors such as the rates of employee turnover, discounts rates, and future salary and benefit levels, which take into account market conditions.

Provision for impairment of trade receivables

The provision for impairment is measured as the difference between the asset's carrying amount and the recoverable amount. The recoverable amount for service debtors is based on the default history of the debtors using the age analysis to calculate the estimated future cash flows. Service debtors are normally receivable within 30 days from the invoice date and as a result there is no significant financing element associated with these debtors that would require a present value calculation of estimated cash flows. For property rates, past payment trends are used to calculate the recoverable amount since these debtors have a longer prescription period. Amongst others, factors such as past collection rates per category of debtors, significant financial difficulty of the debtor, default or delinquency in interest or principal payments are used as mitigating or aggravating factors in determining the impairment loss recognised on the Statement of Financial Performance.

Accounting Policies

1.13 Significant Judgements (continued)

Non-cash generating and cash generating impairment testing

Management uses the higher of the fair value less cost to sell and value in use to determine the recoverable amount of assets with an indefinite useful life and identifying assets that may have been impaired. Where there is no active market to calculate the fair value less cost to sell, the recoverable amount is based on the value in use. Damaged assets are tested for impairment only when there is a significant or permanent decline in the service potential of the asset. In determining whether a decline is significant, management considers the relative costs of providing the service before and after the decline, the percentage decline in service potential or other considerations. The decline is considered to be permanent when management has no reasonable expectation that the lost service potential will be replaced or restored. Significant or permanent decline in the service potential of the asset excludes minor damages that could be rectified through repairs and maintenance.

The assets of the Municipality are linked to functional departments that provide the following core services of the Municipality: electricity, water, sanitation, solid waste, gas to electricity, rates and general, Joint Ventures and Municipal Entities.

The assets linked to the provision of water, sanitation, solid waste and gas to electricity services are held to provide basic service delivery in line with section 24 and 27 of the South African Constitution stating that people have a right to an environment that is not harmful to their health or well-being, to have the environment protected for the present and future generations and a right of access to water. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

The assets linked to the provision of electricity are held to provide service delivery. Even though the Constitution does not deal with energy explicitly, electricity reticulation is identified as a municipal function and the Municipality regards the provision of electricity as part of its basic services since it is a necessity and improves the quality of life. Furthermore, these assets do not generate a commercial return since the tariffs charged by the electricity department are below market rates, being the rates charged by Eskom and other Metropolitan Municipalities. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

The assets linked to the provision of rates and general services (i.e. parks, recreation and culture, human settlements etc.) are held to provide service delivery. There is no/nominal tariff charged for these services and the cost of providing these services is recovered through the rates imposed on the residents in the city. As a result, these assets are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on these assets.

Municipal Entities consist of Durban ICC SOC and Durban Marine Theme Park SOC. The intention behind holding these investments is to boost the economic activity within the eThekwini region since these entities are centred as tourist attractions. Any returns realised are considered to be incidental. The Municipality provides certain grants to these entities to fund their operations and also provides a surety for the cash flow shortfalls. The investments in these entities are designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment. To the extent that the underlying assets of the Municipal Entities generate commercial returns, these assets are designated as cash generating assets on the Consolidated Annual Financial Statements, whereas in all other cases they are designated as non-cash generating assets.

The Municipality has two Joint Ventures, Effingham Development Joint Venture and Durban Point Development Company. The intention of holding these investments is to develop and market the serviced sites in an attempt to boost economic activity within the eThekwini region. Any returns realised are considered to be incidental. The investments in these Joint Ventures are therefore designated as non-cash generating assets, with GRAP 21 applied to measure the extent of any impairment on the assets. To the extent that the underlying assets of the Joint Ventures generate commercial returns, these assets are designated as cash generating assets on the Consolidated Annual Financial Statements, whereas in all other cases they are designated as non-cash generating assets. All assets owned / recognised by the Municipality are held for the provision of basic services and are considered to be non-cash generating assets.

Accounting Policies

1.13 Significant Judgements (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available.
Additional disclosure of these estimates of provisions are included in the notes to the Annual Financial Statements.

Provisions are measured at the Head of Department's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:
- the Municipality has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Fine revenue

Fine revenue is recognised after taking into account the probability of future withdrawals and reductions. The probability of withdrawals and reductions is based on a 5 year past trend of gross charges issued which are likely to be disputed. The success rate of the disputed fines is taken into account in calculating the probability of withdrawals and reductions.

Assessing control over land

Control over land is determined by whether the Municipality has legal ownership, or the right to direct access to land, and to restrict or deny the access of others to the land. In assessing whether the Municipality has the right to direct access to the land, and to restrict or deny the access of others to the land, it considers whether it can:

- direct the use of the land's future economic benefits or service potential to provide services to beneficiaries; or

- exchange, dispose of, or transfer the land; and/or

- use the land in any other way to generate future economic benefits or service potential.

When control is obtained other than through legal ownership, the asset acquired is initially measured using the accounting policy for revenue from non-exchange transactions.

Interest in other entities and arrangements

The Municipality determines the nature of its interests in its Municipal Entities, transport authority and Joint Ventures using the various agreements with these entities. This includes arrangements where a separate vehicle has been formed in which the terms and conditions of the agreement between the parties demonstrates the type of arrangement entered into.

The Municipality has full control over its entities and transport authority. This is demonstrated by the 100% shareholding and voting rights.

The Municipality has joint control over its Joint Ventures. The joint control is demonstrated by the exposure to risks which is shared equally amongst the Joint Ventures. Where a separate vehicle has been formed, the shareholding and voting rights further assist in demonstrating joint control in addition to the exposure to risks.

Accounting Policies

1.14 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. .

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. The cost of an item of investment property is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.
Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.

- Land held for a currently undetermined future use.

- A building owned (or held by under a finance lease) and leased out under one or more operating leases.

- Properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.

- A building that is vacant but is held to be leased out under one or more operating leases.

Accounting Policies

1.14 Investment property (continued)

- Property that is being constructed or developed for future use as investment property.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Transfers from investment properties are made when the particular asset no longer meets the definition of investment properties.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. All assets are considered to have a nil residual value.The lives of the assets are revised using the indicator based approach. Any changes in the depreciation method and useful lives are recognised as a change in accounting estimate in the Statement of Financial Performance. This change in estimate is applied prospectively. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Asset / Component	Useful life
Property – land	Indefinite
Property – buildings	10 - 80 years

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant, and equipment), the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

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

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.15 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, to meet service delivery objectives, for rental to others, or for administrative purposes; and are expected to be used during more than one reporting period.

Initial Recognition

Property, plant and equipment are stated at cost. The cost of an item of property, plant and equipment is recognised as an asset only if:
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

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

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Assets under construction are not depreciated. Transfers from property, plant and equipment are made when the particular asset no longer meets the definition of property, plant and equipment.

Depreciation and Impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use. All assets are considered to have a nil residual value. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The estimated useful lives of the assets are revised using the indicator based approach. Any changes in the depreciation method and useful lives are recognised as a change in accounting estimate on the Statement of Financial Performance. This change in estimate is applied prospectively.

However, if the asset that is still in use has already reached the end of its estimated useful life, the change in useful life must be accounted for retrospectively as a correction of a prior period error in the determination of the new useful life if it is established that there was an error in estimating the useful lives in the prior years based on the relevant information that was available. This change would have an impact on accumulated surplus and the Statement of Financial Position.

If all the relevant facts and circumstances were considered in the previous years in determining the useful lives of the assets and principles in GRAP 17 were appropriately applied, the change in the useful life is accounted for as a change in estimate when the fully depreciated assets that are still in use are material. A portion of the accumulated depreciation is reversed to the Statement of Financial Performance. The carrying amount of the asset is then depreciated over its revised useful life.

Accounting Policies

1.15 Property, plant and equipment (continued)

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

Asset / Component	Useful Life (Years)
Infrastructure	
• Engineering infrastructure - Rivers and Coastal Engineering	20 - 80 years
• Roads and Motorways	20 - 80 years
• Traffic Equipment	10 - 80 years
• Stormwater Drainage	20 - 80 years
• Airport Infrastructure	15 - 80 years
• Solid Waste	3 - 30 years
• Water and Sanitation	20 - 80 years
• Major Substations: Buildings	30 - 50 years
• Transformers and Related Equipment	30 - 45 years
• Mains	30 - 55 years
• Street Lighting	20 - 30 years
• Conventional and Prepaid Metering	15 - 25 years
Community	
• Buildings	20 - 80 years
• Recreational Facilities	10 - 80 years
Other property, plant and equipment	
• Buildings	3 - 80 years
• Markets and Informal Markets stalls and structures	15 - 30 years
• Fire Engines	20 years
• Landfill Sites	3 - 80 years
• Car Parks	15 years
• Fencing	20 years
• Lifts	20 years
• Building Improvements	10 years
• Heavy and Mobile Plant	7 - 10 years
• Furniture and fitting	2 - 20 years
• Vehicles	3 - 15 years
• Bins and containers	5 years
• Plant and Machinery – General	3 - 20 years
• Security Systems	5 - 15 years
• Office equipment	3 - 7 years
• Air conditioning	5 - 15 years
• Public Address Systems	15 years
• Turnstiles	15 years
• Electrical	20 years
• Mechanical	20 years
• Hostels	20 - 80 years
• Library Books	5 - 10 years
• Other items of Plant and Equipment	2 - 5 years

Impairment testing is done when there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting period.

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

1.15 Property, plant and equipment (continued)
Derecognition:

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

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

Site rehabilitation and restoration costs:

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions"’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

The related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period.

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash generating assets and / or impairment of non-cash-generating assets.

Service concession assets:

The Municipality has made service concession arrangements with various operators in terms of carrying out certain mandated bus service functions. The Municipality retains full control over the nature, timing and extent of the services that the bus operators must perform and the fees for the services rendered are determined as per the operator’s specific schedules and annexes that form part of the signed agreements.

The Municipality controls through ownership, beneficial entitlement or otherwise any significant residual interest in the asset at the end of the term of engagement.

Income generated by the Municipality in terms of the right of use of these municipal assets is recognised in line with the accounting policy on revenue from exchange transactions.

1.16 Investments in controlled entities

Group and Municipality annual financial statements

Investments in controlled entity are consolidated in the group annual financial statements. Refer to the accounting policy on Consolidations.

Accounting Policies

1.16 Investments in controlled entities (continued)

Municipality annual financial statements

Investments in Municipal Entities are initially recognised at cost.

Subsequently they are accounted for at cost less any accumulated impairment. The Municipality assesses at each reporting date whether there is any indication that an investment in Municipal Entities may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the investment in Municipal Entities. The impairment loss is measured as the difference between the investment's carrying amount and the estimated recoverable amount.

A reversal of an impairment loss of investments in Municipal Entities carried at cost is recognised immediately in the Statement of Financial Performance.

1.17 Interest in joint ventures

Group and Municipality annual financial statements

An interest in a joint venture is accounted for using the equity method, which is the same accounting treatment as with the Municipality's separate financial statements.

Municipality annual financial statements

An investment in a Joint Venture is measured using the equity method.

The equity method is a method of accounting whereby the investment is initially recognised at cost and subsequently adjusted for the Municipality's post acquisition share of profits or losses, resulting from operations of the Joint Venture, on the accrual basis. Dividends or similar distributions are recognised as a reduction from the carrying amount of the investment.

The Municipality assesses at each reporting date whether there is any indication that an investment in a Joint Venture may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the investment in a Joint Venture. The impairment loss is measured as the difference between the investment's carrying amount and the estimated recoverable amount.

A reversal of an impairment loss of investments in a Joint Venture carried at cost is recognised immediately in the Statement of Financial Performance.
The share of losses are limited to the carrying amount of the Joint Venture and as a result if the interest in the Joint Venture is considered to be fully impaired or if the accumulated losses are equal to the cost of the interest in the Joint Venture, there will be no further losses recognised from the Joint Venture.
The Municipality discloses the unrecognised share of losses of a Joint Venture, both for the reporting period and cumulatively, if the entity has stopped recognising its share of losses of the Joint Venture when applying the equity method.

1.18 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

1.18 Heritage assets (continued)

Initial Recognition

A heritage asset that qualifies for recognition as an asset is measured at its cost and any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of an item of heritage assets is recognised as an asset only if:

(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and
(b) the cost or fair value of the item can be measured reliably.

Where a heritage asset is acquired through a non-exchange transaction, its deemed cost is to be measured at its fair value as at the date of acquisition.

Where no evidence is available to determine the market value in an active market of a heritage asset, a valuation technique may be used to determine its fair value. If a fair value cannot be determined for a heritage asset because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, a fair value should not be determined.

If at initial recognition, the Municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the Annual Financial Statements.

Subsequent Measurement

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses i.e. cost model. Transfers from heritage assets are made when the particular asset no longer meets the definition of a heritage asset. When a heritage asset, or class of heritage assets can be measured reliably after initial recognition, the Municipality discloses the following for each heritage asset or class of heritage assets:

(a) a description of the heritage asset or class of heritage assets;

(b) the events or circumstances that led to a reliable value becoming available; and

(c) the value at which the heritage asset or class of heritage assets are recognised.

Impairment

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired. Where the carrying amount of an item of heritage assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there is no further economic benefit or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of Financial Performance.

Accounting Policies

1.19 Grants, transfers and donations

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Income received from unconditional grants, donations and subsidies is recognised as revenue upon receipt and/or when resources transferred meet the criteria for recognition as an asset and there is also no present obligation to the Municipality to refund transferred resources to the transferor.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.20 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the Municipality, or vice versa, or an entity that is subject to common control, or joint control.

The municipality discloses the nature of the related party relationship as well as the information about those transactions and outstanding balances as a note to the financial statements.

1.21 Commitments

A contractual commitment is a binding agreement to undertake capital or operating expenditure at a set time in the future, which has not yet been recognised as a liability.

The contractual commitments are split between capital and operating commitments.
- Capital commitments are amounts committed to acquire, construct or upgrade capital assets.
- Operating commitments are amounts committed for repairs and maintenance of assets and for future lease payments.

The Municipality has units with various VAT statuses. Commitments are generally disclosed in the notes to the financial statements exclusive of VAT, except where VAT is claimable on an apportionment basis in which case the commitment will include the unclaimed VAT. Where VAT is denied, the commitment will be disclosed inclusive of VAT.

1.22 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Annual Financial Statements are authorised for issue.

Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Amounts recognised in the Annual Financial Statements will be adjusted to reflect adjusting events after the reporting date once the event occurred. The nature of the event will be disclosed as well as an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Annual Financial Statements.

1.23 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowing costs are applied.

1.24 National Housing Programmes

The Municipality has a level two accreditation in terms of its participation on the National Housing Programme. It is a project developer in terms of the arrangement to construct and transfer houses to the beneficiaries of the Programme.

Grants received to implement the National Housing Programme are recognised as contract revenue.

Contract revenue comprises:

(a) the initial amount of revenue agreed in the contract; and

(b) variations in contract work, claims and incentive payments to the extent that:

(i) it is probable that they will result in revenue; and

(ii) they are capable of being reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised as revenue by reference to the stage of completion of the contract activity at the reporting date. The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

(a) total contract revenue, if any, can be measured reliably;

(b) it is probable that the economic benefits or service potential associated with the contract will flow to the entity;

(c) both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and

(d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Costs incurred to implement the National Housing Programme are expensed as contract costs.

Contract costs comprise:

(a) costs that relate directly to the specific contract;

(b) costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and

(c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

(a) general administration costs for which reimbursement is not specified in the contract;

(b) selling costs;

(c) research and development costs for which reimbursement is not specified in the contract; and

(d) depreciation of idle plant and equipment that is not used on a particular contract.

As with contract revenue, contract costs are recognised as expenses when the outcome of a construction contract can be estimated reliably, by reference to the stage of completion of the contract activity at the reporting date.

Accounting Policies

1.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Accounting Policies

1.25 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Loans to Municipal Entities

Loans to Municipal Entities are initially recognised at fair value plus any transaction costs.
Subsequently the loans are measured at amortised cost using the effective interest rate method.

An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Receivables from exchange and non-exchange transactions

Debtors are initially recognised at fair value plus any transaction costs.

Debtors are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

An allowance for impairment of debtors is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the debtors.

The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable amount based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Impairment losses are recognised in the Statement of Financial Performance.

Bad debts are written off during the year in which they are identified against the provision for impairment on the Statement of Financial Position. If no such provision for impairment was raised the bad debts are written off on the Statement of Financial Performance.

Bad debts are written off on the Statement of Financial Performance during the year in which they are identified. Where there was a provision for impairment raised in relation to the debtor, the provision is derecognised at the same time that the write-off is performed.

Payables from exchange and non-exchange transactions

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.25 Financial instruments (continued)

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value plus any transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial instruments and the Municipality does not hold long term borrowings for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost. Long term borrowings consist of loans and bonds.

Other financial liabilities are initially recognised at fair value plus any transaction costs. Subsequently they are measured at amortised cost.

Accounting Policies

1.25 Financial instruments (continued)

Loans and receivables

Loans and receivables are initially measured at fair value plus any transaction costs.

Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms. The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable future cash flow based on past recovery trends.

Impairment losses are recognised in the Statement of Financial Performance.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that are held to maturity.

Fixed and negotiable deposits are initially measured at fair value plus any transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The provision for impairment is measured as the difference between the asset's carrying amount and the estimated recoverable future cash flow based on past recovery trends. Impairment losses are recognised in the Statement of Financial Performance.

1.26 Principal-agent arrangements

Management assesses whether the Municipality is party to any principal-agent arrangements. Should the Municipality be party to such an arrangement, management will assess whether it is a principal or an agent in the arrangement. The Municipality is an agent if the following criterion are met:

(a) It does not have the power to determine the significant terms and conditions of the transaction;
(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit;
(c) It is not exposed to variability in the results of the transaction.

If this criteria is not met, then the Municipality is considered to be a principal in the arrangement.

A principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement using management’s best estimates.

An agent recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal.

An entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

Changes in the liability are added to, or deducted from, the cost of the related asset in the current financial year. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit and if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable.

If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment.

Accounting Policies

1.27 Taxation

1.27.1 Income tax

Current tax assets and liabilities:

Current tax is the expected tax payable and/or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable and/or receivable in respect of previous years.

Deferred tax assets and liabilities:

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit/ (loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit/(loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused secondary tax on companies (STC) credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Municipality is exempted from income tax in terms of section 10(1)(a) of the Income Tax Act.

Deferred Income tax with respect to Municipal Entities is provided in full, using the liability method, on temporal differences arising between the tax basis of asset and liabilities and their carrying amounts in the financial Statements.

Currently enacted tax rates are used to determine deferred income tax.

Deferred tax asset is recognised to the extent that is probable that the future taxable profit will be available against which temporary differences will be utilised.

Tax expenses:

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or

- an entity combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

Revenue, expenses, and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and

- receivables and payables that are stated with the amount VAT included.

Accounting Policies

1.27 Taxation (continued)

1.27.2 VAT

VAT is a value-added tax that is charged at the applicable rate on the supply of goods or services supplied by the vendor in the course or furtherance of an enterprise. The Municipality collects VAT on behalf of the South African Revenue Services (SARS) based on the taxable supplies it provides in meeting its service delivery objectives.

The Municipality is a VAT vendor registered on the payment basis although the accrual basis of accounting is applied by the Municipality in accordance with the principles of GRAP.

The amount payable to or receivable from SARS is calculated as the VAT charged by the Municipality on taxable supplies (output VAT), reduced by the VAT input the Municipality is charged by service providers on expenditure incurred in the furtherance of the Municipality’s service delivery mandate.

VAT receivables and payables are measured in accordance with the accounting policy on statutory receivables and payables.

1.28 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the Statement of Financial Position.

They are depreciated over their expected useful lives (land is not depreciated) on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases - The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.29 Inventories

Initial Recognition

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes (other than those subsequently recovered from the taxing authorities), transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Subsequent Measurement

Inventories are subsequently measured at the lower of cost and net realisable value using the weighted average method as the basis to determine cost. Net realisable value is the estimated selling price in the ordinary course of operations. When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water stock, consumable stores, and maintenance materials are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method. Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.30 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the statements of the municipality and municipal entities controlled by the municipality, joint ventures and the transport authority.

On acquisition, the assets and liabilities of any entity are measured at their fair values at the date of acquisition. There are no minority interests as the municipality fully controls its entities, where joint ventures are measured using the equity method.

The results of entities acquired or disposed during the year are included in the consolidated statement of financial performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into those used by the municipality and other entities included in the group.

All significant transactions and balances between members of the group are eliminated on consolidation.

1.31 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The Municipality assesses these assets for impairment at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the Municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

An impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro-rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Accounting Policies

1.31 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro-rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, the cash-generating asset is impaired and is recognised immediately in the Statement of Financial Performance.

1.32 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the Municipality without an intention of generating a commercial return and held primarily for service delivery purposes. The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. The Municipality will apply its judgement and disclose the criteria used in making such judgement in cases where it’s not clear whether the primary objective is to generate a commercial return or not.

The Municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. If any such indication exists, the Municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset’s carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment annually, irrespective of whether any indication of impairment exists.

1.33 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities.

1.34 Statutory receivables and payables

1.34.1 Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory receivables relate to property rates, traffic fines and VAT receivables. Statutory receivable are derecognised when the rights to the cash flows from the receivable are settled, expire or are waived.

Property rates receivable

Property rates are levied in accordance with the Municipal Property Rates Act, Rates Policy and Municipal By-laws Act giving effect to the rates policy.

Property rates receivable are initially measured at the tariff applicable to the rateable amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivables, impairment or amounts derecognised. Any subsequent adjustments to property rates receivable relating to revenue previously recognised are accounted for using the accounting policy on adjustments to revenue.

The Municipality assesses at each reporting date whether there is any indication that the property rates receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. Past payment trends are used to calculate the recoverable amount since these debtors have a longer prescription period.

1.34 Statutory receivables and payables (continued)

Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

Traffic fines receivable

Traffic fines are charged in accordance with the Criminal Procedure Act, National Road Traffic Act, and the Municipal By-laws Act.

Traffic fines receivable are initially measured at the fine amount after considering other factors that may impact the inflow of future economic benefits or service potential to the Municipality, such as the probability of future withdrawals and reductions in the imposed fines. This accounting treatment is consistent with the principles of IGRAP 1: Applying the Probability Test on Initial Recognition Revenue.

Traffic fines receivable are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivables, impairment or amounts derecognised. Any subsequent adjustments to traffic fines receivable as a result of changes in the assumptions used to calculate traffic fine revenue and receivables are accounted for as changes in estimates.

The Municipality assesses at each reporting date whether there is any indication that the traffic fines receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. Past payment trends are used to calculate the recoverable amount given the uncertainty around the payment patterns of traffic fines.

Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

VAT receivable:

VAT is levied in accordance with the VAT Act.

VAT receivable is recognised using the accrual basis of accounting to the extent that input VAT exceeds output VAT.

VAT receivable is initially measured at the rate applicable to the transaction amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that the VAT receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount is calculated as the estimated cash flows from the VAT returns filed with SARS.

Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

Income tax receivable:

Income tax is levied in accordance with the Income Tax Act.

An income tax receivable is measured at the amount expected to be recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Income tax receivables are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued on the receivable, impairment or amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that the income tax receivable is impaired. If impairment indicators exist, an impairment loss is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount is calculated as the estimated cash flows from the correspondence received from SARS.

1.34 Statutory receivables and payables (continued)

Where the carrying amount is higher than the recoverable amount, the carrying amount is reduced using a Provision for Bad Debts account to reflect the recoverable amount. The amount of the loss is recognised in the Statement of Financial Performance.

1.34.2 Statutory payables

Statutory payables are payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory payables are derecognised when the rights to the cash flows from the payables are settled, expire or are waived. Statutory payables relate to VAT and income tax payables.

There is currently no GRAP standard for statutory payables. The Municipality has therefore developed an accounting policy for income tax and VAT payables using the principles on the accounting policy for statutory receivables.

The accounting policy for statutory payables is consistent with that applied for statutory receivables because these payables arise from the application of legislation, which is the Income Tax and VAT Act.

VAT payable

The Municipality recognises VAT payable, to the extent that output VAT exceeds input VAT using the accrual basis of accounting.

VAT payable is initially measured at the rate applicable to the transaction amount and subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued or amounts derecognised.

Income tax payable:

Current tax liabilities for the current and prior periods are initially measured at the amount expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. Current tax liabilities are subsequently measured using the cost method, which changes the initial measurement to reflect any interest or other charges that may have accrued or amounts derecognised.

1.35 Provisions and contingencies

Provisions are recognised when:

- the Municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market’s current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The Municipality uses the prevailing prime rate at year end.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes to the annual financial statements.

Accounting Policies

1.36 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminating revenue within departments of the Municipality.

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

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

Revenue is recognised as follows:

1.36.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.
Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Bulk electricity meters are read monthly.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which the meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale (refer to the note on service charges).

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on the category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

All other revenue is recognised as it accrues.

Durban Marine Theme Park recognises revenue from entrance parking fees and sales immediately upon receipt.

1.36 Revenue (continued)

1.36.2 Revenue from non-exchange transactions

This refers to transactions where revenue is received from another entity without giving approximately equal value in exchange.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised based on management's best estimate of the probable inflows.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Surcharges relate to the additional infrastructure tariff imposed on the consumption of water and sanitation services – - refer to the service charges section under revenue from exchange transactions policy for recognition and measurement.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred.

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met.

Where public contributions have been received but the condition has not been met, a liability is recognised.

The Municipality recognises services in-kind that are significant to its delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the Municipality's service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type of services in-kind received during the reporting period is disclosed. When the criteria for recognition are satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition.

All other revenue is recognised as it accrues.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Grants revenue is recognised to the extent that the criteria, conditions or obligations have been met. Further details are disclosed on accounting policy 1.19: Grants, Transfers and Donations.

1.36 Revenue (continued)

1.36.3 Adjustments to revenue

Adjustments to revenue are either accounted for as a change in an accounting estimate, or a correction of an error. Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management.

When adjustments to revenue already recognised arise from new information that becomes known to the Municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the Municipality, and the Municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the Municipality, but the Municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

1.37 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure which was incurred and identified during the financial year is disclosed in the note relating to Unauthorised, irregular, fruitless and wasteful expenditure.

1.38 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority, upon the finalisation of an investigation, it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Fruitless and wasteful expenditure which was incurred and identified during the financial year is disclosed in the note relating to Unauthorised, irregular, fruitless and wasteful expenditure.

1.39 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority ,upon the finalisation of an investigation, it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

Irregular expenditure which was incurred and identified during the financial year is disclosed in the note relating to Unauthorised, irregular, fruitless and wasteful expenditure.

Accounting Policies

1.40 Segment reporting

A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity).

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

The resources of the Municipality are allocated in line with the City’s strategic objectives as outlined on the IDP’s eight-point plan, which is as follows:

- Plan 1: Developing and sustaining our spatial, natural and built environment

- Plan 2: Developing a prosperous, diverse economy with employment creation

- Plan 3: Creating a quality living environment

- Plan 4: Fostering a socially equitable environment

- Plan 5: Creating a platform for growth, empowerment and skills development

- Plan 6: Embracing our cultural diversity, arts and heritage, stadia facilities unit

- Plan 7: Good governance and responsive local government

- Plan 8: Financially accountable and sustainable city

The eight-point plan is overseen by the City Manager and the Deputy City Managers, each allocated with resources for achieving the IDP’s eight-point plan. The resources are allocated in line with the following clusters in which the City Manager and the Deputy City Managers are ultimately accountable for, with performance monitored on an ongoing basis for decision making, and in which separate financial information is available:

- Economic Development and Planning – Plans 1, 2 and 4

- Trading Services – Plan 3

- Human Settlements, and Infrastructure – Plans 1 and 3

- Office of Strategic Management – Plans 1 and 3

- Community and Emergency Services – Plans 3 and 6

- Human Resources – Plan 5

- Governance and International Relations – Plan 7

- City Manager Operations – Plan 7

- Office of the City Manager – Plan 7

- Finance – Plan 7 and Plan 8

Accounting Policies

For management purposes, the Municipality is organised and operates in three key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance, finance and administration of the Municipality are not allocated to these functional segments.

The three key functional segments emanating from the 10 clusters are as follows:

- Community and public safety which includes community and social services, sport and recreation, public safety, health, and housing services.

- Economic and environmental services which includes planning and development, road transport and environmental protection services.

- Trading services which includes energy sources, water management, wastewater management, waste management services, conferencing and theme park.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

The information provided for the reportable segments is that pertaining to the Statement of Financial Performance (revenue and expenses) and Statement of Financial Position (assets and liabilities).

The Municipality applies the same measurement basis on the information disclosed for the reportable segment as that of the Annual Financial Statements, except for departmental charges which are allocated between the departments based on consumption, expenditure incurred or any other relevant basis of allocation agreed-upon by the respective departments. On the Annual Financial Statements, departmental charges are eliminated. There are no other allocations to the reportable segments.

Although the Municipality operates in several geographical areas across different wards, these areas are irrelevant for users of the Annual Financial Statements to make decisions about the entity as the goods or services provided are substantially the same.

1.41 Prepayments

Prepayments relate to the payment of goods or services in advance.

Prepayments are initially measured at the value of the goods or services paid in advance and subsequently measured using the cost method, which changes the initial measurement to reflect any amounts derecognised as a result of having received the goods or services.

To the extent that goods and services are not received and the amount that was paid in advance becomes payable by the supplier to the Municipality, the Municipality accounts for the amount receivable in line with the accounting policy for financial instruments.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

2. Inventories

Food and beverages	4,445	5,072	-	-
Consumable stores	839,772	787,285	833,034	781,274
Water for distribution	24,280	23,593	24,280	23,593
Merchandise	1,055	820	-	-
	869,552	**816,770**	**857,314**	**804,867**

The cost relating to water and electricity consumption is disclosed in note 35: Electricity and Water consumption.

There are no inventory items with restrictions on title or held as security for liabilities.

3. Receivables from exchange transactions

Prepayments	84,848	80,346	69,123	59,853
Other Debtors (mainly in respect of sundry services and interest on outstanding debt)	3,381,420	2,964,995	3,380,214	2,964,944
Provision for Bad debts - Other (mainly in respect of Sundry services and interest on outstanding debt)	(2,894,747)	(2,511,020)	(2,887,301)	(2,502,203)
Debtor - DOHS	1,203,655	942,307	1,203,655	942,307
Accruals	62,569	95,993	62,569	95,993
	1,837,745	**1,572,621**	**1,828,260**	**1,560,894**

The significant increase in other debtors is attributable to the interest charged. Other debtors are non-recurring in nature.

The municipality receives, as a project developer, most funds on a re-imbursive basis for the houses it constructs on behalf of the Provincial Department of Human Settlements. The variance is due to the timing difference between when expenditure is incurred, and when funds are received by the municipality following the submission of claims.

4. Receivables from non-exchange transactions

Traffic fines	443,880	256,068	443,880	256,068
Provision for bad debts - traffic fines	(417,361)	(231,189)	(417,361)	(231,189)
Grants receivable	106,747	104,985	106,747	104,985
Provision for bad debts - grants receivable	-	(377)	-	(377)
	133,266	**129,487**	**133,266**	**129,487**

Reconciliation of traffic fine debtors:

Reconciliation of traffic fine debtors - 2024	Opening balance	Write-off	Restated opening balance	Net increase / (decrease)	Change in estimate	Closing balance
Fines	256,068	-	256,068	193,821	(6,009)	443,880
Provision for bad debts	(231,189)	-	(231,189)	(186,172)	-	(417,361)
	24,879	**-**	**24,879**	**7,649**	**(6,009)**	**26,519**

Reconciliation of traffic fine debtors - 2023	Opening balance	Write-off	Restated opening balance	Net increase / (decrease)	Change in estimate	Closing balance
Fines	201,525	(63,547)	137,978	136,024	(17,934)	256,068
Provision for bad debts	(177,358)	63,547	(113,811)	(117,378)	-	(231,189)
	24,167	**-**	**24,167**	**18,646**	**(17,934)**	**24,879**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

4. Receivables from non-exchange transactions (continued)

The movement below details the net increase or decrease in traffic fine debtors and contribution to debt impairment (provision):

Net increase / (decrease) in outstanding fine revenue				
Fine revenue accrued for the current year	183,373	149,274	183,373	149,274
Change in estimate due to changes in assumptions	10,448	(13,250)	10,448	(13,250)
	193,821	**136,024**	**193,821**	**136,024**

Net (increase) / decrease in contribution to impairment

Contribution for impairment for the current year	(163,966)	(118,579)	(163,966)	(118,579)
Change in estimate due to changes in assumptions	(22,206)	1,201	(22,206)	1,201
	(186,172)	**(117,378)**	**(186,172)**	**(117,378)**

The following assumptions were used to calculate the outstanding fine debtors:
(1) Average % of fines disputed: 61.59% (June 2023: 66.03%);
(2) Average success rate of disputed fines: 98.80% (June 2023: 98.71%);
(3) Average collection rate: 7.55% (June 2023: 9.72%).

4. Receivables from non-exchange transactions (continued)

The increase in traffic fines of R10.4 million is as a result of the change in estimate due to a decrease in the number of disputed fines when compared to the previous reporting period. Although there was a slight increase in the average success rate of disputed fines, its impact was less than the decrease in the number of disputed fines. The collection rate continues to deteriorate when compared to the previous year due to the tough economic conditions giving rise to high unemployment rates, increase in food and fuel prices, hike in interest rates and general decrease in disposable incomes, which collectively increases the value of traffic fines that become irrecoverable. This has contributed to an increase in the contribution to debt impairment by R22.2million as a result of the change in estimate. Based on the average collection rate calculation, the carrying value of the traffic fine debtor balance is not impaired on the assumption that this balance is still recoverable.

In the prior year, the change in estimate was separately presented as a line item on the Statement of Financial Performance. In order to ensure that the change in estimate is presented in accordance with its nature, this amount was split between the fine revenue and contribution to bad debts on the Statement of Financial Performance, with comparative figures adjusted accordingly. The reconciliation of traffic fine debtors has been amended to separately reflect receipts, with comparative figures adjusted accordingly. Previously, these receipts were reflected on a net revenue basis.

The amount written-off, where applicable, is recognised on an annual basis once approved. There was no approved write off in the current reporting period. In the prior year the amount written off was approved in line with the directive issued by the National Prosecuting Authority to withdraw traffic fines in respect of summons not served within eighteen months from the dates of the offence and withdrawal of warrants not executed within two years from date of issue. Whilst the fine balances have increased due to an increase in the number of contraventions, the following interventions, amongst others, continue to be implemented for the execution of Warrants / Service of summons by police officers:

- each member is required to undertake a minimum of five checks per day on motorists for outstanding warrants or fines

- regional executions are in progress for daily execution on motorists

- a dedicated team has been deployed to serve summons regionally (house calls)

- an additional team is working simultaneously on individuals on the top 100 fines outstanding list to serve summons or execute warrants. In cases where these individuals are taken to Court, the team members to ensure attendance to secure a successful finalisation of the warrants
- increase in number of roadblocks.

The department is continually exploring the possibility of implementing SMART policing technology to assist officers in performing their daily activities. A component thereof relates to technology that assists officers to process charges electronically and with immediate interface in the Fines system.

Automatic number plate systems on police vehicles and roadblock technology will also contribute to an improvement in the payment rate of fines. The department is in its final stages of the replacement of the existing outdated fines system which was implemented in 1999.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

4. Receivables from non-exchange transactions (continued)

Grants receivable

Provincial Health subsidy	106,747	104,608	106,747	104,608
Local Government Finance Management grant	-	377	-	377
Provision for bad debts - Local Government Finance Management grant	-	(377)	-	(377)
	106,747	**104,608**	**106,747**	**104,608**

The remaining grants receivable balance relates to the Provincial Health subsidy. The Provincial Health subsidy is a reimbursive grant where the Municipality submits claims for payment based on expenditure incurred. The grants receivable relates to claims submitted based on expenditure incurred, where the Municipality is awaiting payment from the Provincial Health Department upon finalisation of the claims. The variance, when comparing to the prior year balance, relates to the timing difference in the finalisation of submitted claims.

5. Consumer debtors

Gross balances				
Rates	8,301,126	6,498,558	8,335,705	6,534,556
Electricity	6,211,334	5,067,227	6,236,068	5,113,359
Water	13,463,492	9,807,758	13,465,072	9,808,114
Refuse	997,468	840,028	997,670	840,182
Housing rental	221,254	166,332	221,254	166,332
Waste water	2,358,723	1,636,847	2,359,652	1,636,911
ICC debtors	7,435	8,399	-	-
	31,560,832	**24,025,149**	**31,615,421**	**24,099,454**
Less: Allowance for impairment				
Rates	(2,269,148)	(1,146,091)	(2,269,148)	(1,146,091)
Electricity	(3,661,854)	(2,622,505)	(3,661,854)	(2,622,505)
Water	(10,766,062)	(7,790,512)	(10,766,062)	(7,790,512)
Refuse	(822,507)	(681,024)	(822,507)	(681,024)
Housing rental	(204,959)	(155,319)	(204,959)	(155,319)
Waste water	(1,723,287)	(1,241,922)	(1,723,287)	(1,241,922)
ICC debtors	(11)	(151)	-	-
	(19,447,828)	**(13,637,524)**	**(19,447,817)**	**(13,637,373)**
Net balance				
Rates	6,031,978	5,352,467	6,066,557	5,388,465
Electricity	2,549,480	2,444,722	2,574,214	2,490,854
Water	2,697,430	2,017,246	2,699,010	2,017,602
Refuse	174,961	159,004	175,163	159,158
Housing rental	16,295	11,013	16,295	11,013
Waste water	635,436	394,925	636,365	394,989
ICC debtors	7,424	8,248	-	-
	12,113,004	**10,387,625**	**12,167,604**	**10,462,081**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

5. Consumer debtors (continued)

Included in above is receivables from exchange transactions				
Electricity	2,549,480	2,444,722	2,574,214	2,490,854
Water	2,697,430	2,017,246	2,699,010	2,017,602
Waste water	636,436	394,925	636,365	394,989
Refuse	174,961	159,004	175,163	159,158
Housing rental	16,295	11,013	16,295	11,013
ICC debtors	7,424	8,248	-	-
	6,082,026	**5,035,158**	**6,101,047**	**5,073,616**

Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	6,031,978	5,352,467	6,066,557	5,388,465
Net balance	**12,114,004**	**10,387,625**	**12,167,604**	**10,462,081**

Rates				
Current (0 -30 days)	930,024	823,739	964,603	859,737
31 - 60 days	413,399	388,694	413,399	388,694
61 - 90 days	227,025	206,145	227,025	206,145
91 - 120 days	211,438	184,509	211,438	184,509
>121 days	6,519,240	4,895,471	6,519,240	4,895,471
	8,301,126	**6,498,558**	**8,335,705**	**6,534,556**

Electricity				
Current (0 -30 days)	2,093,158	2,095,720	2,117,892	2,141,852
31 - 60 days	220,211	225,160	220,211	225,160
61 - 90 days	110,383	131,909	110,383	131,909
91 - 120 days	127,360	113,241	127,360	113,241
>121 days	3,660,222	2,501,197	3,660,222	2,501,197
	6,211,334	**5,067,227**	**6,236,068**	**5,113,359**

Water				
Current (0 -30 days)	1,968,767	1,218,893	1,970,347	1,219,249
31 - 60 days	579,313	456,660	579,313	456,660
61 - 90 days	497,875	370,393	497,875	370,393
91 - 120 days	681,680	164,291	681,680	164,291
>121 days	9,735,857	7,597,521	9,735,857	7,597,521
	13,463,492	**9,807,758**	**13,465,072**	**9,808,114**

Sewerage				
Current (0 -30 days)	423,979	237,487	424,908	237,551
31 - 60 days	105,639	89,249	105,639	89,249
61 - 90 days	88,182	68,672	88,182	68,672
91 - 120 days	125,084	28,356	125,084	28,356
> 121 days	1,615,839	1,213,083	1,615,839	1,213,083
	2,358,723	**1,636,847**	**2,359,652**	**1,636,911**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

5. Consumer debtors (continued)

Refuse				
Current (0 -30 days)	105,807	94,094	106,009	94,248
31 - 60 days	41,609	40,633	41,609	40,633
61 - 90 days	27,542	24,277	27,542	24,277
91 - 120 days	27,765	21,259	27,765	21,259
> 365 days	794,745	659,765	794,745	659,765
	997,468	**840,028**	**997,670**	**840,182**

Housing rental				
Current (0 -30 days)	10,820	6,387	10,820	6,387
31 - 60 days	4,978	4,127	4,978	4,127
61 - 90 days	4,712	3,916	4,712	3,916
91 - 120 days	4,643	3,850	4,643	3,850
> 365 days	196,101	148,052	196,101	148,052
	221,254	**166,332**	**221,254**	**166,332**

ICC Debtor				
Current (0 -30 days)	4,465	5,968	-	-
31 - 60 days	7	2,065	-	-
61 - 90 days	849	12	-	-
> 365 days	2,114	354	-	-
	7,435	**8,399**	**-**	**-**

Reconciliation of allowance for impairment				
Balance at beginning of the year	13,637,524	10,712,558	13,637,373	10,712,414
Contributions to allowance	6,060,230	3,011,865	6,060,370	3,011,858
Debt impairment written off against allowance	(371,822)	(86,899)	(371,822)	(86,899)
Rates provision transferred from DPDC	121,896	-	121,896	-
	19,447,828	**13,637,524**	**19,447,817**	**13,637,373**

As in the prior year, the main reason for the increase in the outstanding debtor balances continues to be payment patterns from customers. Many factors contribute to customers not being able to service outstanding debt, such as the declining state of the economy in general, and outstanding litigation matters. The Municipality introduced surcharges on water and sanitation services in the previous reporting periods, which contributed to the increase in the outstanding debtor balances. Interest is also charged on outstanding debtors balances. The municipality continues to implement debt relief programmes aimed at curbing the increase in debtors.

The Council continues to implement measures such as disconnections, investigation of meter tampering, appointment of debt collectors, focus on high debtors, one on one sessions with state owned entities and government departments, one on one sessions with major debtors and legal processes, all in an attempt to reduce the growing debtor balances.

Included in the rates debtor balance and impairment provision is an amount of R121.9 million that was transferred from long-term receivables following the expiry of the rates deferral agreement pertaining to the Durban Point Development Company. Further details on the deferral agreement are disclosed in note 6: Long-term receivables.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023
6. Long-term receivables				
Loan: Durban Point Development Company Proprietary Limited	-	115,491	-	115,491
Housing selling scheme loans	74,506	73,737	74,506	73,737
First Metro housing loans	18,991	17,188	18,991	17,188
Study assistance schemes	13,893	16,593	13,893	16,593
Debt impairment: Durban Point Development Company Proprietary Limited	-	(115,491)	-	(115,491)
Debt impairment: Housing selling scheme loans	(64,019)	(60,386)	(64,019)	(60,386)
Debt impairment: First Metro housing loans	(18,991)	(17,188)	(18,991)	(17,188)
	24,380	**29,944**	**24,380**	**29,944**
Less: Current portion transferred to current receivables				
Loan: Durban Point Development Company Proprietary Limited	-	115,491	-	115,491
Housing selling scheme loans	64,816	62,840	64,816	62,840
First Metro housing loans	15,170	15,174	15,170	15,174
Study assistance schemes	2,329	2,685	2,329	2,685
Debt impairment: Durban Point Development Company Proprietary Limited	-	(115,491)	-	(115,491)
Debt impairment: Housing selling scheme loans	(64,019)	(59,401)	(64,019)	(59,401)
Debt impairment: First Metro housing loans	(15,170)	(15,174)	(15,170)	(15,174)
	3,126	**6,124**	**3,126**	**6,124**
Non-current portion	21,254	23,820	21,254	23,820
Current portion	3,126	6,124	3,126	6,124

Study assistance schemes

These relate to students who are studying full-time at universities in the engineering disciplines. The cost covers tuition fees, books and subsistence. On successful completion of the course the students are, in terms of contractual obligations, employed by the Municipality. A pro-rata share of these costs are then written back as operating costs in annual instalments equal to the number of years studied. These schemes are interest free.

Durban Point Development Company Proprietary Limited

The rates receivable arose in terms of a rates deferral arrangement, as provided for in clause ten of Durban Point Development Company Proprietary Limited's Shareholders Agreement. The rates deferral approved by Council was effective from 1 July 2019 to 30 June 2024 and was on conditions that when transfer of any land parcel takes place to any other party, rates will become payable by the new owner and the deferred portion on the respective property will become due and payable immediately. The deferral arrangement has not been renewed. Hence, the carrying amount of the receivable was transferred to the Consumer Debtors.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years. The current impairment provision is based on the current market conditions affecting the ability of debtors to repay debt timeously.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

6. Long-term receivables (continued)
First Metro housing loans

These loans attract interest at a fixed rate of 10% and are repayable over 20 years. The allowance for impairment reported against the First Metro housing loans was due to uncertainties regarding the recoverability of the outstanding debtor balance. First Metro Housing Company commenced business rescue proceedings on 21 October 2022. The business rescue proceedings were not concluded as at the end of the current reporting period.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	27,025	14,223	26,267	13,661
Favourable bank balances	1,318,485	534,573	1,271,295	480,897
Call deposits	389,703	272,733	380,000	230,000
Investments	6,791,688	8,275,963	6,750,000	8,200,000
Unfavourable bank balances	(49,855)	(285,092)	(49,855)	(285,092)
	8,477,046	**8,812,400**	**8,377,707**	**8,639,466**

Investments are non-derivative financial assets and are subsequently measured at amortised cost and are held to maturity. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and re-evaluates such declaration on an annual basis. Investments held for less than twelve months are classified as current assets. Investments with maturities greater than twelve months are classified as non-current assets.

Bank balances are disclosed on a net basis based on the set-off agreement with Nedbank. The intention of the agreement is to set-off favourable and unfavourable bank balances and as a result interest is calculated on a net basis. See note 50: Bank balances for more details on the set-off agreement and explaination of the high favourable and unfavourable bank balances.

8. Investment property

Group and Munici	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	148,593	(68,022)	80,571	148,593	(65,418)	83,175
Non-revenue Generating	257,249	(2,677)	254,572	158,376	(2,677)	155,699
Total	**405,842**	**(70,699)**	**335,143**	**306,969**	**(68,095)**	**238,874**

Municipality	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Revenue generating	59,354	(25,544)	33,810	59,354	(24,941)	34,413
Non-revenue generating	257,249	(2,677)	254,572	158,377	(2,677)	155,700
Total	**316,603**	**(28,221)**	**288,382**	**217,731**	**(27,618)**	**190,113**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

8. Investment property (continued)

Reconciliation of investment property - Group and Municipality - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Revenue Generating	83,175	-	-	(2,605)	80,570
Non-revenue Generating	155,700	98,878	(5)	-	254,573
	238,875	**98,878**	**(5)**	**(2,605)**	**335,143**

Reconciliation of investment property - Group and Municipality - 2023

	Opening balance	Disposals	Transfers	Depreciation	Total
Revenue Generating	85,796	-	(137)	(2,485)	83,174
Non-revenue Generating	174,136	(17,033)	(1,403)	-	155,700
	259,932	**(17,033)**	**(1,540)**	**(2,485)**	**238,874**

Reconciliation of investment property - Municipality - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Revenue generating	34,413	-	-	(604)	33,809
Non-revenue generating	155,700	98,878	(5)	-	254,573
	190,113	**98,878**	**(5)**	**(604)**	**288,382**

Reconciliation of investment property - Municipality - 2023

	Opening balance	Disposals	Transfers	Depreciation	Total
Revenue generating	35,015	-	-	(602)	34,413
Non-revenue generating	174,136	(17,033)	(1,403)	-	155,700
	209,151	**(17,033)**	**(1,403)**	**(602)**	**190,113**

Other information

The Municipality lets properties under operating leases. Property rental income earned during the year was R118.75million (2023: R104.2million) - (refer note 25). The operating costs related to the rental of these properties amounted to R7.57million (2023: R16.87million). There is no item of investment property with restrictions on title or held as security for liabilities.

The repairs and maintenance cost for investment properties (all revenue generating) was R0.415million in the current financial year (2023: R0.325million). This cost consists of only payments made to contractors for repairing and maintaining assets. No staff member is engaged in any labour towards the repair and maintenance of investment property as contractors are outsourced.

There was no impairment loss reported for the current and prior financial year.

8. Investment property (continued)

The Investment property for Durban Marine Theme Park comprises the Village Walk retail shopping mall from which rental income is derived. Rental income earned during the year was R23.32million (2023: R26.73million).The original cost of this property including land was approximately R69,000,000 excluding subsequent additions. The directors fair value thereof is R152,050,000 (2023: R152 050 000).There were no proceeds realised from the sale of investment property relating to Durban Marine Theme Park.

Notes to the Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment

Group and Municipality	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	6,101,676	(2,270,184)	3,831,492	5,907,218	(2,117,519)	3,789,699
Plant and machinery	2,770,363	(2,199,694)	570,669	2,597,830	(2,075,902)	521,928
Furniture and fixtures	549,349	(473,270)	76,079	543,061	(456,478)	86,583
Motor vehicles	6,432,956	(4,027,469)	2,405,487	5,701,708	(3,746,058)	1,955,650
IT equipment	1,609,112	(1,233,308)	375,804	1,465,695	(1,143,461)	322,234
Infrastructure	65,036,287	(20,399,085)	44,637,202	60,069,190	(18,768,146)	41,301,044
Community	12,572,519	(5,066,371)	7,506,148	12,160,714	(4,705,715)	7,454,999
Living resources	781	(676)	105	744	(643)	101
Housing Development Fund assets	170,350	(70,655)	99,695	153,847	(69,591)	84,256
Total	**95,243,393**	**(35,740,712)**	**59,502,681**	**88,600,007**	**(33,083,513)**	**55,516,494**

Notes to the Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Municipality	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	5,500,366	(1,899,613)	3,600,753	5,325,873	(1,767,428)	3,558,445
Plant and machinery	2,601,911	(2,059,112)	542,799	2,433,914	(1,940,170)	493,744
Furniture and fixtures	477,265	(417,462)	59,803	475,997	(401,954)	74,043
Motor vehicles	6,431,146	(4,026,311)	2,404,835	5,699,873	(3,744,964)	1,954,909
IT equipment	1,589,610	(1,219,226)	370,384	1,449,581	(1,131,487)	318,094
Infrastructure	65,036,287	(20,399,085)	44,637,202	60,069,191	(18,768,146)	41,301,045
Community	12,572,519	(5,066,371)	7,506,148	12,160,714	(4,705,715)	7,454,999
Living resources	781	(676)	105	744	(643)	101
Housing Development Fund assets	170,350	(70,655)	99,695	153,848	(69,591)	84,257
Total	**94,380,235**	**(35,158,511)**	**59,221,724**	**87,769,735**	**(32,530,098)**	**55,239,637**

Notes to the Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group and Municipality - 2024

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	3,789,699	88,466	(36)	2,566	103,256	(152,460)	-	-	3,831,491
Plant and machinery	521,928	145,558	(48)	31,566	(124)	(128,211)	-	-	570,669
Furniture and fixtures	86,583	21,840	(131)	(2,847)	-	(29,366)	-	-	76,079
Motor vehicles	1,955,650	775,077	(5)	(32,725)	52,904	(344,296)	(1,118)	-	2,405,487
IT equipment	322,234	124,437	(540)	(7,460)	33,218	(96,084)	-	-	375,805
Infrastructure	41,301,044	2,978,305	-	10,051	1,978,343	(1,621,339)	(9,202)	-	44,637,202
Community	7,454,999	373,296	-	(2,514)	39,137	(375,528)	(173)	16,931	7,506,148
Living resources	101	36	-	-	-	(32)	-	-	105
Housing development fund	84,256	-	-	2	16,496	(1,059)	-	-	99,695
	55,516,494	**4,507,015**	**(760)**	**(1,361)**	**2,223,230**	**(2,748,375)**	**(10,493)**	**16,931**	**59,502,681**

Reconciliation of property, plant and equipment - Group and Municipality - 2023

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	3,692,155	177,587	(23)	231	69,893	(148,798)	(1,346)	-	3,789,699
Plant and machinery	540,903	109,049	(13)	(43)	8,198	(136,166)	-	-	521,928
Furniture and fixtures	125,480	13,485	(139)	(1,518)	-	(50,725)	-	-	86,583
Motor vehicles	1,450,973	840,443	(363)	(1,030)	(21,061)	(313,312)	-	-	1,955,650
IT equipment	356,686	57,665	(934)	2,359	555	(94,097)	-	-	322,234
Infrastructure	40,013,484	2,150,336	(65)	1,403	722,557	(1,567,381)	(19,290)	-	41,301,044
Community	7,442,823	215,652	-	-	181,094	(381,864)	(19,714)	17,008	7,454,999
Living resources	25	97	-	-	-	(21)	-	-	101
Housing development fund	68,716	-	(1)	12	16,574	(1,045)	-	-	84,256
	53,691,245	**3,564,314**	**(1,538)**	**1,414**	**977,810**	**(2,693,409)**	**(40,350)**	**17,008**	**55,516,494**

Notes to the Annual Financial Statements

Figures in Rand thousand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2024

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	3,558,445	73,548	(12)	2,589	98,299	(132,116)	-	-	3,600,753
Plant and machinery	493,744	140,126	(47)	31,915	(123)	(122,816)	-	-	542,799
Furniture and fixtures	74,043	14,539	(121)	(2,809)	-	(25,849)	-	-	59,803
Motor vehicles	1,954,909	775,076	-	(32,724)	52,904	(344,212)	(1,118)	-	2,404,835
IT equipment	318,094	121,061	(538)	(7,502)	33,218	(93,949)	-	-	370,384
Infrastructure	41,301,044	2,978,305	-	10,051	1,978,343	(1,621,339)	(9,202)	-	44,637,202
Community	7,454,999	373,296	-	(2,514)	39,137	(375,528)	(173)	16,931	7,506,148
Living resources	101	36	-	-	-	(32)	-	-	105
Housing Development Fund assets*	84,257	-	-	1	16,496	(1,059)	-	-	99,695
	55,239,636	**4,475,987**	**(718)**	**(993)**	**2,218,274**	**(2,716,900)**	**(10,493)**	**16,931**	**59,221,724**

Reconciliation of property, plant and equipment - Municipality - 2023

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Impairment loss	Impairment reversal	Total
Land and buildings	3,445,766	172,222	-	237	68,768	(127,202)	(1,346)	-	3,558,445
Plant and machinery	511,194	103,600	(13)	(51)	8,198	(129,184)	-	-	493,744
Furniture and fixtures	110,796	10,718	(91)	(1,529)	-	(45,851)	-	-	74,043
Motor vehicles	1,450,867	839,780	(363)	(1,030)	(21,061)	(313,284)	-	-	1,954,909
IT equipment	352,141	56,669	(934)	2,359	555	(92,696)	-	-	318,094
Infrastructure	40,013,483	2,150,336	(65)	1,405	722,557	(1,567,381)	(19,290)	-	41,301,045
Community	7,442,823	215,652	-	-	181,094	(381,864)	(19,714)	17,008	7,454,999
Living resources	25	97	-	-	-	(21)	-	-	101
Housing Development Fund assets*	68,717	-	(1)	12	16,574	(1,045)	-	-	84,257
	53,395,812	**3,549,074**	**(1,467)**	**1,403**	**976,685**	**(2,658,528)**	**(40,350)**	**17,008**	**55,239,637**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

9. Property, plant and equipment (continued)

Other information

Included in the restated prior year impairment loss of R40.35million is an amount of R 18.57million that relates to the City's old and damaged building. An additional impairment loss of R0.87million was processed as a prior year adjustment, resulting in an additional impairment loss from the previously reported R17.7million. This low-rise office building is still capital work-in-progress. Based on a valuation that was performed by an expert on this building, there is no expected economic value for existing use, thus resulting in no recoverable amount. The Income Capitalisation Method was deemed as the most appropriate approach for such commercial properties as the approach also takes into account capital restoration costs.

The impairment loss of R10.49 million (2023: R40.35 million) is mainly due to the damaged infrastructure as a result of the heavy rains that occurred during the month of January 2024 within the eThekwini Municipality region. Based on the functionality assessment performed on these assets and extent of damage, the majority of these assets were fully impaired since there was no value in use given that these assets were not providing service delivery. Due to the nature of the municipality's infrastructure assets, it is impractical to calculate the fair value less cost to sell.

The impairment loss reversal of R16.93 million (2023: R17.01million) relates to the Durban Exhibition Centre and International Conventional Centre property which was impaired in the previous years due to the assets not operating as intended owing to the Covid 19 pandemic which imposed restrictions on economic activity, thereby resulting in the assets not generating the desired economic benefits and resulting in a decrease in the market values of these assets.

The impairment reversal is due to the ongoing improvement in the economic conditions, which have seen substantial year on year increases in the revenue generated by the Durban Exhibition Centre and International Conventional Centre. The recoverable amount in both the current and prior year was calculated using a market valuation performed by technical experts in determining the fair value less costs to sell based on the Income Capitalization Method.

The repairs and maintenance cost for property, plant and equipment was R2.83billion (2023: R2.22billion) in the current financial year. This cost consists of payments made to contractors and excludes material issues and consumables for repairing and maintaining assets internally since these items are expensed based on their nature.

Internal labour costs are also excluded due to these costs eliminated on consolidation.

The Housing Development Fund assets include office buildings, computers and office furniture and equipment utilised by the Housing department.

There is no item of property, plant and equipment with restrictions on title or held as security for liabilities.

Included in the carrying value of motor vehicles are buses leased to the bus operator on a month- to-month basis. The buses have not been reclassified as service concession assets since the parties have not concluded new agreements that will establish the terms of reference with regards to the leased buses and their expected use. The terms of reference will indicate whether the requirements of service concessions assets are met or not.

Included in Public contributions and donations is an amount of R136.5million, relating to Water Desalination Demonstration Plant donated by the New Energy and Industrial Technology Development Organisation of Japan (NEDO) to the eThekwini Water and Sanitation department.

Included in the carrying value of motor vehicles are buses leased to the bus operator on a month to month basis. The buses have not been reclassified as service concession assets since the parties have not concluded new agreements that will establish the terms of reference with regards to the leased buses and their expected use. The terms of reference will indicate whether the requirements of service concessions assets are met or not.

Work-in-progress taking significantly longer to complete or halted has been disclosed in note 66. The analysis of work-in-progress is disclosed in note 64.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

10. Intangible assets

Group and Municipality	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	89,356	-	89,356	89,356	-	89,356
Capacity Rights	35,005	-	35,005	35,005	-	35,005
Computer software	1,877,037	(1,595,737)	281,300	1,892,389	(1,507,211)	385,178
Total	**2,001,398**	**(1,595,737)**	**405,661**	**2,016,750**	**(1,507,211)**	**509,539**

Municipality	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	89,356	-	89,356	89,356	-	89,356
Capacity Rights	35,005	-	35,005	35,005	-	35,005
Computer software	1,870,964	(1,590,142)	280,822	1,886,163	(1,501,232)	384,931
Total	**1,995,325**	**(1,590,142)**	**405,183**	**2,010,524**	**(1,501,232)**	**509,292**

Reconciliation of intangible assets - Group and Municipality - 2024

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	89,356	-	-	-	-	-	89,356
Capacity Rights	35,005	-	-	-	-	-	35,005
Computer software	385,178	9,599	(24,681)	1,126	12,881	(102,803)	281,300
	509,539	**9,599**	**(24,681)**	**1,126**	**12,881**	**(102,803)**	**405,661**

Reconciliation of intangible assets - Group and Municipality - 2023

	Opening balance	Additions	Work-in-progress	Amortisation	Total
Servitudes	88,452	904	-	-	89,356
Capacity Rights	35,005	-	-	-	35,005
Computer software	395,915	119,155	(11,170)	(118,722)	385,178
	519,372	**120,059**	**(11,170)**	**(118,722)**	**509,539**

Reconciliation of intangible assets - Municipality - 2024

	Opening balance	Additions	Disposals	Transfers	Work-in-progress	Amortisation	Total
Servitudes	89,356	-	-	-	-	-	89,356
Capacity Rights	35,005	-	-	-	-	-	35,005
Computer software	384,931	9,599	(24,680)	993	12,880	(102,901)	280,822
	509,292	**9,599**	**(24,680)**	**993**	**12,880**	**(102,901)**	**405,183**

Figures in Rand thousand

10. Intangible assets (continued)

Reconciliation of intangible assets - Municipality - 2023

	Opening balance	Additions	Work-in-progress	Amortisation	Total
Servitudes	88,452	904	-	-	89,356
Capacity Rights	35,005	-	-	-	35,005
Computer software	395,469	119,155	(11,170)	(118,523)	384,931
	518,926	**120,059**	**(11,170)**	**(118,523)**	**509,292**

Other information

Capacity Rights arise from a payment made to Eskom for the right to receive electricity at a specific supply point within a certain capacity. In the previous reporting periods, the payment made to Eskom was expensed instead of being capitalised as an intangible asset with an indefinite useful life. Comparative figures have been restated and the accounting policy revised to include such capacity rights.

There is no item of intangible assets with restrictions on title or held as security for liabilities.

Further information relating to intangible assets is disclosed in note 65.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

11. Heritage assets

Group and Munici	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Culturally significant buildings	7,253	-	7,253	7,253	-	7,253
Art Collections, antiquities and exhibits	62,020	-	62,020	61,145	-	61,145
Total	**69,273**	**-**	**69,273**	**68,398**	**-**	**68,398**

Municipality	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Culturally significant buildings	7,253	-	7,253	7,253	-	7,253
Art collections, antiques and exhibits	62,020	-	62,020	61,145	-	61,145
Total	**69,273**	**-**	**69,273**	**68,398**	**-**	**68,398**

Reconciliation of heritage assets - Group and Municipality - 2024

	Opening balance	Additions	Total
Culturally significant buildings	7,253	-	7,253
Art Collections, antiquities and exhibits	61,145	875	62,020
	68,398	**875**	**69,273**

Figures in Rand thousand

11. Heritage assets (continued)

Reconciliation of heritage assets - Group and Municipality - 2023

	Opening balance	Work-in-progress	Total
Culturally significant buildings	7,253	-	7,253
Art Collections, antiquities and exhibits	59,858	1,287	61,145
	67,111	**1,287**	**68,398**

Reconciliation of heritage assets - Municipality - 2024

	Opening balance	Additions	Total
Culturally significant buildings	7,253	-	7,253
Art collections, antiques and exhibits	61,145	875	62,020
	68,398	**875**	**69,273**

Reconciliation of heritage assets - Municipality - 2023

	Opening balance	Work-in-progress	Total
Culturally significant buildings	7,253	-	7,253
Art collections, antiques and exhibits	59,858	1,287	61,145
	67,111	**1,287**	**68,398**

11. Heritage assets (continued)

Other information

During the previous financial year, the Municipality embarked on an extensive assessment of its heritage assets in accordance with best practice and based on the intention in which the municipality's assets are held. This exercise resulted in the reclassification of heritage assets from property, plant and equipment in relation to culturally significant buildings that are predominantly used as heritage assets, protected through the application of legislation and preserved for future generations. Included in the new class of culturally significant buildings are the museum buildings and the Francis Farewell Memorial Gardens. The City Hall is also protected through the application of legislation and preserved for future generations, however it is predominantly held to supply services and for administrative purposes, such as, amongst others, office accommodation, auditorium, printing services, library and parking area. As a result, the City Hall is correctly accounted in accordance with the Standard on Property, Plant and Equipment, which is also consistent with the Standard on Heritage Assets indicating that an entity needs to determine whether the significant portion of the asset meets the definition of a heritage asset.

The current Standard on Heritage Assets allows preparers of financial statements to disclose relevant and useful information pertaining to heritage assets that cannot be reliably measured, and this information should include a description of the heritage asset or class of heritage assets and the reason why the heritage asset or class of heritage assets could not be measured reliably.

In order to comply with these requirements, the Municipality embarked on an extensive evaluation of its disclosures on heritage assets that cannot be reliably measured. This exercise included the amendment of the accounting policy in the prior year to indicate that where the fair value of a heritage is not reliably measured due to the significant variation in the valuation outcomes of different valuers, then the Municipality would in these instances provide relevant and useful information pertaining to these assets rather than recognising a heritage asset due to the valuation inconsistencies. This specifically addresses situations where the heritage assets are unique in nature and reflect different eras in history, with a valuation by one valuer being significantly different to the other, with examples amongst others including artwork, domestic utensils, equipment, firearms and needlework.

The heritage assets that are disclosed also relate to items that were donated to the Municipality without values attached. These items have a sentimental value and are preserved for future generations with the aim of using them for educational purposes, research and preserving history. As a result, the cost of valuation exceeds the benefit and intention in which these assets are held, hence the disclosure of relevant and useful information.

No heritage assets were pledged as security for liabilities during the financial year end.

Included in the carrying value of heritage assets is an amount of R21.06million relating to Work-in-progress for statues for O.R. Tambo and Nelson Mandela. The statues are awaiting the installation tender to be approved before they are capitalised when they have been completed in the condition intended by management. There has not been any expenditure in the current year.

Figures in Rand thousand

11. Heritage assets (continued)

The Municipality assesses the categories disclosed in terms of what is relevant to the users of financial statements. Similar items have been grouped and explained further in note 68 that provides the detailed explanations in terms of the description of the class of heritage assets and the reason why the class of heritage assets could not be measured reliably. The current disclosure reflects figures reported as at 30 June 2024.

Category:	Quantity:
Agricultural implements	18
Archaeological	453
Audio visual collection	1 257
Books and documents	44 385
Domestic utensils	1 757
Equipments	588
Ethnographic	4 255
Exhibitions	1 196
Firearms	154
Furniture	38
Lighting and ventilation	75
Metalware	457
Militaria and memorials	474
Needlework and sewing	419
Numismatic	2 831
Organic material	37
Paintings and drawings	1 265
Personal items	1 493
Philately	2 480
Photographic	229 223
Stationery	246
Textile and costume	513
Toys	4 592
Transport	6
Rare collection	7 883

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

11. Heritage assets (continued)

Durban Art Gallery - artwork	12
Research specimens	245 114

12. Investments in municipal entities

Name of company	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
Durban Marine Theme Park (State Owned Company) Limited	100.00 %	100.00 %	962,996	962,996
ICC Durban (Proprietary) Limited	100.00 %	100.00 %	226,590	226,590
			1,189,586	1,189,586
Impairment of investment in controlled entities			(529,183)	(493,779)
			660,403	**695,807**

Impairment of Investments in Municipal Entities are reviewed on an annual basis. The balances above are reflective of estimations as at 30 June 2024. The impairment loss recognised in the 2023/24 financial year relating to the investment in Durban Marine Theme Park was R35.4 million. The recoverable amount (calculated as the net asset value of the entity, adjusted for the valuation adjustments on property, plant and equipment and investment properties, which represents the fair value of the entity) was determined to be less than the carrying amount of the investment. This led to the recognition of additional impairment losses in the current year, since the operating conditions of the entity continue to deteriorate i.e., the entity continues to generate losses and a significant amount of its total revenue is made up of grants-in-aid from the Municipality.

At its meeting on 1 August 2024 and taking cognizance of the International Convention Centre and Durban Marine Theme Park operating on or close to a break-even level, Council confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

Durban Marine Theme Park (State Owned Company) Limited

Issued Share Capital (R'000)	10	10
Percentage owned by Council (%)	100	100
Electricity income (R'000)	33,776	30,454
Water and sanitation income (R'000)	13,381	13,200
Rates income (R'000)	4,907	4,534
Refuse removal (R'000)	788	758
Insurance (R'000)	3,889	366

ICC Durban (Proprietary) Limited

Issued Share Capital (R'000)	226,591	226,591
Percentage owned by Council (%)	100	100
Electricity income (R'000)	21,945	18,406
Water and sanitation income (R'000)	2,815	2,695
Rates income (R'000)	4,658	4,373
Refuse removal (R'000)	933	1,147
Insurance (R'000)	2,842	133
Sundry charges (R'000)	-	1,162

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

13. Interest in joint ventures

Name of company	Listed / Unlisted	**Carrying amount 2024**	**Carrying amount 2023**
Effingham Development	66.74%	-	39,140
Durban Point Development Company (Pty) Ltd	50.00%	29,292	17,716
		29,292	**56,856**

This represents a 66.74% investment in Effingham Development and a 50% investment in Durban Point Development Company (Joint Ventures). Although the profit sharing ratio is 66.74% in favour of the Municipality for Effingham Development, losses are shared equally in terms of the Joint Venture agreement.

The Effingham Development Joint Venture is a Joint Venture entered into with Tongaat-Hulett Development (previously Moreland Developments (Pty) Ltd), which is a subsidiary of the Tongaat-Hulett Group. The Joint Venture was formed with the objective of developing and marketing the serviced sites of the Effingham / Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land. Tongaat-Hulett entered voluntary business rescue on the 27th of October 2022. Following Tongaat-Hulett being placed in business rescue and by mutual agreement, the parties agreed to terminate the joint venture on the basis that eThekwini Municipality would have exclusive control and rights to the remaining properties, and assume the remaining obligations relating to the development, with Tongaat-Hulett receiving a payment of R33.23 million, being equivalent to 33.26% of the estimated value of the joint venture of R99.9 million, including a management fee of R3.25 million. The Effingham Development Joint Venture has been dissolved during the financial year (2023/24). Accordingly, the joint venture settled the trade receivable that was due to the municiaplity. In addition, the loan account that represents the equity holding of the municipality has been derecognised to reflect the loss of the interest in the joint venture. The municipality made a gain of R66.7 million from this dissolution of joint venture, which was mainly attributable to the fair value of properties acquired.

Durban Point Development Company (DPDC) is a Joint Venture entered into with Rocpoint Company, a Malaysian company. This company has been formed with the objective of driving the development of the Point Precinct area.

Summary of the Municipality's interest in the Joint Venture - Effingham Development

Non-current assets		
Non-current assets - Township Property	-	31,076
Current assets - Debtors	-	3
Current assets - Bank Balances and Cash on hand	-	37,249
Total Assets	**-**	**68,328**
Equity and Liabilities		
Equity - Members Loan Accounts	-	39,140
Current liabilities - trade, provisions and other payables	-	29,188
Total equity and liabilities	**-**	**68,328**

Reconciliation of Investment in Joint Venture		
Balance at beginning of the reporting period	39,140	36,035
Share of surplus / (loss) (including prior year adjustment of R2.3 million)	1,058	3,105
Loan repayment	(5,634)	-
De-recognition of interest in Joint Venture	(34,564)	-
Balance at end of reporting period	**-**	**39,140**

Summary of the Municipality's interest in the Joint Venture - Durban Point Development Company

Assets		
Non-current assets - rates asset	3,706	3,706
Non-current assets - property, plant and equipment	12	15
Current assets -debtors	379	13
Current assets - inventory	93,346	93,346

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

13. Interest in joint ventures (continued)

Current assets - bank balances and cash on hand			10,290	7,668
Total assets			**107,733**	**104,748**
Equity and liabilities				
Equity - loans from shareholders and accumulated losses			29,292	17,716
Non-current liability - rates liability			60,948	72,098
Current liabilities - trade, provisions and other payables			17,493	14,934
Total equity and liabilities			**107,733**	**104,748**
Reconciliation of investment in Joint Venture				
Current assets - bank balances and cash on hand			17,716	27,455
Share of surplus / (loss)			11,576	(9,739)
Balance at end of reporting period			**29,292**	**17,716**

The net share of surplus from Joint Ventures in the current reporting period is R12.63million, of which a surplus of R1.06million relates to Effingham and R11.58million related to DPDC. In the prior year, the net share of losses from Joint Ventures was R6.63million, of which a surplus of R3.11million relates to Effingham and a loss of R9.74million to DPDC. The share of surplus from the Effingham Development Joint Venture improved by R2.32million in the prior year. This was attributable to the prior year adjustment performed by the joint venture post audit of financial statements.

The significant increase in the share of surplus in DPDC from the prior year was mainly due to credit rates adjustments that were processed against the rate laibility owed to the municipality.

14. External borrowings

At amortised cost				
Annuity loans and bonds	10,060,122	9,888,935	10,060,122	9,888,935

The Municipality's external borrowings are a combination of annuity loans and listed bonds. The Municipality has a R10billion Domestic Medium Term Note (DMTN) programme that was listed on the Johannesburg Stock Exchange in September 2020. During the 2021/22 financial period the Municipality issued it's inaugural bonds, R500million for 10 years and R500million for 15 years.

All the Municipality's external borrowings are unsecured.

A portion of the R619.261million balance outstanding from the RMB R1billion 20 year loan as at 30 June 2024 was ceded to Sanlam Life Insurance Limited in April 2019.

The loan amount of R232.762million owing to ABSA at 30 June 2024 was ceded by ABSA to an ABSA subsidiary company, AB Finco 1 (RF) Limited, in August 2020.

The loan amount of R395.821million owing to ABSA as at 30 June 2024 was ceded by ABSA to an ABSA subsidiary company, AB Finco 1 (RF) Limited, in October 2021.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

14. External borrowings (continued)

The Municipality has budgeted to borrow R1.5billion in the 2024/25 financial year and R1.billion per annum for the next two financial years thereafter.

Refer to note 63 for more detail on long-term liabilities.

Non-current liabilities				
At amortised cost	8,727,479	8,966,938	8,727,479	8,966,938
Current liabilities				
At amortised cost	1,332,643	921,997	1,332,643	921,997

In the prior year, the current portion of external borrowings included only one bi-annual payment relating to DBSA Phase 7 loan since the second payment date fell on the 1st of July 2024 i.e., the 30th of June 2024 was on a weekend. As a result, the balance expected to be settled in the next 12 months after the current reporting period included three bi-annual payments instead of the ordinary two, hence, the reason for a significant variance.

15. Payables from exchange transactions

Trade payables	2,479,045	946,038	2,528,886	978,709
Payments received in advance	52,016	82,135	52,016	82,135
Income received in advance - D.O.H.S	781,456	750,049	781,456	750,049
Accruals	5,218,620	4,399,925	5,218,620	4,399,925
Other payables	2,001,200	1,420,234	1,943,187	1,381,216
Retentions	581,109	349,209	581,109	349,209
Bank deposits not yet receipted	182,275	301,060	182,275	301,060
Deferred expenditure (straight-lining of leases)	20,936	22,083	20,936	22,083
	11,316,657	**8,270,733**	**11,308,485**	**8,264,386**

The increase is the balance of accruals and trade payables in the current period is mainly attributable to the significant amount of expenditure incurred in the last quarter in relation to the restoration of infrastructure projects linked to the disaster grant funding of R1.5 billion, which was rolled over from the previous financial year. There was also a significant number of vehicles delivered towards the end of financial year.

Payments received in advance:

The decrease is due to the execution of work by the municipality, which resulted in revenue being recognised and liability reduced.

Other payables:

The increase in other payables balance is due to the outstanding third-party payments in relation pension and medical aid payments. Most of these payments are made in the beginning of the month. However, in the prior year the payments were made on the 29th of June since the 1st of July fell on the weekend.

Bank deposits not yet receipted:

There was a decrease in the number of deposits with incorrect reference numbers on the bank statements that were received towards the end of the period, compared to the previous year.

16. Transfers payable from non-exchange transactions

Transfers payable - grants in aid	21,371	21,694	21,371	30,247

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

16. Transfers payable from non-exchange transactions (continued)

The outstanding transfers payable from non-exchange transactions balances relates to grant-in-aid approvals to Municipal Entities and other qualifying beneficiaries by the City where invoices are awaiting payment in accordance with the municipality's payment processes. The decrease in the outstanding transfers payable from non-exchange transactions balances is due to the timing differences in the finalisation of payments and the decrease in the value of grants-in-aid approved to qualifying beneficiaries that remain payable as at the reporting date.

17. VAT

VAT reconciliation				
VAT receivable from SARS - municipality and its entities	38,318	99,678	38,318	97,654
VAT payable to SARS - entities	(9,460)	(6,997)	-	-
VAT on invoices raised but not yet paid	(1,251,387)	(862,416)	(1,251,387)	(862,416)
	(1,222,529)	**(769,735)**	**(1,213,069)**	**(764,762)**

VAT is claimed on the payment basis. Only once an invoice is paid is VAT claimed and receivable from SARS. The increase in the VAT receivable from SARS is due to the improvement in the payment period of invoices, thus resulting in a significant decrease in the number of invoices awaiting payment. The debtors' collection period remained unchanged from the previous month, resulting in a net payable to SARS.

The significant increase in the VAT payable on invoices raised but not yet paid is mainly due to the rising consumer debtor balances due to various factors such as tariff increases and billing of consumers that had incorrectly received the 6kl rebate on water and sanitation charges.

During the previous reporting period the net VAT payable or receivable was presented on the Statement of Financial Position. Given that the nature of the VAT payable or receivable is different in that one relates to a receivable from SARS and the other outstanding payments from consumers, it might not be appropriate to offset these amounts on the Statement of Financial Position. As a result, the VAT receivable from SARS is separately presented as a receivable, with the VAT relating to invoices raised but not yet paid presented as a VAT payable, with comparative figures adjusted. The VAT note provides an analysis and disclosure of both the VAT receivable and payable given that some users of financial statements would find this additional information useful.

18. Consumer deposits

I.C.C.: Clients deposits	16,878	23,136	-	-
Electricity and water deposits	2,842,900	2,710,125	2,844,594	2,711,819
Other deposits	605	709	605	709
Ushaka: Rental deposits	2,285	2,356	-	-
	2,862,668	**2,736,326**	**2,845,199**	**2,712,528**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset

The amounts recognised in the Statement of Financial Position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(4,732,903)	(4,364,391)	(4,732,903)	(4,364,391)
Present value of the defined benefit obligation-partially or wholly funded	20,670	15,663	20,670	15,663
	(4,712,233)	**(4,348,728)**	**(4,712,233)**	**(4,348,728)**

Non-current assets	20,670	15,663	20,670	15,663
Non-current liabilities	(4,421,021)	(4,157,359)	(4,421,021)	(4,157,359)
Current liabilities	(311,882)	(207,032)	(311,882)	(207,032)
	(4,712,233)	**(4,348,728)**	**(4,712,233)**	**(4,348,728)**

The balance of non-current assets comprises of the amount in the Employer Surplus Account, which is available as a reduction in future contribution for the employer in terms of the pension rules. In the previous year, this asset value was netted off against the post-employment benefits obligation from the medical aid scheme. The prior year balances have been restated accordingly.

The actuarial valuations were performed as at 30 June 2024 by Independent Actuaries & Consultants (30 June 2023: Independent Actuaries & Consultants). The firm is an independent post retirement plan administrator and they determined that the retirement plan was in a sound financial position.

Contributions: Post-employment Medical Benefits

Employer contributions	701,426	664,101	701,426	664,101
Employee contributions	524,131	492,205	524,131	492,205
	1,225,557	**1,156,306**	**1,225,557**	**1,156,306**

Contributions: Post-employment Pension Benefits

Employer contributions	27,879	30,528	27,879	30,528
Employee contributions	11,639	12,578	11,639	12,578
	39,518	**43,106**	**39,518**	**43,106**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset (continued)

Post-Retirement Medical Aid Plan

The Municipality operates on 6 accredited medical aid schemes,namely Key Health, Sizwe Hosmed, Bonitas,Samwumed, Discovery and LA Health. The schemes are governed by the Medical Schemes Act no. 131 of 1998. Pensioners continue on the option they belonged to on the day of their retirement.

The current policy is as follows:

Members who qualify for the subsidy scheme will receive a subsidy of 60% or 65% of the medical scheme contributions up to a maximum employer contribution on either death-in-service or retirement. There is also a small, closed group of pensioners where the pensioner pays a fixed amount. The balance is paid by the Employer. The maximum employer contribution increase is effective from 1 July every year.

Movement in the defined benefit obligation is as follows:				
Balance at beginning of the year	(4,364,391)	(4,063,460)	(4,364,391)	(4,063,460)
Current service cost	(136,833)	(164,563)	(136,833)	(164,563)
Interest cost	(596,304)	(480,514)	(596,304)	(480,514)
Actuarial (gains) losses	164,176	176,226	164,176	176,226
Benefit payments	200,449	167,920	200,449	167,920
Balance at end of year	**(4,732,903)**	**(4,364,391)**	**(4,732,903)**	**(4,364,391)**

Net expense recognised in the Statement of Financial Performance

Service Cost				
- Current service cost	(136,833)	(164,563)	(136,833)	(164,563)
- Benefit payments	200,449	167,920	200,449	167,920
Net interest expense	(596,304)	(480,514)	(596,304)	(480,514)
Remeasurements				
- Actuarial gain/(loss) on financial assumptions	107,982	340,360	107,982	340,360
- Actuarial gain/(loss) on experience	56,194	(164,134)	56,194	(164,134)
Total, included in employee benefits expense	**(368,512)**	**(300,931)**	**(368,512)**	**(300,931)**

Trend Information

	30 June 2020	**30 June 2021**	**30 June 2022**	**30 June 2023**	**30 June 2024**
Present Value of Obligations	(3,805,019)	(4,373,899)	(4,063,460)	(4,364,391)	(4,732,903)
Present Value of Obligations in excess of Plan Assets	**(3,805,019)**	**(4,373,899)**	**(4,063,460)**	**(4,364,391)**	**(4,732,903)**
Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)					
In respect of Present Value of Obligations	(81,779)	210,507	650,844	(164,134)	56,194

Figures in Rand thousand

19. Post employment benefit (obligations)/asset (continued)

Disclosure Requirement in terms of GRAP 25

Discount Rate

Sensitivity Results from Current Valuation	Central Assumption 13.82%	-1%	+1%
Accrued Liability June 30, 2024	(4,732,903)	(5,430,191)	(4,169,786)
(Cost)/Saving	-	(697,288)	563,117

Sensitivity Results from Previous Valuation	Central Assumption 13.76%	-1%	+1%
Accrued Liability June 30, 2023	(4,364,391)	(5,022,562)	(3,834,593)
(Cost)/Saving	-	(658,171)	529,798

Health Care Cost Inflation	-	-	-
Sensitivity Results from Current Valuation	**Central Assumption 9.69%**	**-1%**	**+1%**
Accrued Liability June 30, 2024	(4,732,903)	(4,232,923)	(5,270,979)
(Cost)/Saving	**-**	499,980	(538,076)

Sensitivity Results from Previous Valuation	**Central Assumption 9.69%**	**-1%**	**+1%**
Accrued Liability June 30, 2023	(4,364,391)	(3,889,487)	(4,872,700)
(Cost)/Saving	-	474,904	(508,309)
	-	**-**	**-**

Mortality

Sensitivity Results from Current Valuation	**Central Assumption Pa (90)-1**	**-1 year (Pa (90)-2)**	**+1 year (Pa (90)**
Accrued Liability June 30, 2024	(4,732,903)	(4,864,794)	(4,599,550)
(Cost)/Saving	-	(131,890)	133,353
	-	**-**	**-**

Sensitivity Results from Previous Valuation	**Central Assumption Pa (90)-1**	**-1 year (Pa (90)-2)**	**+1 year (Pa (90)**
Accrued Liability June 30, 2023	(4,364,391)	(4,487,480)	(4,240,296)
(Cost)/Saving	-	(123,089)	124,095
	-	**-**	**-**

The employer’s best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R312million (30 June 2023: R207million).

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates	13.82 %	13.76 %	13.82 %	13.76 %
Medical inflation rate	9.69 %	9.79 %	9.69 %	9.79 %
Maximum subsidy increase rate	5.20 %	5.40 %	5.20 %	5.40 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	80.00 %	80.00 %	80.00 %	80.00 %
Expected increase in salaries	3.77 %	3.61 %	3.77 %	3.61 %
Expected pension increases	8.19 %	8.29 %	8.19 %	8.29 %

Other assumptions:

Age of spouse - Husbands 3 years older than wives

Mortality of in-service members - The mortality rates used in the valuation are based on an investigation performed in respect of the Durban Pension Fund’s mortality experience. Although the profile of employees eligible for this benefit is not identical to the Durban Pension Fund membership profile, the mortality experienced by the Fund provides the best available indication of expected mortality. This is consistent with the previous valuation.

Mortality of pensioners - This is based on PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010.

Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %	7.85 %	7.85 %
Age 25	5.67 %	5.67 %	5.67 %	5.67 %
Age 30	4.20 %	4.20 %	4.20 %	4.20 %
Age 35	3.31 %	3.31 %	3.31 %	3.31 %
Age 40	2.23 %	2.23 %	2.23 %	2.23 %
Age 45	1.21 %	1.21 %	1.21 %	1.21 %
Age 50	0.55 %	0.55 %	0.55 %	0.55 %
Age 55+	0.00 %	0.00 %	0.00 %	0.00 %

Pension benefits

The amounts recognised in the Statement of Financial Position were determined as follows:				
Present value of funded obligations	(9,607,762)	(9,339,297)	(9,607,762)	(9,339,297)
Fair value of plan assts	11,660,643	11,427,043	11,660,643	11,427,043
Unrecognised due to paragraph 68 limit	(2,032,211)	(2,072,083)	(2,032,211)	(2,072,083)
(Liability) Asset in the Statement of Financial Position	**20,670**	**15,663**	**20,670**	**15,663**

The value of the Employer Surplus Account has been taken as the balance reflected in the 1 January 2024 actuarial valuation of the Fund. The Fund has provided an opinion that the difference in the balance between 1 January 2024 and 30 June 2024 amount is not considered significant (immaterial), and with the recommended cash inflow of R13.6 million less the shortfall in contributions will not have a large impact on the value up to 30 June 2024.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset (continued)

Net expense recognised in the Statement of Financial Performance

	2024	2023	2024	2023
Service cost				
- Current service cost	(67,472)	(70,786)	(67,472)	(70,786)
- Contributions to the fund	39,518	43,106	39,518	43,106
Net interest (expense)/revenue				
- Interest cost	(1,080,496)	(1,112,377)	(1,080,496)	(1,112,377)
- Expected return on plan assets	1,336,511	1,271,985	1,336,511	1,271,985
Remeasurements				
- Actuarial gain/(loss) on basis	336,911	377,836	336,911	377,836
- Actuarial gains / (losses) on experience	(599,837)	171,341	(599,837)	171,341
Change in unrecognised due to net asset limit	39,872	(673,256)	39,872	(673,256)
	5,007	**7,849**	**5,007**	**7,849**

Movement in the defined benefit obligation is as follows:

	2024	2023	2024	2023
Balance at beginning of the year	(9,339,297)	(10,002,145)	(9,339,297)	(10,002,145)
Current service cost	(67,472)	(70,786)	(67,472)	(70,786)
Actuarial gains / (losses)	(40,989)	1,098,199	(40,989)	1,098,199
Interest cost	(1,080,496)	(1,112,377)	(1,080,496)	(1,112,377)
Benefit payments	920,492	747,812	920,492	747,812
Balance at end of year	**(9,607,762)**	**(9,339,297)**	**(9,607,762)**	**(9,339,297)**

Movement in the fair value of plan assets is as follows:

	2024	2023	2024	2023
Balance at beginning of the year	11,427,043	11,408,786	11,427,043	11,408,786
Actuarial gains (losses)	(221,937)	(549,022)	(221,937)	(549,022)
Contributions received	39,518	43,106	39,518	43,106
Benefit payments	(920,492)	(747,812)	(920,492)	(747,812)
Expected return on assets	1,336,511	1,271,985	1,336,511	1,271,985
Balance at end of year	**11,660,643**	**11,427,043**	**11,660,643**	**11,427,043**

The expected return on plan assets should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve. Consequently, a discount rate of 12.35% per annum has been used. The source is the Johannesburg Stock Exchange through IRESS data services.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset (continued)

Trend information

Reconciliation of defined benefit asset	**30 June 2020**	**30 June 2021**	**30 June 2022**	**30 June 2023**	**30 June 2024**
Present value of obligations	(8,778,857)	(8,813,490)	(10,002,145)	(9,339,297)	(9,607,762)
Fair value of plan assets	9,829,659	10,274,200	11,408,786	11,427,043	11,660,643
Funding status (before applyingthe net asset limit)	1,050,802	1,460,710	1,406,641	2,087,746	2,052,881
Effect of asset limit	(1,040,439)	(1,452,390)	(1,398,827)	(2,072,083)	(2,032,211)
Defined benefit asset	10,363	8,320	7,814	15,663	20,670
Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)	984,389	(456,862)	(185,311)	171,341	(599,837)
	-	-	-	-	-

Sensitivity Analysis
Discount Rate

Sensitivity Results from Current Valuation	**Central Assumptio n 12.35%**	**-1%**	**+1%**
Accrued Liability June 30, 2024	(9,607,762)	(10,464,154)	(8,874,575)
(Cost)/Saving	-	(856,392)	733,187
	-	-	-

Sensitivity Results from Previous Valuation	**Central Assumption 12.15%**	**-1%**	**+1%**
Accrued Liability June 30, 2023	(9,339,297)	(10,220,072)	(8,967,301)
(Cost)/Saving	-	(880,775)	371,996
	-	-	-

General cost inflation

Sensitivity Results from Current Valuation	**Central Assumptio n 6.65%**	**-1%**	**+1%**
Accrued Liability June 30, 2024	(9,607,762)	(9,523,065)	(9,697,943)
(Cost)/Saving	-	84,697	(90,181)
	-	-	-

Sensitivity Results from Previous Valuation	**Central Assumption 6.85%**	**-1%**	**+1%**
Accrued Liability June 30, 2023	(9,339,297)	(9,240,589)	(9,444,836)
(Cost)/Saving	-	98,708	(105,539)
	-	-	-

Mortality

Sensitivity Results from Current Valuation	**Central Assumption PA(90)-1**	**-1 year (Pa (90)-2)**	**+1 year(Pa (90)**

Figures in Rand thousand

19. Post employment benefit (obligations)/asset (continued)

Accrued Liability June 30, 2024	(9,607,762)	(9,852,475)	(9,360,978)
(Cost)/Saving	-	(244,713)	246,784
	-	-	-

Sensitivity Results from Previous Valuation	**Central Assumption PA(90)-1**	**-1 year (Pa (90)-2)**	**+1 year (Pa (90)**
Accrued Liability June 30, 2023	(9,339,297)	(9,579,516)	(9,167,146)
(Cost)/Saving	-	(240,219)	172,151
	-	-	-

The employer’s best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R41.0 million (30 June 2023: R41.4 million).

The future projections do not take into account the effect of the introduction of 2-pot retirement system, since the impact at this stage is unknown.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

19. Post employment benefit (obligations)/asset (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	12.35 %	12.15 %	12.35 %	12.15 %
Expected return on plan assets	12.35 %	12.15 %	12.35 %	12.15 %
General inflation	6.65 %	6.85 %	6.65 %	6.85 %
Salary	7.65 %	7.85 %	7.65 %	7.85 %
Pension increase provision	6.65 %	6.85 %	6.65 %	6.85 %
Post retirement interest rate	5.35 %	4.96 %	5.35 %	4.96 %

Examples of mortality rates used were as follows: Active members (All):

Age 20	0.13 %	0.13 %	0.13 %	0.13 %
Age 25	0.18 %	0.18 %	0.18 %	0.18 %
Age 30	0.25 %	0.25 %	0.25 %	0.25 %
Age 35	0.37 %	0.37 %	0.37 %	0.37 %
Age 40	0.52 %	0.52 %	0.52 %	0.52 %
Age 45	0.72 %	0.72 %	0.72 %	0.72 %
Age 50	0.99 %	0.99 %	0.99 %	0.99 %
Age 55	1.37 %	1.37 %	1.37 %	1.37 %
Age 60	1.89 %	1.89 %	1.89 %	1.89 %

Notes to the Annual Financial Statements

Figures in Rand thousand

19. Post employment benefit (obligations)/asset (continued)
KZN Municipal Pension Fund:

Nature of the KZN Municipal Pension Fund:
The KZN Municipal Pension Fund is a defined contribution pension fund that started with the transfer of Members from the Durban Pension Fund in 2001. It is the Fund of choice of the Employer.

Size:
At 30 June 2024 the Fund had a membership of approximately 23 400 with approximately R24.7 billion in assets. Included in the membership is approximately 840 members, as at 30 June 2024, who have chosen the in-fund living annuity option which provides members with a low cost annuity solution when compared to the retail living annuity products offered in the market. The in-fund living annuity membership has grown substantially from last year (720 members) of which the Fund Credits of these members now amount to a substantial R 1.45 billion as at 30 June 2024 up from R 1.23 billion as at 30 June 2023. The Trustees have also approved an In-Fund life annuity to members which requires a rule amendment to be approved by the Regulator..

Investments:
Best of breed Asset Managers (Coronation, Ninety One, M&G, Blackrock, Argon, MAZI, Mergence, Lima Mbeu, Satrix, Mianzo, Stanlib, Vunani, Truffle, Camissa, Old Mutual, ATA Capital, Alexander Forbes Investments, Prescient, Mahlako, Vuna Partners, and MSM) are mandated to invest the savings of members. The investment managers have remained largely the same since last year but the Trustees have added transformed asset managers to the local equity and local bond mandates during the year. The Fund has also up-weighted its exposure to private market strategies over the period.

The Trustees have a default portfolio in place for members who do not wish to choose their own investments. The advantage of having a default portfolio is that it prevents members from switching from one portfolio to the next in an attempt to time the investment markets or as a result of fear in the investment markets which generally results in members making the wrong decision any ultimately having a negative impact on their long term savings. For those members who wish to have their own investment strategy the Fund offers investment choice to cater for the various risk appetite of members and encourages these members to seek investment advice before following one’s own investment strategy. The main advantage of having such a large Fund is the low negotiated investment fees the fund enjoys.

Front Office, Insurance and Fund Expenses:
The Trustees continue with the objective of the Fund to become fully self-insured and in 2018 the Disability insurance benefit was fully covered by the Fund. As at 30 June 2024, the insured Death benefit was covered 50% by the Fund and 50% by Sanlam. Sanlam also cover the Funeral benefits of the active members. The Funeral Benefit is also available to the In-Fund annuitants who can elect to continue with the benefit when they retire. The Fund has embarked on its journey to self-administer the Fund and as part of this transition has partnered with Fairsure to assist with this transition.

The Fund Front Office at SmartXchange Building, 5 Walnut Road, is staffed to investigate the Death benefit distributions and the administration of Disability claims and payments. Procedures in place continue to be refined and improved as ongoing reviews of the current system are in place to improve the experience of our members. The Front Office has been very successful in relieving the strain from the Employer in dealing directly with member queries and providing other important information to members. The Front Office receives a large volume of walk-in queries on a daily basis which are dealt with immediately and are reported on quarterly basis to the Trustees to review any trends in the queries arising and to address and common queries/requests arising.

Notes to the Annual Financial Statements

19. Post employment benefit (obligations)/asset (continued)

The Fund has managed to keep its risk cost and fund expenses to approximately 3.0% on average and continually strives to keep the fund's costs down as far as possible without compromising on the service delivery to members. This has resulted in approximately 15% on average, of the total Employer Contribution rate of 18%, to be credited to members retirement benefit which means members invest a combined minimum of 20%.

Communications:
Communication consists chiefly of the Annual Seminar at multiple venues along with the Road Show seminars and presentations given at Induction Sessions, Union gatherings, and Department Staff Communication Days. Although these methods of communication had been inhibited in a significant way during the Covid-19 period, the Fund had adapted to using telephone communication and virtual communication significantly more. These additional modes of communication has become an integral way of communicating to members by the Fund. It is also pleasing to report that the Annual Seminars and face to face meetings have resumed in full force since early last year. The benefit counselling portal that had been introduced to the Fund's website to assist members with the Fund information and to assist in education on various topics is continually being improved. The inclusion of the communication vehicle has also assisted the Fund to reach out to members at their places of work, which has been well received by those workplace stations on the outskirts of the Durban CBD.

Member appointed trustees also perform an important role of engagement in the workplace and assist in resolving member queries.

Printed brochures are made available along with retirement projection statements and benefit statements for each member.

Investment balances are available online or can be printed at the front office. The Fund has a website (referred to above), data of members on their e-mail list, as well as a limited presence on social media.

Considerable additional work continues to be placed into Investment and Retirement Counselling as well as Financial Planning on a one on one basis. Families that are receiving substantial death benefits also receive counselling on tax issues and are encouraged to place their funds in the in house living annuity when tax becomes a consideration. To an extent this option is also preferred by Trustees rather than the allocation of orphans money to a Beneficiary Fund.

Principal Officer: Thomas Mketelwa

Trustees:
Following the recent Member elections that were held, the Trustees of the Fund with effect from 1 July 2024 are as follows:

Cllr Barbara Fortein, Sthembile Dlamini , Khanyi Gama, Cllr Thabani E, Nyawose (Honourable Speaker of eThekwini Municipality), Cllr Philisiwe Mbatha, S'bongiseni Madala Ngubane, Connie Ndlovu, Sithembiso Mbatha, Siphokuhle Ntuli.

19. Post employment benefit (obligations)/asset (continued)
Multi-Employer Retirement Benefit Plans:

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMPF), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

Two of the NJMPF retirement funds are defined benefit in nature. The third fund is a provident fund which is a defined contribution fund.

The last actuarial valuations of the two NJMPF Defined Benefit (DB) Funds (March 2023) showed both funds to be fully funded. The employers are continuing to pay a surcharge to protect the funds from further deficits (from 2016: surcharge updated to 21.65% for Retirement Fund and 9.5% for Superannuation Fund - please refer to valuation reports available from the Fund's website or the Director. The actuarial valuations thereafter reflected a higher required contribution rate in the Retirement Fund, which would result in a higher required surcharge. However, the Trustees were conscious of affordability and accordingly from January 2017 the surcharge for each local authority of 9.5% in the Superannuation Fund was reduced to offset the required increase in the local authority's surcharge to the Retirement Fund. In principle the increase in the surcharge to the Retirement Fund would not result in any local authority incurring additional costs. The total surcharge per local authority thus remains unchanged, but the split between the Superannuation Fund and Retirement Fund will be different for each local authority.

The three funds cater for employees of all Municipalities in KZN. Each fund is treated as one fund and not as a collection of sub-funds for each participating Municipality. In the DB funds any surplus or deficit is spread across all Municipalities - each Municipality pays the same rate of contribution and the same rate of surcharge (but see next point as well as offset comment in previous paragraph). A special additional surcharge is levied individually on Municipalities where an employee has received a salary increase that is deemed to be excessive in comparison with the other Municipalities. This has the effect of removing some of the cross-subsidisation between Municipalities. Other than this, all Municipalities are treated in the same manner

Each of the funds undergoes an actuarial valuation each year in order to monitor its financial condition. If necessary the Board of Trustees levies a surcharge until the fund is in a sound financial condition. In this way the Board ensures that the funds are able to afford the promised benefits.

Durban Pension Fund:

The Durban Pension Fund is a closed defined benefit fund that is governed by Pension Funds Act no. 24 of 1956. With effect from the 1 June 2015 the Fund has been administered by Alexander Forbes prior to which it was administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The interim valuation as at 2024-01-01 revealed that the Fund was 107.5% funded.

The normal retirement benefits comprises of the annual pension of 2.25% of final average salary for each year of pensionable service. In addition, a lump sum gratuity payment equal to 7% of final average salary for each year of qualifying service.

The active member pool solvency reserve and the pensioner pool solvency reserve were 100% funded. The members and the employer contribute at the rate of 7.5% and 19.68% respectively. The theoretical member contribution and employer contribution rates were 9.71% and 29.23% respectively per the statutory valuation as at 2022-01-01. The shortfall in actual contributions are being funded from the reserve accounts held within the Fund.

Notes to the Annual Financial Statements

Figures in Rand thousand

19. Post employment benefit (obligations)/asset (continued)

The asset composition of the Durban Pension Fund is summarised below:

	2024	2023	2024	2023
SA Equities	10.80 %	10.20 %	10.80 %	10.20 %
SA Bonds	72.70 %	72.70 %	72.30 %	72.70 %
SA Property	3.10 %	2.90 %	3.10 %	2.90 %
Foreign	13.80 %	14.20 %	13.80 %	14.20 %
	100	**100**	**100.00**	**100.00 %**

The risks faced by the Municipality as a result of the post-employment healthcare and pension fund obligations can be summarised as follows:

Inflation Risk: The risk that future CPI inflation, salaries and wages increment, and healthcare cost inflation are higher than expected and uncontrolled. Particularly because the salaries and wages increment are subject to negotiations.

Longevity Risk: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.

Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.

Perceived inequality by non-eligible employees: The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.

Administration: Administration of this liability poses a burden to the Municipality.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

In relation to the Durban pension fund, the above risks will be mitigated by the fact that the fund is no longer accepting new members (closed fund). Hence, the membership numbers are expected to decrease over time. The Durban Pension fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund’s activities. The risks relating to the medical aid contributions are mitigated through the maximum contribution payable by the employer.

The presentation and disclosure of post-employment retirement benefits was amended during the current reporting period due to the implementation of the revised GRAP 25 on employee benefits and ongoing reviews of financial statements, resulting in the enhancements of disclosures. As a result, the following amendments were done:

- Separate presentation of defined benefit asset and defined benefit liability per benefit on the statement of financial position.

- Enhancement of disclosures pertaining to the sensitivity analysis of defined benefit obligations.

- Inclusion of trend information for defined pension benefits for consistency with medical aid benefits.

- Inclusion of three categories for the movement in the post-retirement benefit, being service cost, net interest expense/revenue and remeasurements.

- Split of contributions for both medical and pension fund contributions between the employer and employee portions. Where applicable, comparative disclosures were amended.

Figures in Rand thousand

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Electricity Demand Side Management Grant	290	120	290	120
Department of Co Operative Governance and Traditional Affairs	1,000	3,649	1,000	3,649
Department of Transport and Public Transport Infrastructure	95,596	308,428	95,596	308,428
Department of Environmental Affairs	7,838	7,838	7,838	7,838
Department of Human Settlements	353,033	371,631	353,033	371,631
European Union	2,479	1,542	2,479	1,542
Donations and Public Contributions	33,835	34,238	33,835	34,238
Infrastructure Skills Grant	1,124	5,980	1,124	5,980
Primary Health Care Provincial Subsidy	68,103	78,616	68,103	78,616
Department of Sports and Recreation	-	525	-	525
Municipal Disaster Grant	-	1,569,677	-	1,569,677
Program and Project Preparation Support Grant	16,960	48,901	16,960	48,901
Public Employment Programme	293	32,982	293	32,982
Other Grants and Subsidies	49,997	22,161	49,997	22,161
	630,548	**2,486,288**	**630,548**	**2,486,288**

These amounts are invested in a ring-fenced investment until utilised. See note 31 for more detail.

Notes to the Annual Financial Statements

Figures in Rand thousand

21. Provisions

Reconciliation of provisions - Group and Municipality - 2024

	Opening Balance	Additions	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	921,196	127,586	(113,725)	-	-	935,057
Performance bonus	5,541	286,925	(205,531)	-	-	86,935
Long service awards	120,599	109,568	(99,244)	-	-	130,923
Non-current						
Environmental rehabilitation: landfill sites	309,983	2,669	-	32,604	(49,804)	295,452
Long service awards	1,128,176	54,205	-	-	-	1,182,381
	2,485,495	**580,953**	**(418,500)**	**32,604**	**(49,804)**	**2,630,748**

Reconciliation of provisions - Group and Municipality - 2023

	Opening Balance	Additions	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	956,038	77,543	(112,385)	-	-	921,196
Performance bonus	5,340	79,386	(79,185)	-	-	5,541
Long service awards	121,274	90,949	(91,624)	-	-	120,599
Non-current						
Environmental rehabilitation: landfill sites	425,330	-	-	35,090	(150,437)	309,983
Long service awards	1,127,895	281	-	-	-	1,128,176
	2,635,877	**248,159**	**(283,194)**	**35,090**	**(150,437)**	**2,485,495**

Reconciliation of provisions - Municipality - 2024

	Opening Balance	Additions	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	915,801	126,790	(113,278)	-	-	929,313
Performance bonus	1,161	280,388	(199,409)	-	-	82,140
Long service awards	120,464	109,356	(99,139)	-	-	130,681
Non-current						
Environmental rehabilitation: landfill sites	309,983	2,669	-	32,604	(49,804)	295,452
Long service awards	1,127,466	54,327	-	-	-	1,181,793
	2,474,875	**573,530**	**(411,826)**	**32,604**	**(49,804)**	**2,619,379**

Reconciliation of provisions - Municipality - 2023

	Opening Balance	Additions	Utilised during the year	Interest charged	Change in estimate	Total
Current						
Staff leave	950,782	71,440	(106,421)	-	-	915,801
Performance bonus	1,310	73,190	(73,339)	-	-	1,161
Long service awards	121,164	90,821	(91,521)	-	-	120,464
Non-current						

Notes to the Annual Financial Statements

Figures in Rand thousand

21. Provisions (continued)

Environmental rehabilitation: landfill sites	425,330	-	-	35,090	(150,437)	309,983
Long service awards	1,127,096	370	-	-	-	1,127,466
	2,625,682	**235,821**	**(271,281)**	**35,090**	**(150,437)**	**2,474,875**

Non-current liabilities	1,477,833	1,438,159	1,477,245	1,437,449
Current liabilities	1,152,915	1,047,336	1,142,134	1,037,426
	2,630,748	**2,485,495**	**2,619,379**	**2,474,875**

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Council. The provision also includes lump sum performance bonuses payable to non-executive staff. The current year provision contribution includes a final settlement agreement entered with employees to pay performance bonuses estimated to the value of R200million for the financial years 2020-2021, 2021-2022 and 2022-2023. Bulk of these payments were made during the months of May and June 2024, with the balance of the related unpaid contribution payable in the 2024-25 financial year. The current year contribution also includes an estimated amount of R80million relating to lump sum performance bonuses payable to both executive and non-executive staff for the 2023-24 financial year.

Notes to the Annual Financial Statements

Figures in Rand thousand

21. Provisions (continued)

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the appropriate discount rate, which was 8.89% for landfill sites with a remaining useful life between 0 to 2 years and 11.39% for the landfill sites with a useful life greater than 10 years as at 30 June 2024 based on the market rates for government bonds. The expected future costs are calculated using an incremental rate of 4.67%, which is linked to the expected inflationary index increases in the underlying costs to rehabilitate the landfill provisions. This practice is consistent with the principles applied in the comparative year as at 30 June 2023. The current year assumptions reflect the risks specific to the various landfill site provisions in accordance with the guidance issued by the Accounting Standards Board on accounting for landfill sites. The Municipality has the obligation to rehabilitate these Landfill sites. The cost of such obligation includes the initial estimate of the costs of rehabilitating the land and restoring the site as a consequence of having used it during a particular period for landfill purposes. The Municipality estimates the useful lives, rehabilitation area, rehabilitation rate per square metre, discount rates and inflationary rate on an annual basis, which influences the provision for future costs. The provision is adjusted annually for any changes in these estimates.

The asset is measured using the cost model:
(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

The following assumptions were used to calculate the provision:
(1) Discount rate of 8.89% (0 to 2 years) and 11.39% (greater than 10 years); (June 2023: 10.5% (2 to 3 years) and 11.79% (greater than 10 years).

(2) Inflation rate 4.67% (June 2023: 7.04%);

(3) Total area expected to be rehabilitated: 1 043 411 square metres (June 2023: 948 955 square meters);

(4) Rate per square metre: R492.80 (June 2023: R505.71);

(5) Total area to be rehabilitated can be reconciled to the different sites as follows:

	30 June 2024	30 June 2023
Bisasar	332,000	332,000
Marianhill	193,000	193,000
Wyebank	35,000	35,000
Shallcross	33,825	33,825
Buffelsdraai	304,290	232,350
Lovu	145,296	122,780

Figures in Rand thousand

Notes to the Annual Financial Statements

21. Provisions (continued)

During the current reporting period there were changes in the assumptions used to calculate the provision for the rehabilitation of landfill sites, which resulted in a change in estimate of R49.8million, thereby decreasing the provision balance. This change in estimate is mainly due to a significant decrease in the escalation rate used to predict future cash flows, with the rate being 4.67% in the current reporting period compared to 7.04% in the prior year. This change is as a result of fiscal measures applied by the South African Reserve Bank to curb rising inflation rates, whilst discount rates remained steady with slight changes. The rate per square meter reduced from the previous year as a result of the improvement in inflation rates, thus decreasing the expected cost of rehabilitating a landfill site. The increase in the area to be rehabilitated is due to additions to the Lovu and Buffelsdraai landfill sites by 94 456 square metres during the current reporting period. The additions increased the provision by a reduced amount of R2.67million due to the future cashflows being discounted over a longer period of time. The remaining useful lives of the landfill sites are based on the expected usage of the landfill sites and there were no material changes from the previous financial year. The estimates used to calculate the landfill provision are revised at each reporting date and any resulting changes in estimates are adjusted against the landfill site provision and the related asset, or adjusted to Surplus or Deficit if there is no remaining carrying value of the asset. Due to the changes being assessed at each reporting period, there is no projection of estimates for future periods.

The total rehabilitation can be reconciled as follows:

Name	Opening balance	Additions	Interest	Change in estimate	Closing balance
Bisasar	156,360	-	16,418	(19,100)	153,678
Marianhill	91,525	-	9,610	(11,960)	89,175
Wyebank	18,570	-	1,811	(1,733)	18,648
Shallcross	17,976	-	1,753	(1,660)	18,069
Buffelsdraai	7,678	726	905	(6,212)	3,097
Lovu	17,874	1,943	2,107	(9,139)	12,785
Totals	**309,983**	**2,669**	**32,604**	**(49,804)**	**295,452**

Long service awards

The conditions of service for employees are as follows:

Long Service Leave accrual	5 Day Worker- No.of days p.a.	5 Day Worker- Accum per milestone	6 Day Worker- No.of days p.a.	6 Day Worker- Accum per milestone
After 10 years	1	15	1	15
After 20 years	2	25	3	30
After 30 years	4	35	5	50
After 40 years	5	15	6	10
Maximum Accumulation		90		105

Employees who achieve 10 years of service receive a once off cash payment of R500; upon 20 years of service receive a once off cash payment of R1 000 and upon achievement of 30 years service, employees receive a once off cash payment of R1 500. Employees who achieve 40 years service receive a once off payment of R2 000.

A long service allowance will accrue as follows:

- 1% of monthly salary at 10-14 years
- 2% of monthly salary at 15-19 years

Notes to the Annual Financial Statements

Figures in Rand thousand

21. Provisions (continued)

- 3% of monthly salary at 20-24 years
- 4% of monthly salary at 25-29 years
- 5% of monthly salary at 30-34 years
- 6% of monthly salary at 35 years or more.

The abovementioned is limited to a maximum of R2 050.47 (2022: R1 949.12 as revised).

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2024 (2023: 30 June 2023). It was assumed that the staff turnover rate would be insignificant based on historical data. A discount rate of 12.15% (2023: 12.15%) was set by using the best fit discount rate at 30 June 2024 based on the yields from the zero-coupon SA Government bond curve. The best fit was determined considering the cash-flow weighted duration of the liabilities, which is approximately 10 years. The source of the data is the Johannesburg Stock Exchange through IRESS data service.

Summary of economic assumptions (rates are per annum) and key demographic assumptions

Gross discount rate	12.35%	12.15%
Salary inflation	6.93%	7.85%
Net discount rate	4.10%	3,98%
Number of trading days per year	252	252
Retirement age	63 years for males and females	63 years for males and females

Summary of membership data used in the valuation

Current employees		
Number of current employees	23,514	23,927
Average age of employees	44.7	44.2
Average years of past service	13.3	12.9
Average annual salary (R)	307,098	292,991

Reconciliation of Defined Benefit Obligation

Opening Balance	(1,247,930)	(1,248,260)
Current service cost	(90,540)	(100,432)
Interest cost	(148,977)	(140,429)
Acturial (gains) / losses on assumptions	11,273	41,917
Acturial (gains) / losses on experience	28,102	71,757
Cash movements - Benefit payments	135,598	127,517
	(1,312,474)	**(1,247,930)**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

21. Provisions (continued)
Pre-retirement mortality

Age				
20			0.13%	0.13%
25			0.18%	0.18%
30			0.25%	0.25%
35			0.37%	0.37%
40			0.52%	0.52%
45			0.72%	0.72%
50			0.99%	0.99%
55			1.37%	1.37%
60			1.89%	1.89%

Withdrawal assumption

Age				
20			7.85%	7.85%
25			5.67%	5.67%
30			4.20%	4.20%
35			3.31%	3.31%
40			2.23%	2.23%
45			1.21%	1.21%
50			0.55%	0.55%
55+			0.00%	0.00%

22. Housing Development Fund

Property, plant and equipment	104,693	89,252	104,693	89,252
Housing selling scheme loans	-	-	-	-
Investment properties	13,699	13,850	13,699	13,850
Housing rental debtors	16,294	11,013	16,294	11,013
Current portion of Long Term Receivables	797	3,439	797	3,439
Housing inventory	16	50	16	50
Investments	7,489	7,489	7,489	7,489
R293 Debtors	136,712	153,991	136,712	153,991
Assets	**279,700**	**279,084**	**279,700**	**279,084**
Unspent Conditional Grants	(146,665)	(155,505)	(146,665)	(155,505)
Creditors	(15,723)	(10,138)	(15,723)	(10,138)
Bank Overdraft	(562,570)	(401,761)	(562,570)	(401,761)
VAT Payable	(10,596)	(10,489)	(10,596)	(10,489)
Accumulated defiit	513,324	356,279	513,324	356,279
Liabilities and accumulated deficit	**(222,230)**	**(221,614)**	**(222,230)**	**(221,614)**
Housing Development Fund	**57,470**	**57,470**	**57,470**	**57,470**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

23. Service charges

Sale of electricity	17,182,514	15,473,808	17,238,235	15,522,668
Sale of water	7,187,057	5,907,613	7,198,977	5,919,906
Solid waste	1,008,493	964,325	1,010,214	966,230
Sewerage and sanitation charges	1,684,422	1,368,954	1,688,698	1,372,557
Total service charges	**27,062,486**	**23,714,700**	**27,136,124**	**23,781,361**

Included in service charges is the revenue from sale of prepaid electricity of R1.25billion (2023: R1.11billion) which is recognised at a point of sale as opposed to the time of consumption. This is consistent with the adopted accounting policy and the accounting standard guidelines.

The Municipality has assessed the practicality of recognising the revenue when the significant risks and rewards of ownership are transferred to the consumer. Currently it is not possible to track the actual consumption, including patterns and trends, since there is no integration between the vending system (which generates tokens and records the cash sales) and the customer meter. The Municipality has rolled out an AMI (Automated Metering Infrastructure) project which will have the ability to track the consumption trends once completed. The effectiveness of the AMI depends on the installation of the smart meters, which will communicate with the head-end system for the load profile and consumption.

The Municipality will review the current accounting policy once the AMI project is completed.

The increase in service charges is mainly due to tariff increases and the rise in number of customers and consumption compared to the prior year.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

24. Housing development construction contracts

Revenue	385,108	528,221	385,108	528,221
Expenditure	(385,108)	(528,221)	(385,108)	(528,221)
	-	-	-	-

The Housing Development Construction contracts relate to agreements entered between the Municipality and the KwaZulu-Natal Department of Housing in respect of housing projects where the Municipality is a project developer in this arrangement. This arrangement is accounted for in line with the accounting policy for National Housing programmes.

The Housing Development Construction Contract Expenses consists mainly of contracted services wherein the Municipality procures the services of building contractors and other consultants in the construction of the houses on its behalf.

The Housing Development Construction Contract Revenue is recognised on a stage of completion based on the costs incurred. There are no contracts accounted for as work in progress given that costs are expensed when incurred.

The amount due for contract work done is recognised as a debtor and disclosed on Note 3: Receivables from exchange transactions.

The amounts received in advance for work to be done is recognised as a liability and disclosed on Note 15: Payables from exchange transactions.

The significant variance is due to the Storm Disaster projects. The expenditure on the Storm projects is less in the current financial year as most of the work was done in the previous financial years and there is no further expected expenditure on the project.

25. Rental of facilities and equipment

Sporting Bodies	332,363	313,548	332,363	313,548
Investment Properties	118,746	104,231	118,746	104,231
Business and Ancillary	112,584	124,665	112,584	124,665
Housing Rental	105,679	89,088	105,679	89,088
Other	250,955	252,547	232,469	227,053
	920,327	**884,079**	**901,841**	**858,585**

The income from investment properties has increased due to the increase in rental for turnover-based leases. The market-related rental of R35.7 million for the DICC building was classified as investment property rental in the prior year instead of being part of other rental of facilities. A rental of R2.6 million relating to a leased investment property was classfied as part of other rental of facilities in the prior year instead of being part of rental from investment properties. Comparative figures have been adjusted between the categories of rental of facilities and equipment.

The increase in the rental from sporting bodies is mainly due to the market-related rental adjustment when compared to the previous reporting period.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

26. Other income

Sundry Income	638,790	502,902	447,195	331,978
Moses Mabhida	958	737	958	737
	639,748	**503,639**	**448,153**	**332,715**

Additional funds were received in the latter part of 2023 for the Giba Gorge & La Mercy projects. The development projects only commenced in the current financial year, which resulted in additional income being recognised in the current reporting period. There was also an increase in the commission percentage as per the contract between KZN Department of Transport and management fee relating to water reticulation project for schools. Refer to the note relating to accounting by principals and agents for more details on this contract.

27. Interest earned

Interest revenue				
Interest earned - external investments	887,671	574,278	876,245	560,212
Interest earned - outstanding debtors	1,444,492	1,000,939	1,444,009	1,000,141
	2,332,163	**1,575,217**	**2,320,254**	**1,560,353**

The interest earned on external investments has increased compared to the prior year despite a decline of R300 million in cash balances. This was mainly attributable to the interest rate cycle that resulted in increasing interest rates over the financial year. Furthermore, the average monthly cash balance over the 12-month period for 2023/24 financial year was higher that the same period in the previous financial year.

The increase in the interest raised on outstanding debtors is also attributable to the current economic environment that has resulted in consumers struggling to pay the outstanding debt owed to the City. Interest is charged on outstanding debtor balances.

28. Fines and forfeits

Traffic fine revenue	193,821	136,024	193,821	136,024
Money Forfeits	33,325	93,188	33,325	93,188
Other fine revenue	5,279	8,782	5,160	8,655
	232,425	**237,994**	**232,306**	**237,867**

The increase in traffic fine revenue was due to an increase in the number of traffic fine contraventions when compared to the previous period. Refer to note 4 for more details on traffic fines.

Other fines mainly relate to illegal connections of municipal services and other contraventions with the by-laws of the City, with these transactions fluctuating depending on the number of occurrences.

The decrease in the money forfeit revenue was due the decrease in unmatched deposits

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

29. Property rates

Rates revenue

Residential	3,838,638	3,371,459	3,838,638	3,371,459
Business / Commercial	4,027,222	3,671,848	4,036,787	3,680,755
Unauthorised / Illegal development	241,534	250,462	241,534	250,462
Sectional title right of development	199	280	199	280
Development Phasing line / Outside Urban Development Line	2,865	2,691	2,865	2,691
Agricultural	15,210	13,470	15,210	13,470
Vacant land	881,623	1,324,345	881,623	1,324,345
Industrial	2,903,328	2,685,405	2,903,328	2,685,405
Public Services Purposes	642,825	596,797	642,825	596,797
Public Benefit Activities	3,105	2,017	3,105	2,017
Public Service infrastructure	7,175	6,869	7,175	6,869
Mining property	7,575	7,000	7,575	7,000
Total Assessment Rates	**12,571,299**	**11,932,643**	**12,580,864**	**11,941,550**

Valuations

Residential	420,206,705	413,694,276	420,206,705	413,694,276
Business / Commercial	125,325,225	123,726,163	125,325,225	123,726,163
Unauthorised / Illegal development	1,020,300	1,058,015	1,020,300	1,058,015
Sectional title right of development	2,370	2,370	2,370	2,370
Development Phasing line / Outside Urban Development Line	136,547	138,287	136,547	138,287
Agricultural	4,766,618	4,552,341	4,766,618	4,552,341
Vacant land	11,148,920	11,873,339	11,148,920	11,873,339
Industrial	69,719,467	69,779,779	69,719,467	69,779,779
Public Services Purposes	19,919,576	20,013,306	19,919,576	20,013,306
Public Benefit Activities	973,195	681,745	973,195	681,745
Public Service Infrastructure	3,211,945	3,287,933	3,211,945	3,287,933
Mining property	181,904	181,904	181,904	181,904
Total Property Valuations	**656,612,772**	**648,989,458**	**656,612,772**	**648,989,458**

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R0.02765 (2023: 0.011837); Agriculture - R0.003191 (2023: R0.002959); Vacant Land - R0.083855 (2023: R0.117932); Industrial - R0.041643 (2023: R0.038484); Business and Commercial - R0.032271 (2023: R0.029820); Public Service Infrastructure - R0.003191 (2023: R0.002959); Unauthorised / Illegal Development - R0.236728 (2023:R0.236728); Development Phasing line - no randage (2023: R0.019459); Sectional Title Registered Real Rights of extension - R0.083855 (2023: R0.117932); Mining Property - R0.041643 (2023: R0.038484); Public Service purposes - R0.032271 (2023: R0.029820); Public Benefit activities - R0.003191 (2023: R0.002959); Outside Urban Development Line (new) - R0.020984. In addition to the statutory reduction of R15 000, a further reduction of R105 000 was approved for property values exceeding R350 000 (2023: R350 000). In addition to the R350 000, senior citizens, child-headed households, disability grantees and the medically boarded are granted a further rebate not exceeding R5 290p.a. (2023: R5 290p.a.). The Senior Citizens rebate is restricted to a maximum limit of R2.5million (2023: R2.5million) on the value of the property.

Valuations based on market values are performed every 5 years. The last general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values as well as to adjust for valuation appeals where applicable.

The increase in property rates is mainly attributable to the increase in property values and randages for Residential, and Business and Commercial categories.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

29. Property rates (continued)

Interest charged on outstanding property rates debtors for the current reporting period was R628.3million (2023: R452.2million). The increase is mainly due to an increase in property values and randages, and rising debtors due to current economic conditions. Further details explaining the increase in interest on outstanding debtors are disclosed in Note 26 relating to Interest revenue as these reasons are similar in nature. The separation of interest on property rates debtors from that relating to other debtors is due to classification of revenue since interest on other debtors is classified as revenue from exchange transactions, whereas interest on property rates is classified as revenue from non-exchange transactions.

30. Surcharges and Taxes

Surcharges	434,785	399,365	434,785	399,365
Taxes	3,335	21,083	3,335	21,083
	438,120	**420,448**	**438,120**	**420,448**

Surcharges are made up of R261.26 million (2023: R234.33 million) and R173.53 million (2023: R165.04 million) relating to water and sanitation services,respectively. Council resolved in the prior years in terms of Section 75A of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000), that with effect from 2022-07-01, an additional infrastructure surcharge of R1,50/kl for both water and sewage disposal be charged for the three (3) financial years 2022/2023, 2023/2024 and 2024/2025 in conjunction with the base tariffs. The surcharges were for the purpose of maintaining, securing, and replacing Water and Sanitation Infrastructure. During the prior reporting period the surcharges were classified as Service charges on the basis that they are directly linked to the provision of sanitation services and sale of water. Based on the research and benchmarking exercise conducted during the current reporting period it was deemed appropriate for these surcharges to be disclosed separately as revenue from non-exchange transactions on the basis that there is no equal value provided to customers when they pay the surcharge. Comparative figures have been adjusted.

Included in the prior year revenue for taxes is an amount of R15.9million relating the VAT apportionment refund. The VAT apportionment refund for the 2023 financial year was finalised during the current year based on the 2022/23 audited financial statements. The revenue was accounted for as a prior year adjustment given that it relates to the prior year. The VAT apportionment for 2024 will only be submitted in January 2024, given that the VAT apportionment calculation is finalised annually with the December VAT return when the audited financial statements become available.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies

Included in grants revenue is R59.3million recognised for VAT claimed relating to DORA grants.

Equitable Share	4,497,333	4,057,157	4,497,333	4,057,157
Expanded Public Works Programme Incentive	60,790	61,257	60,790	61,257
European Union	990	912	990	912
Primary Health Care Provincial Subsidy	276,675	260,560	276,675	260,560
Department of Transport and Public Transport infrastructure	506,741	454,965	506,741	454,965
Department of Sports and Recreation	525	10,000	525	10,000
Electricity Demand Side Management Grant	7,829	8,880	7,829	8,880
Urban Settlement Development Grant	1,330,681	1,179,036	1,330,681	1,179,036
Other Grants and Subsidies	20,102	10,619	20,102	10,619
Donations and Public Contributions	403	191	403	191
Neighbourhood Development Partnership	38,993	49,886	38,993	49,886
Department of Human Settlements	138,923	134,169	138,923	134,169
Grant Accreditation	13,446	21,342	13,446	21,342
Department of Co-Operative Government and Traditional Affairs	7,291	-	7,291	-
Department of Arts and Culture	69,198	85,271	69,198	85,271
DBSA	-	782	-	782
Local Finance Management Grant	1,000	1,000	1,000	1,000
Urban Informal Settlement Upgrade Partnership Grant	769,653	819,371	769,653	819,371
Program and Project Preparation Support Grant	22,032	12,423	22,032	12,423
Infrastructure Skills Grant	11,346	6,520	11,346	6,520
Public Employment Programme	219,219	354,047	219,219	354,047
Municipal Disaster Grant	1,551,227	150,108	1,551,227	150,108
	9,544,397	**7,678,496**	**9,544,397**	**7,678,496**

Equitable Share

Current-year receipts	4,497,334	4,057,157	4,497,334	4,057,157
Conditions met - transferred to revenue	(4,497,334)	(4,057,157)	(4,497,334)	(4,057,157)
	-	-	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Department of Environmental Affairs

Balance unspent at beginning of year	7,838	7,838	7,838	7,838

Conditions still to be met - remain liabilities (see note 20).

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway. This grant is received from Department of Environmental Affairs for the National Greening Programme and the promotion of non-motorised transport with the aim of reducing gas emissions.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

Department of Transport and Public Transport Infrastructure

Balance unspent at beginning of reporting period	308,428	-	308,428	-
Current-year receipts	602,337	763,393	602,337	763,393
Conditions met - transferred to revenue	(448,968)	(399,626)	(448,968)	(399,626)
VAT recognised - transferred to revenue	(57,773)	(55,339)	(57,773)	(55,339)
Paid Back	(308,428)	-	(308,428)	-
	95,596	**308,428**	**95,596**	**308,428**

Conditions still to be met - remain liabilities (see note 20).

The funds received and utilised relates to the implementation of the Integrated Public Transport Network.

Neighbourhood Development Partnership

Balance unspent at beginning of year	-	14,823	-	14,823
Current-year receipts	38,993	42,924	38,993	42,924
Conditions met - transferred to revenue	(38,990)	(47,474)	(38,990)	(47,474)
Paid back	-	(7,861)	-	(7,861)
VAT recognised - transferred to revenue	(3)	(2,412)	(3)	(2,412)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 20).

Focus of the grant is to create economic infrastructure in dormitory townships that will attract private sector investment.

European Union

Balance unspent at beginning of year	1,542	1,461	1,542	1,461
Current-year receipts	1,927	993	1,927	993
Conditions met - transferred to revenue	(990)	(912)	(990)	(912)
	2,479	**1,542**	**2,479**	**1,542**

Conditions still to be met - remain liabilities (see note 20).

Funds used for Capacity Enhancement / Knowledge Management.

Other Grants and Subsidies

Balance unspent at beginning of year	22,161	21,119	22,161	21,119
Current-year receipts	47,938	23,996	47,938	23,996
Conditions met - transferred to revenue	(20,102)	(10,619)	(20,102)	(10,619)
Prior-year adjustments	-	(12,335)	-	(12,335)
	49,997	**22,161**	**49,997**	**22,161**

Conditions still to be met - remain liabilities (see note 20).

Other grants and subsidies were utilised during the year to fund various Council projects.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

Department of Human Settlements

Balance unspent at beginning of year	371,631	404,145	371,631	404,145
Current-year receipts	137,525	121,969	137,525	121,969
Conditions met - transferred to revenue	(138,923)	(134,169)	(138,923)	(134,169)
DOHS debtor adjustment	(17,200)	(20,314)	(17,200)	(20,314)
	353,033	**371,631**	**353,033**	**371,631**

Conditions still to be met - remain liabilities (see note 20).

The prior year figures have been adjusted to correct the understatement of revenue for grant services rendered in the previous years.

Funding is used for:

- Administration of hostels in KZN;
- Social housing and housing conveyancing;
- R293 projects and Cornubia construction.

In 2018, DOHS and the Municipality reached an agreement to utilise the subsequent grant funds on a 60/40 ratio basis (60% towards remedial work and 40% towards offsetting the R293 debtor). The prior year and DOHS debtor adjustments were recognised based on this agreement.

Grant Accreditation

Current-year receipts	13,446	21,342	13,446	21,342
Conditions met - transferred to revenue	(13,446)	(21,342)	(13,446)	(21,342)
	-	-	-	-

These funds are for the administrative support provided for RDP houses.

Department of Co-operative Governance and Traditional Affairs

Balance unspent at beginning of year	3,649	3,649	3,649	3,649
Current-year receipts	4,642	-	4,642	-
Conditions met - transferred to revenue	(7,291)	-	(7,291)	-
	1,000	**3,649**	**1,000**	**3,649**

Conditions still to be met - remain liabilities (see note 20).

These funds are used for implementing projects identified through the KZN Corridor Development Programme, supporting existing Council initiatives that require additional funding, and to unlock strategic economic development opportunities within the Northern Municipal Planning Region (NMPR) of the City.

Notes to the Annual Financial Statements

Figures in Rand thousand	Group and Municipality 2024	Group and Municipality 2023	Municipality 2024	Municipality 2023

31. Government grants and subsidies (continued)

Donations and Public Contributions

Balance unspent at beginning of year	34,238	36,729	34,238	36,729
Conditions met - transferred to revenue	(403)	(191)	(403)	(191)
Prior year adjustments	-	(2,300)	-	(2,300)
	33,835	**34,238**	**33,835**	**34,238**

Conditions still to be met - remain liabilities (see note 20).

The grants were received from various organisations to finance various developments.

Department of Arts and Culture

Balance unspent at beginning of year	-	14,820	-	14,820
Current-year receipts	69,198	70,712	69,198	70,712
Conditions met - transferred to revenue	(69,198)	(85,271)	(69,198)	(85,271)
Paid back	-	(261)	-	(261)
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 20).

This disclosure note comprises of the museum subsidies, community, and library services grant, and provincialisation of libraries subsidy. The grant and subsidies are utilised to fund the provision of library and museum services which are in the functional mandate of the provincial government.

Electricity Demand Side Management Grant

Balance unspent at beginning of year	120	85	120	85
Current-year receipts	8,000	9,000	8,000	9,000
Conditions met - transferred to revenue	(6,947)	(7,722)	(6,947)	(7,722)
Other	-	(85)	-	(85)
VAT recognised - transferred to revenue	(882)	(1,158)	(882)	(1,158)
	291	**120**	**291**	**120**

Conditions still to be met - remain liabilities (see note 20).

The grant is utilised for energy saving initiatives i.e., supply and installation of electrical and mechanical energy efficient items to reduce electricity consumption.

Infrastructure Skills Grants

Balance unspent at beginning of year	5,980	6,432	5,980	6,432
Current-year receipts	29,470	35,500	29,470	35,500
Conditions met - transferred to revenue	(11,279)	(6,408)	(11,279)	(6,408)
Grant transferred - Umgeni Water	(17,000)	(23,000)	(17,000)	(23,000)
Paid back	(5,980)	(6,432)	(5,980)	(6,432)
VAT recognised - transferred to revenue	(67)	(112)	(67)	(112)
	1,124	**5,980**	**1,124**	**5,980**

Conditions still to be met - remain liabilities (see note 20).

This grant is used for the development of engineering and related technology graduates to equip themselves in achieving professional registration in water and wastewater related skills. Funds that remained unutilised from the previous financial year were paid back following the rollover denial.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

Urban Settlements Development Grant

Current-year receipts	1,330,681	1,179,036	1,330,681	1,179,036
Conditions met - transferred to revenue	(1,330,681)	(1,025,632)	(1,330,681)	(1,025,632)
VAT recognised - transferred to revenue	-	(153,404)	-	(153,404)
	-	**-**	**-**	**-**

This grant is utilised for housing densification, water, electricity and sanitation infrastructure, sidewalks, agricultural gardens, and various town centre renewals. The grant has replaced the former Municipal Infrastructure Grant.

In the current year, the expenditure on grant funded projects was sufficient to demonstrate the conditions met without taking into account the input VAT. Hence, no VAT amount was recognised as own revenue.

Expanded Public Works Programme Incentive

Current-year receipts	60,790	61,257	60,790	61,257
Conditions met - transferred to revenue	(60,790)	(61,257)	(60,790)	(61,257)
	-	**-**	**-**	**-**

This grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

Primary Health Care Provincial Subsidy

Balance unspent at beginning of year	78,616	70,377	78,616	70,377
Current-year receipts	169,927	155,952	169,927	155,952
Conditions met - transferred to revenue	(276,675)	(260,560)	(276,675)	(260,560)
Stock medicine	(10,513)	8,239	(10,513)	8,239
Accrued receipts	106,748	104,608	106,748	104,608
	68,103	**78,616**	**68,103**	**78,616**

Conditions still to be met - remain liabilities (see note 20).

The Municipality renders health services on behalf of the Provincial Government and receives a Primary Health Care Provincial Subsidy on a reimbursive basis in terms of claims submitted. This grant has been used exclusively to fund clinic services.

The current year accrual of R106.7million represents claims submitted based on expenditure incurred.

Department of Sports and Recreation

Balance unspent at beginning of year	525	10,525	525	10,525
Conditions met - transferred to revenue	(525)	(10,000)	(525)	(10,000)
	-	**525**	**-**	**525**

Conditions still to be met - remain liabilities (see note 20).

This grant is for the construction of Durban Soccer Academy and Kwamashu sportfield.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

DBSA

Balance unspent at beginning of year	-	5,293	-	5,293
Current-year receipts	-	106	-	106
Conditions met - transferred to revenue	-	(782)	-	(782)
Paid back	-	(4,617)	-	(4,617)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 20).

The funds are utilised for various community reforestation projects, rehabilitation of the Palmiet River projects, Western and Northern aqueduct projects. The grant conditions on Western and Northern aqueduct projects were met in the previous years. The figures have been restated to reflect the revenue recognised as a correction of prior year error.

Local Finance Management Grant

Current-year receipts	1,000	1,000	1,000	1,000
Conditions met - transferred to revenue	(1,000)	(1,000)	(1,000)	(1,000)
	-	-	-	-

The grant provides direct support to Municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms.

Urban Informal Settlement Upgrade Partnership Grant

Current-year receipts	769,953	819,371	769,953	819,371
Conditions met - transferred to revenue	(769,953)	(716,283)	(769,953)	(716,283)
Other	-	(103,088)	-	(103,088)
	-	-	-	-

This grant is used to provide funding to facilitate a programmatic, inclusive, and municipality-wide approach to upgrading informal settlements with the goal of creating sustainable and integrated human settlements that enable improved quality of household life.

In the current year, the expenditure on grant funded projects was sufficient to demonstrate the conditions met without taking into account the input VAT. Hence, no VAT amount was recognised as own revenue.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

Municipal Disaster Grant

Balance unspent at beginning of year	1,569,677	-	1,569,677	-
Current-year receipts	16,442	1,719,785	16,442	1,719,785
Conditions met - transferred to revenue	(1,551,227)	(129,840)	(1,551,227)	(129,840)
VAT recognised - transferred to revenue	-	(20,268)	-	(20,268)
Paid back	(34,892)	-	(34,892)	-
	-	**1,569,677**	**-**	**1,569,677**

Conditions still to be met - remain liabilities (see note 20).

The grant is utilised to rebuild or repair the infrastructure that was damaged in the April / May 2022 floods disaster.

In the current year, the expenditure on grant funded projects was sufficient to demonstrate the conditions met without taking into account the input VAT. Hence, no VAT amount was recognised as own revenue.

Program and Project Preparation Support Grant

Balance unspent at beginning of year	48,901	48,322	48,901	48,322
Current-year receipts	30,000	61,324	30,000	61,324
Conditions met - transferred to revenue	(21,437)	(12,080)	(21,437)	(12,080)
VAT recognised - transferred to revenue	(595)	(343)	(595)	(343)
Paid back	(39,909)	(48,322)	(39,909)	(48,322)
	16,960	**48,901**	**16,960**	**48,901**

Conditions still to be met - remain liabilities (see note 20).

The grant supports Metropolitan Municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalizing an effective and cost efficient system of programme and project preparation, together with the allocation of a growing level of municipal resources to preparation activities.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

31. Government grants and subsidies (continued)

Public Employment Programme

Balance unspent at beginning of year	32,982	237,029	32,982	237,029
Current-year receipts	186,530	150,000	186,530	150,000
Conditions met - transferred to revenue	(219,219)	(353,960)	(219,219)	(353,960)
Other	-	(87)	-	(87)
	293	**32,982**	**293**	**32,982**

Conditions still to be met - remain liabilities (see note 20).

The City Public Employment Programme provides additional financing to the metros to utilise public employment as an intervention to mitigate the negative impact of high unemployment and overwhelming job losses experienced within the current economic crisis in marginalised city spaces and communities.

32. Levies

Fuel levy	3,557,475	3,379,795	3,557,475	3,379,795

National Treasury shared revenue generated by the general fuel levy.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

33. Employee related costs

Employee related costs - salaries and wages	7,395,742	7,112,545	7,253,004	6,976,318
Medical aid and pension benefits	2,578,892	2,411,547	2,578,892	2,411,547
UIF and workmans compensation	67,722	67,298	51,094	51,291
Contribution to provisions (leave pay, performance bonus, long service awards)	570,980	235,662	570,704	235,821
Travel, motor car, accommodation, subsistence and other allowances	587,861	550,265	587,861	550,265
Overtime payments	1,346,118	1,102,859	1,343,149	1,099,791
Housing benefits and allowances	44,530	42,375	44,530	42,375
Holiday bonus (13th cheque)	583,107	566,801	583,107	566,801
Other	118,973	129,427	118,973	129,427
Non-pensionable allowance (once-off)	43	51	43	51
Less: Employee costs relating to capitalisation and maintenance of PPE	(60,413)	(54,060)	(60,413)	(54,060)
	13,233,555	**12,164,770**	**13,070,944**	**12,009,627**

The increase in the contribution to provisions during the current reporting period mainly relates to performance bonuses. An additional contribution was made based on the final settlement agreement entered with employees which indicated that pay performance bonus will, going forward, be paid in terms of the policy. Refer to Note 21: Provisions for more details.

The increase in overtime expenditure was due to number of infrastructure damages and network faults that necessitated for staff to work unplanned overtime. The municipality also encountered challenges necessitated the deployment of in-house security staff by Security Management Unit to address escalating security risks and thereby secure council assets and people.

Municipal Manager

Remuneration	2,234	1,344	2,234	1,344
Car Allowance	794	455	794	455
Performance Bonuses	383	-	383	-
Cellphone Allowance	12	9	12	9
Contributions to UIF, Medical and Pension Funds	54	29	54	29
Other Allowances (Subsistence, Leave Cashing, Backpay)	360	288	360	288
	3,837	**2,125**	**3,837**	**2,125**

Chief Financial Officer

Remuneration	2,402	2,126	2,402	2,126
Car Allowance	889	787	889	787
Performance Bonuses	294	-	294	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	153	83	153	83
Contributions to UIF, Medical and Pension Funds	37	30	37	30
	3,775	**3,026**	**3,775**	**3,026**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

33. Employee related costs (continued)

Former Chief Financial Officer - (retired 28 February 2021; re-employed on contract 01 March 2021 to 31 July 2021)

Performance Bonuses - financial year 2020/21 and 2021/22	290	-	290	-

D.C.M: Community and Emergency Services

Remuneration	1,870	1,791	1,870	1,791
Car Allowance	113	109	113	109
Performance Bonuses	289	-	289	-
Cellphone Allowance	12	12	12	12
Other Allowances (Subsistence, Leave Cashing, Backpay)	287	288	287	288
Contributions to UIF, Medical and Pension Funds	24	20	24	20
	2,595	**2,220**	**2,595**	**2,220**

D.C.M: Governance

Remuneration	2,211	2,098	2,211	2,098
Car Allowance	767	727	767	727
Cellphone Allowance	12	12	12	12
Market Allowance	121	121	121	121
Performance Bonuses	376	-	376	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	261	251	261	251
Contributions to UIF, Medical and Pension Funds	500	471	500	471
	4,248	**3,680**	**4,248**	**3,680**

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

33. Employee related costs (continued)

D.C.M: Trading Services

Remuneration	1,884	2,073	1,884	2,073
Cellphone Allowance	12	12	12	12
Car Allowance	264	-	264	-
Performance Bonuses	252	-	252	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	131	84	131	84
Contributions to UIF, Medical and Pension Funds	27	24	27	24
	2,570	**2,193**	**2,570**	**2,193**

Head: City Integrity and Investigation - resigned 31 July 2023

Remuneration	125	1,418	125	1,418
Car Allowance	43	491	43	491
Other Allowances (Subsistence, Leave Cashing, Backpay)	649	118	649	118
Cellphone allowance	1	9	1	9
Contributions to UIF, Medical and Pension Funds	36	336	36	336
	854	**2,372**	**854**	**2,372**

D.C.M: Corporate and Human Capital

Remuneration	1,533	1,783	1,533	1,783
Car Allowance	450	434	450	434
Performance Bonuses	298	-	298	-
Contributions to UIF, Medical and Pension Funds	22	401	22	401
Cellphone allowance	12	12	12	12
Other Allowances (Subsistence, Leave Cashing, Backpay)	416	290	416	290
	2,731	**2,920**	**2,731**	**2,920**

D.C.M: Human Settlements - (contract terminated 30 April 2023)

Remuneration	-	1,430	-	1,430
Car Allowance	-	135	-	135
Performance Bonuses - financial year 2020/21 and 2021/22	318	-	318	-
Cellphone allowance	-	9	-	9
Contributions to UIF, Medical and Pension Funds	6	15	6	15
Other Allowances (Subsistence, Leave Cashing, Backpay)	98	65	98	65
	422	**1,654**	**422**	**1,654**

D.C.M: Human Settlements - Acting from 1 May 2023 to 24 November 2023

Remuneration	649	-	649	-
Car Allowance	225	-	225	-
Other Allowances (Subsistence, Leave cashing)	134	-	134	-
Contributions to UIF, Medical and Pension Funds	156	-	156	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023
33. Employee related costs (continued)				
Market allowance	45	-	45	-
	1,209	**-**	**1,209**	**-**
D.C.M: Human Settlements - Acting from 25 November 2023 to 31 March 2024				
Remuneration	475	-	475	-
Other Allowances (Subsistence, Leave cashing)	35	-	35	-
Car Allowance	160	-	160	-
Cellphone allowance	3	-	3	-
Contributions to UIF, Medical and Pension Funds	113	-	113	-
	786	**-**	**786**	**-**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

33. Employee related costs (continued)

D.C.M: Economic Development and Planning - Acting from 19 July 2023 to 18 January 2024

Remuneration	914	-	914	-
Car Allowance	317	-	317	-
Cellphone allowance	7	-	7	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	52	-	52	-
Contributions to UIF, Medical and Pension Funds	216	-	216	-
	1,506	**-**	**1,506**	**-**

D.C.M: Economic Development and Planning - Acting from 1 Feb 2023 to 31 March 2024

Remuneration	261	-	261	-
Car Allowance	91	-	91	-
Cellphone allowance	2	-	2	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	18	-	18	-
Contributions to UIF, Medical and Pension Funds	61	-	61	-
	433	**-**	**433**	**-**

Chief Audit Executive

Remuneration	1,567	1,486	1,567	1,486
Car Allowance	543	515	543	515
Performance Bonuses	37	-	37	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	131	124	131	124
Cellphone allowance	9	7	9	7
Contributions to UIF, Medical and Pension Funds	355	250	355	250
	2,642	**2,382**	**2,642**	**2,382**

Head: Information Management Unit / Chief Information Officer

Remuneration	1,508	1,431	1,508	1,431
Car Allowance	523	496	523	496
Performance Bonuses	35	-	35	-
Cellphone Allowance	9	9	9	9
Other Allowances (Subsistence, Leave Cashing, Backpay)	160	149	160	149
Contributions to UIF, Medical and Pension Funds	361	342	361	342
	2,596	**2,427**	**2,596**	**2,427**

Chief Operation Officer - Acting from 19 July 2023 to 18 October 2023

Remuneration	730	-	730	-
Car Allowance	253	-	253	-
Cellphone Allowance	5	-	5	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	38	-	38	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023
33. Employee related costs (continued)				
Contributions to UIF, Medical and Pension Funds	173	-	173	-
	1,199	**-**	**1,199**	**-**
Chief Operation Officer - Acting from 19 October 2023 to 18 January 2024				
Remuneration	486	-	486	-
Car Allowance	169	-	169	-
Cellphone Allowance	3	-	3	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	129	-	129	-
Contributions to UIF, Medical and Pension Funds	113	-	113	-
	900	**-**	**900**	**-**
Chief Strategic Officer - Acting from 01 April 2024 to 30 June 2024				
Remuneration	653	-	653	-
Car Allowance	226	-	226	-
Performance bonus	41	-	41	-
Cellphone Allowance	5	-	5	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	38	-	38	-
Contributions to UIF, Medical and Pension Funds	153	-	153	-
	1,116	**-**	**1,116**	**-**
Chief Strategic Officer - Appointed 1 December 2023				
Remuneration	1,440	-	1,440	-
Contributions to UIF, Medical and Pension Funds	2	-	2	-
Cellphone Allowance	7	-	7	-
	1,449	**-**	**1,449**	**-**
D.C.M: Human Settlements - Acting from 25 November 2023 TO 11 June 2024				
Remuneration	831	-	831	-
Car Allowance	281	-	281	-
Cellphone Allowance	5	-	5	-
Other Allowances (Subsistence, Leave Cashing, Backpay)	63	-	63	-
Contributions to UIF, Medical and Pension Funds	198	-	198	-
	1,378	**-**	**1,378**	**-**

Head: City Integrity and Investigation - appointed 06 August 2023

Remuneration	258	-	258	-
Car Allowance	441	-	441	-
Cellphone allowance	8	-	8	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023
33. Employee related costs (continued)				
Other Allowances (Subsistence, Leave cashing, Backpay)	57	-	57	-
Contributions to UIF, Medical and Pension Funds	247	-	247	-
	1,011	**-**	**1,011**	**-**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

33. Employee related costs (continued)

Durban Marine Theme Park (State Owned Company) Limited				
Chief Executive Officer - N Khoza	2,424	2,223	-	-
Chief Operating Officer - PN Pillay	2,201	2,023	-	-
Food and Beverage Executive - R Crow	1,544	1,417	-	-
Human Resource Executive - H Ndlovu	1,515	1,417	-	-
Market Executive - B Malunga	1,611	1,480	-	-
Chief Financial Officer - L Khumalo (resigned effective from 31 August 2023)	505	1,924	-	-
Chief Financial Officer - L Sidaki (appointed as the interim CFO from 5 September 2023 until 5 March 2024)	1,091	-	-	-
Chief Financial Officer - M Ngubane	467	-	-	-
	11,358	**10,484**	**-**	**-**

ICC Durban (Proprietory) Limited				
Chief Executive Officer - L.E. Rakharebe	4,197	4,116	-	-
Chief Financial Officer - M.A. Rambally	3,010	2,680	-	-
Chief Operations Officer - J.K. Aritho (Commencement date: 1 February 2023)	2,536	1,032	-	-
Chief Corporate Services Officer - B Chettiar (Commencement date: 1 December 2022)	2,680	1,438	-	-
	12,423	**9,266**	**-**	**-**

34. Remuneration of councillors

Mayor	1,596	1,595	1,596	1,595
Deputy Mayor	1,282	1,099	1,282	1,099
Speaker	1,254	1,245	1,254	1,245
Mayoral Commitee Members	11,851	11,349	11,851	11,349
Councillors	124,977	124,276	124,977	124,276
Traditional Leaders	962	825	962	825
Chief Whip	1,181	1,067	1,181	1,067
Total Councillors' Remuneration	**143,103**	**141,456**	**143,103**	**141,456**

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with bodyguards and are also provided with offices and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

34. Remuneration of councillors (continued)

Mayor				
Remuneration allowances	1,489	1,490	1,489	1,490
Motor vehicle allowance	64	64	64	64
Cellphone allowance	42	41	42	41
	1,595	**1,595**	**1,595**	**1,595**
Deputy Mayor				
Remuneration allowances	1,043	895	1,043	895
Motor vehicle allowance	4	16	4	16
Cellphone allowance	44	37	44	37
Medical aid	33	12	33	12
Pension fund	157	139	157	139
	1,281	**1,099**	**1,281**	**1,099**
Speaker				
Remuneration allowances	983	987	983	987
Cellphone allowance	43	43	43	43
Medical aid	73	69	73	69
Pension fund	154	146	154	146
	1,253	**1,245**	**1,253**	**1,245**
Mayoral Committee Members				
Remuneration allowances	8,324	8,260	8,324	8,260
Motor vehicle allowance	1,500	1,223	1,500	1,223
Cellphone allowance	432	419	432	419
Medical aid	293	235	293	235
Pension fund	1,302	1,212	1,302	1,212
	11,851	**11,349**	**11,851**	**11,349**
Councillors				
Remuneration allowances	78,974	80,898	78,974	80,898
Motor vehicle allowance	18,151	16,542	18,151	16,542
Cellphone allowance	8,917	8,933	8,917	8,933
Medical aid	7,100	6,485	7,100	6,485
Pension fund	11,835	11,418	11,835	11,418
	124,977	**124,276**	**124,977**	**124,276**
Traditional Leaders				
Allowances	962	825	962	825
Chief Whip				
Remuneration allowances	699	643	699	643
Motor vehicle allowance	285	269	285	269
Cellphone allowance	43	40	43	40
Medical aid	46	18	46	18
Pension fund	109	97	109	97
	1,182	**1,067**	**1,182**	**1,067**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

35. Finance costs

Non-current borrowings	1,005,581	904,911	1,005,581	904,911
Trade and other payables	26	19,708	26	19,708
Landfill provision unwinding of interest	32,604	35,090	32,604	35,090
	1,038,211	**959,709**	**1,038,211**	**959,709**

The increase in the finance costs relating to external borrowings is mainly due to the DBSA loan of R1.5 billion that was received during the month of June 2023, with the impact on finance costs only reflecting during the current reporting period.

The finance costs incurred in relation to the unwinding of interest on landfill sites represent a non-cash expense since these costs are recognised in accordance with the accounting standards on provisions and do not represent a disbursement of funds. The decrease in the finance costs relating to the landfill site provision is attributable to a decrease in the landfill site provision during the previous reporting period as a result of changes in estimates. More details are disclosed on Note 21: Provisions.

36. Electricity and Water consumption

Electricity - Eskom	14,847,182	12,740,253	14,847,182	12,740,253
Water - Umgeni Water	3,712,197	3,486,616	3,712,197	3,486,616
	18,559,379	**16,226,869**	**18,559,379**	**16,226,869**

The significant variance for electricity consumption is mainly due to the Eskom tariff increase of 18.49% that was implemented during the current reporting period. Electricity and water consumption include distribution losses that are separately disclosed in detail on note 50: Material losses, and also directly attributable costs.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

37. Contracted services

Outsourced Services				
Administrative and support staff	618,796	746,614	618,796	746,614
Cleaning services	193,278	170,411	190,453	168,386
Clearing and grass cutting services	269,071	174,839	269,071	174,839
Hygiene services	204,400	123,679	204,400	123,679
Meter management	68,429	78,670	68,429	78,670
Refuse removal	321,747	308,282	321,747	308,282
External security	1,402,416	1,363,523	1,389,593	1,351,380
Other	263,450	195,874	153,940	91,616
Consultants and Professional Services				
Engineering and other technical services	41,484	46,303	41,484	46,303
Research and advisory	57,406	43,673	57,406	43,673
Project management	28,582	16,660	28,582	16,660
IT systems support	166,581	165,850	166,532	165,507
Legal expenses	64,433	59,246	63,504	58,364
Other	24,748	27,878	19,526	24,417
Contractors				
Artists and performers	16,682	15,575	15,690	13,940
Catering services	70,192	45,333	69,425	44,816
Event promoters	28,391	11,875	28,391	11,875
Repairs and maintenance	2,894,964	2,220,480	2,885,164	2,216,764
Recycling	6,024	22,885	6,024	22,885
Stage and sound crew	10,866	10,767	10,866	10,767
Other	133,267	131,926	124,835	119,316
	6,885,207	**5,980,343**	**6,733,858**	**5,838,753**

The significant variances in the above figures are mainly due to the following:

- Outsourced Services: There were new contracts awarded during the current reporting period, which led to the increase in expenditure on cleaning, hygiene, clearing and grass cutting services. The increase in other contracted services was mainly due to the increase in the demand for environmental services relating to the Enviroserv landfill site contract.

- Consultants and Professional Services: The increase in expenditure was due to the consultants' contracts that were not fully utilised in the prior year for the Virginia and Centrum site and Energy Performance Certification project. The increase is also attributable to the Inner-City Regeneration project that commenced in the current financial year.

- Contractors: The higher expenditure for repairs and maintenance in the current year is due to the increase in repairs and maintenance work relating to old vehicle and buses, equipment, and building repairs such as air conditioners, water, sanitation and electrical infrastructure, compared to the prior year.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

38. Grants and subsidies

Other subsidies				
Grant transferred: Sporting Organisations	332,361	313,548	332,361	313,548
Grant transferred: ICC Durban (Proprietory) Limited	-	-	53,050	50,727
Grant transferred: Durban Marine Theme Park (State Owned Company) Limited	-	-	127,298	135,227
Grant transferred: Natal Philharmonic Orchestra	7,681	7,681	7,681	7,681
Grant transferred: SEDA eThekwini	2,000	1,232	2,000	1,232
Grant transferred: Other	302,260	227,640	302,260	227,640
Grant transferred: Green Corridor	8,470	11,588	8,470	11,588
Grant transferred: Alternative sanitation	259,832	122,357	259,832	122,357
	912,604	**684,046**	**1,092,952**	**870,000**

Alternative sanitation relates to social assistance for sanitation services. Alternative sanitation technology costs were incurred to replace pit toilets. The full rollout of the project was implemented from previous financial year. Due to demand from the community, savings were identified to increase the number of units, which resulted in the significant variance from the previous financial year. Given that the facilities are owned by the beneficiaries, the costs incurred are expensed by the Municipality as a grant-in-aid since this is a non-exchange transaction.

During the current year, the public employment programme partnered with 10 non-government organisations (NGOs) to facilitate the public employment programme. The increase in other grants expenditure is also attributable to the expenditure for NGO's overhead costs.

The decrease in the Green Corridor NPC grant is due to the expiry of the memorandum of agreement (MOA). There was only one payment made in the current financial year. The process of concluding the new MOA is still underway.

Notes to the Annual Financial Statements

Figures in Rand thousand	Group and Municipality 2024	Group and Municipality 2023	Municipality 2024	Municipality 2023

39. General expenses

Advertising	134,115	101,565	132,049	99,691
Auditors remuneration	31,895	29,368	29,716	27,465
Bank charges	25,918	17,468	24,275	15,821
Cleaning	52,618	29,707	47,005	22,472
Commission paid	53,892	52,136	52,908	51,036
Software licences	258,854	185,104	251,333	180,884
Delivery expenses	1,108	1,331	1,108	1,331
Civic entertainment	717	446	67	25
Hire of facilities, plant and equipment	740,005	356,545	740,005	356,545
Insurance	168,122	167,806	165,670	167,618
Inventory - materials and supplies	1,131,482	1,306,529	1,130,782	1,306,108
Conferences and seminars	22,641	17,050	22,641	17,050
IT expenses	51,384	30,431	50,486	30,037
Marketing	8,191	7,515	5,441	5,567
Management fees	515,679	432,439	515,679	432,439
Levies	1,561	1,418	-	-
Magazines, books and periodicals	3,768	5,815	3,768	5,815
Medical requisites	4,329	4,052	4,329	4,052
Fuel and oil	648,924	566,258	648,924	566,258
Postage and courier	31,772	25,807	31,772	25,807
Printing and stationery	46,984	36,635	45,735	35,669
Promotions	15,988	9,713	15,988	9,713
Protective clothing	80,919	55,708	80,919	55,708
Project maintenance costs	11,639	8,945	-	-
Subscriptions and membership fees	26,092	26,640	25,811	26,289
Telephone and fax	64,639	61,247	63,219	59,767
Transport and freight	12,417	10,103	12,067	9,566
Training	106,279	100,008	104,737	98,365
Travel - local	11,703	8,442	10,867	7,353
Travel - overseas	14,011	8,659	12,219	7,319
Title deed search fees	511	637	511	637
Refuse bags	84,408	73,050	84,408	73,050
Small plant and tools	9,219	9,283	9,219	9,283
Other expenses	206,941	203,553	225,355	231,155
	4,578,725	**3,951,413**	**4,549,013**	**3,939,895**

The significant increase in general expenses is attributable to the following:

- Advertising expenditure increased due to rising cost of marketing and activations for new Resurgence conference and the higher number of K10 approved sponsorships.

- The hiring of facilities, plant and equipment increased due to water shortages mainly relating to the frequent bursts resulting from the ageing infrastructure, and areas in the North and South region receiving intermittent water supply for longer periods.

- Software licences expenditure increased due to the provision of Microsoft services. There has also been an increase in the licence renewals based on demand.

- Expenditure on materials and supplies have increased due to increase in asphalt utilization to repair and maintain roads infrastructure damaged by floods.

- The higher expenditure on management fees relates to a new management contract with Umgeni to manage and maintain the 10 Treatment works and respective pump stations.

- Fuel price and rise in vehicle utilisation have both contributed to the higher expenditure on management fees and fuel expenditure in the current year.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

39. General expenses (continued)

- There has been an increase in the demand for refuse bags during the current financial year due to clean up campaigns where refuse bags are supplied by the Solid Waste department.

- During the current year, there was an increase in the use of the public employment programme employees for the cleanup campaigns, who needed to be issued with uniform and protective clothing.

40. Cash generated from operations

Surplus	3,211,046	4,297,148	3,236,309	4,322,295
Adjustments for:				
Depreciation on PPE	2,748,377	2,693,408	2,716,902	2,658,527
Loss / (gain) on sale of PPE and Investment property	(654)	(13,034)	(804)	(13,099)
Amortisation of Intangible assets	102,803	118,722	102,901	118,523
Depreciation: investment properties	2,605	2,485	604	602
Loss (profit) from Joint Ventures	(12,634)	6,634	(12,634)	6,634
Gain on acquisition of assets - dissolution of joint venture	(66,678)	-	(66,678)	-
Deferred income	242	208	-	-
Transfer of assets	193	120	-	-
Reversal of loss on impairment: PPE	(16,931)	(17,008)	(16,931)	(17,008)
Impairment loss on Investment in Municipal Entity	-	-	35,404	-
Impairment PPE	10,493	40,350	10,493	40,350
Debt impairment	6,689,356	3,556,291	6,684,780	3,552,485
Movements in retirement benefit assets and liabilities	363,505	293,102	363,505	293,102
Movements in provisions	145,254	(150,382)	144,504	(150,807)
Donations: PPE	(137,241)	(34,642)	(137,241)	(34,648)
Deferred taxation	(1,789)	(1,797)	-	-
Accrued finance costs	93,183	47,741	93,183	47,741
Accrued interest on investments	(43,234)	(50,981)	(43,234)	(50,981)
Changes in working capital:				
Inventories	(52,782)	82,537	(52,447)	85,215
Receivables from exchange transactions	(649,840)	(392,364)	(647,365)	(389,750)
Consumer debtors	(7,785,609)	(5,406,654)	(7,765,893)	(5,392,898)
Other receivables from non-exchange transactions	(189,951)	(117,386)	(189,952)	(117,386)
Payables from exchange transactions	3,045,924	549,670	3,044,099	537,990
VAT liability	391,434	234,397	388,971	230,082
VAT Receivable	61,360	-	59,336	-
Unspent conditional grants and receipts	(1,855,740)	1,618,275	(1,855,740)	1,618,275
Transfers payable from non-exchange transactions	(323)	7,398	(8,876)	6,634
Consumer deposits	126,342	113,231	132,671	103,145
Current tax receivable	(364)	437	-	-
	6,178,347	**7,477,906**	**6,215,867**	**7,455,023**

41. Utilisation of long-term liabilities reconciliation

Long-term liabilities	10,060,122	9,888,935	10,060,122	9,888,935
Used to finance property, plant and equipment – at cost	(10,060,122)	(9,888,935)	(10,060,122)	(9,888,935)
	-	**-**	**-**	**-**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

42. Commitments

Capital commitments

Commitments in respect of property, plant and equipment:				
Acquisition / construction / enhancement of property, plant and equipment				
• Infrastructure	2,967,141	2,946,426	2,967,141	2,946,426
• Community	228,316	172,331	228,316	172,331
• Land and buildings	677,779	164,162	677,145	160,159
• Other	2,987	30,607	-	24,727
	3,876,223	**3,313,526**	**3,872,602**	**3,303,643**

Commitments in respect of intangible assets:				
Acquisition of intangible assets				
• Internally generated	81	1,828	81	1,828
• Other	10,370	17,290	10,370	17,290
	10,451	**19,118**	**10,451**	**19,118**

Total capital commitments				
Capital Contractual Commitments	3,886,674	3,332,644	3,883,053	3,322,761

In the previous years, capital commitments were disclosed using the format that was based on the modified cash standards. In the current year, the disclosure has been improved to reflect only contractual commitments required by the specific standards of GRAP. Comparative figures have been restated as a result of this change. The significant variances in the commitment amounts are due to the timing differences in procurement processes i.e. contracts approved at Bid Adjudication Committee, issuing of new Letters of Awards and expiry of old contracts.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	7,734	12,573	-	-
- in second to fifth year inclusive	3,978	12,206	-	-
	11,712	**24,779**	**-**	**-**

Operating leases - as lessor (income)

Municipality:
Rental income recognised from operating leases has not been accounted for on the straight-line basis over the lease terms for the following reasons:

A significant portion of lease income is short term i.e. the lease is terminable at 1 to 3 months' notice; Another portion of long-term lease income is based on turnover i.e. subjective and not fixed.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

42. Commitments (continued)

Lease income is recognised as it accrues. The straight lining of lease income is considered not to provide a fair reflection of income from leases.

Durban Marine Theme Park:
The operating lease relates to rental contracts derived from uShaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 31 July 2028. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. All contracts that are on a month to month basis and those that are on a turnover basis have been excluded from the projected income. The rental escalation percentage varies from lease to lease between 6% to 10%.

Durban ICC:
The entity receives operating lease income for the utilisation of its premises. The duration of these leases range from month to month contracts to lease terms spanning between one to three years.

The minimum lease payments have been disclosed, exclusive of Vat.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

42. Commitments (continued)

Operating leases - as lessee (expenditure)

Minimum lease payments due				
- within one year	-	-	70,396	64,892
- in second to fifth year inclusive	-	-	17,851	18,092
	-	**-**	**88,247**	**82,984**

Operating Commitments

In the previous years, operating commitments were disclosed using the format that was based on the modified cash standards. In the current year, the disclosure has been improved to reflect only contractual commitments required by the specific standards of GRAP. Comparative figures have been restated as a result of this change.

43. Contingencies

Contingent liability: Contractual disputes	2,524,159	2,499,029	2,524,159	2,499,029

Various departments within the Municipality have price disputes with certain contractors.

The increase is due to the additional claims received in the current financial year. The amount of R2.5billion includes a claim of R1.65billion for an alleged withdrawal of tender for supply of single-phase electricity split-type energy dispensers.

Contingent liability: Self Insurance Reserve	1,567,529	1,233,609	1,567,529	1,233,609

Various claims submitted to the Insurance department of the Municipality are under dispute. The estimated liability of such claims is disclosed.

Contingent liability: Property rates	750,572	907,953	750,572	907,953

The municipality implemented a new valuation roll with effect from 1 July 2022. Ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections resulted in the significant increase in potential liability to the municipality in the prior year. The value of potential liability has significantly decreased in the current year, as the objection case are being resolved.

Contingent liability: Bank guarantees	143,604	131,458	143,604	131,458

These guarantee's are issued in favour of the following:
- S.A. Post Office: R76 000 (Nedbank) - (June 2023: R76 000);
- S.A. Post Office: R3.800million (Nedbank) - (June 2023: R3.800million);
- S.A. Post Office: R400 000 (Nedbank) - (June 2023: R400 000);
- Compensation Commissioner: R129.328million - (Nedbank) - (June 2023: R117.182million);
- Water and Sanitation - Demand guarantee: R10million - (Nedbank) - (June 2023: R10million)

The Compensation Commissioner guaranteed amount has increased by R12.146million due to the increase in the capitalised value of the Municipality and changes in assumptions.

Contingent liability: Legal claims	271,357	277,430	271,357	277,430

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

43. Contingencies (continued)

Various claims submitted to the legal department of the Municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed. Costs and disbursements relating to litigation are included in the contingent liability where they can be reliably estimated. In most instances these cannot be reliably estimated due to uncertainty about the number of instances the Municipality would need to appear at court.

Legal disputes relate to:

-Rates dispute: R10.1million (2023: R8.1million);
-Value of compensation in respect of expropriation of various properties: R198.3million (2023: R207.4million);
-Claims for damages - various: R62.9million (2023: R62.5million).

Contingent liability: bus operator	389,151	389,151	389,151	389,151

There is currently a dispute with respect to the amount owed to the bus operator. The adjudicator handling the dispute issued a determination on the claims on 30 September 2022, which resulted in the claim being reduced to R389million in the previous year. However, the bus operator is of the view that the claim of R1.4billion is still valid. A Motion of Notice was subsequently submitted by the bus operator for the review and setting aside of the arbitration award. The outcome of the motion of notice will be monitored and changes made on the amount disclosed as a contingent liability pending new information received. On the other hand, the bus operator owes the Municipality an amount of R1.28billion, which is included in other receivables.

Contingent asset: Recovery of irregular, fruitless and wasteful expenditure:	108,303	107,569	108,303	107,569

Irregular, fruitless and wasteful expenditure amounting to R0.7million (June 2023: R24.6million) has been recommended for recovery by Council in the current financial year, resulting in a cumulative amount of R108.3million (June 2023: R107.6million). The recovery process is pending an assessment of each case by the Legal Unit.

An amount of R 86 million was recommended for recovery by council subsequent to year end.

Contingent asset: Self Insurance Reserve	44,126	46,731	44,126	46,731

The Municipality has submitted claims to third parties in relation to the following matters:
- External motor vehicle assessor claims: R5.4million (2023: R6.8million);
- Legal claims: R5.9million (2023: R6million);
- Road Accident Fund claims: R2.8million (2023: R3.9million).

- **Storm damage claims:**

In the previous financial years, the municipality submitted a claim to the value of R682.2 million to the insurer, in relation to the infrastructure asset damages that occured during the April 2022 storm disaster. The insurer has not yet finalised the decision on the claim. The municipality has written to the insurer in terms of the policy conditions and awaiting the response.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

43. Contingencies (continued)

Durban Marine Theme Park

Contingent Liabilities:

There are two legal claims against the entity. The claims have been been handed over to eThekwini Municipality legal to defend. The lawyers and management consider the likelihood of the action agsinst the entity being successful as unlikely. Any obligation that may arise cannot be reliably estimated as the matter is still at a very early stage.

Contingent Asssets:

After the announcement by the President of a Nationwide Lockdown due to the Covid-19 Pandemic; all operations of the entity were directly affected and led to a total shutdown of operations with immediate effect. A business interruption claim has been lodged with the entity's insurers for the loss of profits due to Covid-19 pandemic. The claim was approved in principle on 28 July 2021. An amount of R5 000 000 was offered by the insurer to be shared equally between ICC and DMTP. However, the offer of settlement has not been accepted by ICC who opted to declare a legal dispute on the quantum of the amount receivable. The matter is now awaiting a trial date. DMTP has resolved not to participate in the legal action and instead accepted the offer but payment of the insurance proceeds can only be done at the conslusion of the court case being pursued by the ICC since both parties are covered under one eThekwini Municipality's insurance policy.

Durban ICC

Insurance Claim:

The contingent asset relates to an insurance claim instituted by the entity against its insurers (Santam Limited), for loss of profits and/or revenue in the sum of R148 556 266 (2023: R148 556 266), which the entity sustained pertaining to the resultant effects of the COVID-19 pandemic and/or the national lockdown. The entity has instituted action against Santam Limited under case number D1320/2023.

Breach of Venue Hire Agreement:

The contingent asset relates to a claim for damages against Kamikase Invesments as a consequence of a breach of agreement for venue hire at the Durban ICC, in respect of a New Year's Eve Event which was to be held during December 2023. The damages claimed is in the amount of R5 356 696 (2023:Rnil). The entity has insituted action against Kamikaze Investments under case number D2612/2024.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

44. Related parties

Relationships	
Municipal entities (refer to note 12)	Durban Marine Theme Park SOC Limited 12
	ICC Durban (Pty) Ltd
Special Purpose Entity	Ethekwini Transport Authority
Joint Ventures (refer to note 12)	Effingham Development Joint Venture
	Durban Point Development Company
Key Management Personnel (refer to notes 32 and 33)	Senior Management and Councillors
Providers of post-employment benefits (refer to note 19)	Durban Pension Fund

Related party balances as at 30 June 2024 and 30 June 2023

Loan accounts - Owing (to) by related parties		
Durban Point Development Company	29,292	17,716
Effingham Development Joint Venture	-	39,140

Amounts included in trade receivables regarding related parties		
Durban Marine Theme Park SOC Limited	58,642	79,441
ICC Durban (Pty) Ltd	4,083	4,651
Effingham Development Joint Venture	-	11,498
Durban Point Development Company	121,896	115,491

The Effingham Development Joint Venture was dissolved during the current financial year (2023/24). Accordingly, the joint venture settled the trade receivables that were due to the municipality. In addition, the loan account that represented the equity holding of the municipality was derecognised. The joint venture had been in operation for part of the year and yielded a surplus which was shared between the two entities. eThekwini municipality's share was R1,1million (2023: R3.1million) from the surplus of the joint venture.

The amount of R121.9million (2023: R115.5million) for the Durban Point Development Company relates to the outstanding rates owed to the Municipality. The variation of the amount from the prior year is due to rates adjustments that were not processed in time. The comparative balance has been restated accordingly to reflect these adjustments. The accumulated impairment loss of R121.9million (2023: R115.5million) has been recognised in relation to the Durban Point Development Company. The impairment loss for the year amounted to R6.4million (2023: R8.1million as restated). There are no other material impairment losses in relation to other receivables.

Amounts included in trade payables regarding related parties		
Durban Marine Theme Park SOC Limited	19,874	8,679
ICC Durban (Pty) Ltd	16,180	12,463
Ethekwini Transport Authority	5,467	15,863

Consumer Deposits		
ICC Durban (Pty) Ltd	1,647	1,647
Durban Marine Theme Park SOC Limited	47	47

The deposit amount of R47 thousand relating to the Durban Marine Theme Park was omitted in the previous year. The prior year balance has been restated accordingly.

Related party transactions for the periods ended 30 June 20234and 30 June 2023:

Sales to related parties		
ICC Durban (Pty) Ltd:	-	-
Electricity	21,945	18,406
Water and sanitation	2,815	2,695
Refuse	933	1,147
Rates	4,658	4,373
Insurance	2,842	133
Sundry charges	-	1,162
	-	-

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

44. Related parties (continued)

Durban Marine Theme Park SOC Limited:			-	-
Electricity			33,776	30,454
Water and sanitation			13,381	13,200
Waste			788	758
Insurance			3,889	366
Rates			4,907	4,534
Durban Point Development Company:			-	-
Rates			6,404	8,103
Surplus / (Deficit) from Joint Venture			11,576	(9,739)
Effingham Development Joint Venture:			-	-
Surplus / (Deficit) from Joint Venture			1,058	3,105

The prior year amount for rates to DPDC Joint Venture has been restated to account for rates credit adjustment done in prior years.

The prior year amount has been restated to account for the additional share of surplus for the Effingham Development Joint Venture, which was dissolved in the current financial year.

Purchases from related parties

ICC Durban (Pty) Ltd:			-	-
General expenses			65,783	72,566
Grant-in-Aid			53,050	50,727
Durban Marine Theme Park SOC Limited:			-	-
General expenses			673	482
Grant-in-Aid			127,298	135,227

Ethekwini Municipality granted Durban ICC (Pty) LTD a right of use of its building at a rental below market value. The market related rental for the period ended 30 June 2024 is deemed to be valued at R38.0million (2023: R35.7million). The grant in aid of R53.1million includes the market related rental that relates to services in kind rather than a cash disbursement. The cash disbursement amounted to R15.0million (2023: R15.0million).

There is no interest charged by the Municipality on related party balances relating to municipal services.

Interest of R0.8million (2023: R1.2million) was capitalised to the ETA fund.

The reason for the significant decrease in interest capitalisation is due to a declining balance in the ETA fund as a result of withdrawals.

45. Prior year adjustments

The following adjustments all relate to corrections of prior-period misstatements and the re-classification of balances.

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

45. Prior year adjustments (continued)

Consumer debtors				
Balance previously reported (30 June 2023)	-	10,503,833	-	10,578,289
Rates adjustments	-	(56,286)	-	(56,286)
Water and Sanitation adjustements	-	(101,512)	-	(101,512)
Electricity disconnection adjustments	-	41,590	-	41,590
Balance restated (30 June 2023)	**-**	**10,387,625**	**-**	**10,462,081**
Long-term receivables - Non-current				
Balance previously reported (30 June 2023)	-	29,614	-	29,614
Study assistance adjustment	-	(5,794)	-	(5,794)
Balance restated (30 June 2023)	**-**	**23,820**	**-**	**23,820**
Inventories				
Balance previously reported (30 June 2023)	-	811,533	-	799,630
Stock Adjustments	-	5,237	-	5,237
Balance restated (30 June 2023)	**-**	**816,770**	**-**	**804,867**
VAT liability				
Balance previously reported (30 June 2023)	-	811,510	-	806,537
VAT portion of adjustments	-	(41,775)	-	(41,775)
Re-classification to VAT receivable	-	99,678	-	97,654
Balance restated (30 June 2023)	**-**	**869,413**	**-**	**862,416**
Current tax receivable				
	-	-	-	-
Payables from exchange transactions				
Balance previously reported (30 June 2023)	-	8,294,275	-	8,287,001
Accruals adjustments	-	124,301	-	124,301
Retentions written off	-	(103,382)	-	(103,382)
Adjustments to bank deposits not yet receipted	-	(16,792)	-	(16,792)
Trade payables	-	(6,330)	-	(5,403)
Payments received in advance	-	(15,045)	-	(15,045)
Other payables adjustments	-	(6,294)	-	(6,294)
Balance restated (30 June 2023)	**-**	**8,270,733**	**-**	**8,264,386**
Intangible assets				
Balance previously reported (30 June 2023)	-	460,394	-	460,147
Cost adjustments	-	27,041	-	27,041
Amortisation adjustments	-	35,281	-	35,281
Re-classification of WIP	-	(13,177)	-	(13,177)
Balance restated (30 June 20223	**-**	**509,539**	**-**	**509,292**
Property, plant and equipment				
Balance previously reported (30 June 2023)	-	55,453,569	-	55,176,711
Cost adjustments	-	(22,045)	-	(22,045)
Depreciation adjustments	-	71,793	-	71,793
Re-classification of WIP	-	13,178	-	13,178
Balance restated (30 June 2023)	**-**	**55,516,495**	**-**	**55,239,637**

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

45. Prior year adjustments (continued)

Cash and Bank balances				
Balance previously reported	-	-	-	-

Accumulated surplus				
Balance previously reported (30 June 2023)	-	48,205,571	-	48,447,618
	-	-		
Amortisation - Intangible Assets	-	27,893	-	27,893
Contracted Services	-	(193,675)	-	(193,675)
General expenses	-	(8,931)	-	(8,931)
Remuneration of councillors	-	(4,742)	-	(4,742)
Depreciation - PPE	-	13,849	-	13,849
Employee related costs	-	(126)	-	(126)
Fines and Forfeits	-	5,821	-	5,821
Debt Impairment	-	18,529	-	18,529
Public contributions and donations	-	6	-	6
Finance costs	-	(200)	-	(200)
Gains on disposal of assets	-	(60)	-	(60)
Lease rentals on Operating Leases	-	(443)	-	(443)
Property Rates	-	(2,069)	-	(2,069)
Rental of Facilities and Equipment	-	(711)	-	(711)
Service charges	-	(135,259)	-	(135,259)
Share of Income from Joint Ventures	-	2,306	-	2,306
Grants and subsidies	-	4,506	-	4,506
Surchages and taxes	-	84,823	-	84,823
Impairment loss - PPE	-	(867)	-	(867)
Interest earned	-	(480)	-	(480)
Adjustments applicable to financial years prior to 2022/23	-	(898,229)	-	(899,156)
	-	-		
Balance restated (30 June 2023)	**-**	**47,117,512**	**-**	**47,358,632**

Interest in Joint Ventures				
Balance previously reported (30 June 2023)	-	54,549	-	54,549
Share of profit in Joint Venture	-	2,307	-	2,307
Balance restated (30 June 2023)	**-**	**56,856**	**-**	**56,856**

Receivables from exchange transactions				
Balance previously reported (30 June 2023)	-	2,737,552	-	2,725,778
Accrued Revenue	-	11,199	-	11,199
Debtor - DOHS	-	(3,855,766)	-	(3,855,766)
Other Debtors	-	65,144	-	65,144
Provision for bad debts - DOHS	-	2,644,219	-	2,644,219
Prepayments	-	(29,680)	-	(29,680)
Balance restated (30 June 2023)	**-**	**1,572,668**	**-**	**1,560,894**

Unspent conditional grants and receipts				
Balance previously reported (30 June 2023)	-	2,500,923	-	2,500,923
Recognition of income	-	(14,635)	-	(14,635)
Balance restated (30 June 2023)	**-**	**2,486,288**	**-**	**2,486,288**

45. Prior year adjustments (continued)

The reasons for the various adjustments are summarised below:

Consumer debtors:

Debtors' balances relating to water and sanitation services were adjusted to address the issue of incorrect billing, whereby customers with properties valued at amounts greater than R250,000 were receiving a 6KL rebate which they did not qualify for in terms of the promulgated tariff.

Rates adjustments, including deferred rates as well as changes stemming from re-valuations backdated to previous financial years. Incorrect electricity disconnection charges were also reversed

Payables from exchange transactions:

The adjustments include the recognition of liabilities in relation to the invoices that were received late and not accrued in the prior year. Balances relating to some retentions, deposits, trade and other payables were derecognized where, through assessment, it was confirmed that the municipality no longer has an obligation to pay them. This was due to the factors such as expiry of debt through prescription and transactions incorrectly recognised in the previous years.

Property, plant and equipment:

Cost adjustments include capitalisation of assets received or completed in prior periods but not accounted for and the derecognition of assets where there are no expected future economic benefits. Depreciation adjustments due to changes in useful lives and prior year capitalisation of projects.

Intangible assets:

Cost adjustments include the capitalisation capacity rights to receive bulk electricity from Eskom at specific supply points (refer to note 54: Enhancements to accounting policies). Amortization adjustments relate to the extension of useful lives of various intangible assets not adjusted in the previous periods.

Receivables from exchange transactions:

Adjustments include accruals previously not accounted for, reduction in the prepayment balance as a result of finalization of land transfers, derecognition of other debtors incorrectly recorded in the prior year and reclassification of DOHS debtors. Further details on the reclassification of DOHS debtors are contained in note 58: Re-classification of expenditure, assets and liabilities.

Long-term receivables (Non-current):

The derecognition of receivables balance relates to the students who could not get job placements after completing their studies due to unavailability of posts. In the prior years, the student contracts were terminated. Thus, relieving them from any obligation in relation to the amounts paid by the municipality to fund their studies.

VAT liability:

VAT portions relating to prior year adjustments.

Interest in Joint Ventures:

Adjustment for the recognition of an additional surplus amount included in the revised management accounts of the Effingham Development Joint Venture.

Investment properties:

Cost and depreciation adjustments relating to prior periods.

Unspent conditional grants and receipts:

45. Prior year adjustments (continued)

The prior year income recognition includes the donation received from the trust, which was incorrectly recognised as a liability.

Inventory:

The adjustment includes the correction of buffer stock balance for items that were already utilised but still held as inventory, and the electricity meters that were not recorded as part of inventory in the prior year.

Cash flow statement:

The adjustments above have resulted in restatement in the comparative cash flow.

Notes to the Annual Financial Statements

	Group and Municipality		Municipality	
Figures in Rand thousand	2024	2023	2024	2023

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	18,222	16,921	18,222	16,921
Amount paid - current year	(18,222)	(16,921)	(18,222)	(16,921)
	-	-	-	-

Audit fees

Opening balance	1,359	795	1,359	795
Current year audit fees	28,926	27,390	28,926	27,390
Amount paid for current year	(25,920)	(26,031)	(25,920)	(26,031)
Amount paid for previous year	(1,359)	(795)	(1,359)	(795)
	3,006	**1,359**	**3,006**	**1,359**

PAYE, UIF and SDL

Opening balance	162,193	160,840	162,193	160,840
Current year payroll deductions	2,158,485	1,976,057	2,158,485	1,976,057
Amount paid for current year	(1,967,720)	(1,813,864)	(1,967,720)	(1,813,864)
Amount paid for previous years	(162,193)	(160,840)	(162,193)	(160,840)
	190,765	**162,193**	**190,765**	**162,193**

Pension and Medical Aid Deductions

Opening balance	-	108,494	-	108,494
Current year expenditure	3,103,194	2,981,642	3,103,194	2,981,642
Amount paid - current year: Defined Benefit Pension Funds	(168,015)	(175,439)	(168,015)	(175,439)
Amount paid - current year: Defined Contribution Pension Funds	(1,696,331)	(1,649,897)	(1,696,331)	(1,649,897)
Amount paid - current year: Medical Aid	(1,120,078)	(1,156,306)	(1,120,078)	(1,156,306)
Amount paid for previous years	-	(108,494)	-	(108,494)
	118,770	**-**	**118,770**	**-**

VAT

Opening balance	97,654	20,783	97,654	20,783
Current year VAT receivable - per VAT 201	1,121,138	672,617	1,121,138	672,617
Current year VAT receivable - not yet claimed	1	324	1	324
Amount received - current year	(1,082,820)	(575,287)	(1,082,820)	(575,287)
Amount received - previous year	(97,655)	(18,759)	(97,655)	(20,783)
	38,318	**99,678**	**38,318**	**97,654**

VAT output payables and VAT input receivables are shown in note 17.

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days during the reporting period ended 30 June 2024

30 June 2024			Highest outstanding amount	Aging (in days)
Councillor B Mngwengwe	-	-	8	Jun-24
Councillor R Cloete	-	-	1,857	May-24
Councillor ON Mthembu	-	-	1,206	Jun-24
Councillor SP Mfeka	-	-	218	Jun-24
Councillor MM Ngiba (Resigned 28 September 2023)	-	-	16,697	Jul-23
Councillor T Sabelo	-	-	66,873	Jun-24
Councillor MS Nkosi	-	-	12,838	Jun-24
Councillor SNC Khwela	-	-	33,402	Jun-24
Councillor NN Nesta	-	-	17,815	Jun-24
Councillor BA Fortein	-	-	282	May-24
Councillor A Mkhize	-	-	9,380	Jun-24
Councillor K Mkhize	-	-	10,923	Jun-24
Councillor MS Mhlongo	-	-	1,903	Jun-24
Councillor T Biyela	-	-	2,439	Jun-24
Councillor MH Khan	-	-	638,183	Jun-24
Councillor SM Mkhize	-	-	177,122	Jun-24
Councillor NY Young	-	-	8,024	Jun-24
Councillor E Jameel	-	-	66,015	Nov-23
Councillor M Thusi	-	-	525	Jun-24
Councillor TJ Mnguni	-	-	201	Jun-24
Councillor I Syed	-	-	28,921	Nov-23
Councillor BM Gwala (Expelled 31 October 2023)	-	-	63,653	Oct-23
Councillor JB Maphumulo	-	-	321	Dec-23
Councillor V Ndlovu	-	-	556	Feb-24
Councillor TD Mthethwa	-	-	252	Jun-24
Councillor M Thusi	-	-	14,565	Jun-24
Councillor D Ngubane	-	-	119	Jun-24
Councillor SSS Mthethwa	-	-	131,201	Jun-24
Councillor DF Mngadi	-	-	8,394	Jun-24
Councillor WP Ndiweni	-	-	685	Jun-24
Councillor SD Hlongwa	-	-	14,144	Jun-24
Councillor T Shezi	-	-	806	Jun-24
Councillor M Mbambo	-	-	31	Jun-24
Councillor JT Mkhize	-	-	218	Jun-24
Councillor N Jili	-	-	4,282	Jun-24
Councillor G Gasa	-	-	56	Jun-24
Councillor F Ismail	-	-	14,769	Jun-24
Councillor O Mthembu	-	-	1,353	Sep-23
Councillor Sibisi	-	-	239	Jun-24
Councillor D Pillay	-	-	222	Jan-24
Councillor TM Kaunda (Resigned 14 June 2024)	-	-	276	May-24
Councillor LI Msomi	-	-	5,008	Jun-24
Councillor J Naidoo	-	-	579	May-24
Councillor KS Sibisi	-	-	3,941	Mar-24
Councillor D Msweli	-	-	82,338	Jun-24
Councillor Nala	-	-	24,589	May-24
Councillor SR Moodley (Resigned 12 June 2024)	-	-	2,878	Jul-23
Councillor NS Ndlovu	-	-	2,276	Jun-24
Councillor HP Shozi	-	-	149	Dec-23
Councillor NJ Maphumulo	-	-	621	Aug-23

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Councillor E Mngadi	-	-	7,817	Jun-24
Councillor G Govender	-	-	846	Feb-24
Councillor CN Sisoka	-	-	6,017	Jan-24
Councillor LB Jali	-	-	17,845	May-24
Councillor FN Majola	-	-	351	Jan-24
Councillor SE Mhlongo	-	-	42,449	Jun-24
	-	**-**	**1,548,678**	

30 June 2023			Highest outstanding amount	Aging (in days)
Councillor B. Mngwengwe	-	-	1,402	Apr-23
Councillor R. Cloete	-	-	4,049	Jun-23
Councillor ON. Mthembu	-	-	3,093	Jun-23
Councillor SP. Mfeka	-	-	186	Feb-23
Councillor MM. Ngiba	-	-	12,355	Jun-23
Councillor T. Sabelo	-	-	4,469	Jun-23
Councillor MS. Nkosi	-	-	7,598	Jun-23
Councillor SNC. Khwela	-	-	26,031	Jun-23
Councillor NN. Nesta	-	-	14,564	Jun-23
Councillor BA. Fortein	-	-	67	Apr-23
Councillor A. Mkhize	-	-	2,078	May-23
Councillor K. Mkhize	-	-	7,104	Jun-23
Councillor MS. Mhlongo	-	-	21,942	Jun-23
Councillor T. Biyela	-	-	705	Jun-23
Councillor MH. Khan	-	-	314,596	Jun-23
Councillor SM. Mkhize	-	-	110,665	Jun-23
Councillor NY. Young	-	-	11,773	Jun-23
Councillor E. Jameel	-	-	51,357	Jun-23
Councillor PG. Mavundla (resigned 24 February 2023)	-	-	48,517	Feb-23
Councillor M. Thusi	-	-	24	Jun-23
Councillor TJ. Mnguni	-	-	447	Mar-23
Councillor I. Syed	-	-	10,721	Feb-23
Councillor BM. Gwala	-	-	74,916	Jun-23
Councillor JB. Maphumulo	-	-	110	Jun-23
Councillor V. Ndlovu	-	-	3,168	May-23
Councillor TD. Mthethwa	-	-	118	Feb-23
Councillor M. Thusi	-	-	5,811	Jun-23
Councillor D. Ngubane	-	-	7,495	Jun-23
Councillor SSS. Mthethwa	-	-	49,780	Jun-23
Councillor DF. Mngadi	-	-	3,493	Jun-23
Councillor WP. Ndiweni	-	-	1,490	Jun-23
Councillor Mngonyama	-	-	61	Feb-23
Councillor SD. Hlongwa	-	-	11,129	Jun-23
Councillor K. Mbhele	-	-	1,713	Apr-23
Councillor T. Shezi	-	-	6,006	Apr-23
Councillor M. Mbambo	-	-	1,764	Jun-23
Councillor JT. Mkhize	-	-	101	Feb-23
Councillor N. Jili	-	-	4,172	Jun-23
Councillor R. Mbonambi	-	-	455	Nov-22
Councillor G. Gasa	-	-	118	Feb-23
Councillor F. Ismail	-	-	44,448	Jun-23
Councillor N. Sibiya	-	-	20,840	Feb-23
Councillor O. Mthembu	-	-	1,139	Jun-23
Councillor TE. Nyawose	-	-	300	Jul-22
Councillor CN. Sisoka	-	-	455	Mar-23

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Councillor Sibisi	-	-	112	Feb-23
Councillor D. Pillay	-	-	199	Apr-23
Councillor TM. Kaunda	-	-	5,888	Jun-23
Councillor J. van den Berg	-	-	10,014	Jun-23
Councillor AD. Snyman	-	-	9,623	Jan-23
Councillor KS. Sibisi	-	-	4,208	Jun-23
Councillor D. Msweli	-	-	88,238	Jun-23
Councillor S. Mpanza	-	-	1,518	Apr-23
Councillor SR. Moodley	-	-	356	Apr-23
Councillor ZM. Mncwango	-	-	1,367	Jun-23
Councillor HP. Shozi	-	-	17	May-23
Councillor SE. Mhlongo	-	-	11,290	Jun-23
	-	**-**	**1,025,655**	

In accordance with section 124 of the Municipal Finance Management Act, the notes to the Annual Financial Statements of a Municipality must include particulars of any arrears owed by individual councillors to the Municipality for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councillors. The figures disclosed are in Rand values and indicate the month in which the councillor’s municipal account was in arrears for more than 90 days.

Item 14 of Schedule 7 (Code of Conduct for Councillors) to the Systems Act provides that a Councillor may not be in arrears to a Municipality for rates and service charges for a period longer than three months. A breach of the Code must be reported to the Speaker for the matter to be dealt with.

Information relating to Councillors in arrears for more than 90 days is provided to the Speaker of Council by the Revenue department. Once the information is received, the Speaker engages such Councillors in line with the Councillors’ Code of Conduct. A report is thereafter referred to the Ethics Committee for consideration, and where applicable, appropriate recommendations are made to Council.

Item 15 of Schedule 7 (Code of Conduct for Councillors) to the Systems Act deals with breaches of the Code of Conduct for Councillors.

Additional disclosure in terms of the Municipal Financial Management Act only pertains to the parent municipality as required by the Act. In the previous financial year, the figures relating to the municipal entities were included. Prior year adjustments have been made.

47. Comparative figures

Certain comparative figures have been restated (refer note 45 for details).

In the notes to the Financial Statements, the comparative figures for Statement of Financial Position and the Statement of Financial Performance items are as at 30 June 2023.

Figures in Rand thousand

48. Deviation from Supply Chain Management Regulations and Supply Chain Management Policy

Municipality: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) and Section 58 of the Supply Chain Management Policy (SCMP) amounted to R1.88billion (2023: R2billion).

Durban Marine Theme Park: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) and Section 58 of the Supply Chain Management Policy (SMCP) amounted to R9.9million (2023: R9.6million).
ICC (Proprietary) Limited: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) and Section 58 of the Supply Chain Management Policy (SMCP) amounted to R14.9million (2023: R6.5million).

Details of the awards are summarised in the tables below:

Group - 2024: Categories per SCMR and SCMP	Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	14	4.75 %	414,787	21.77 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	40	13.56 %	284,619	14.94 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	- %	1,007	- %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	144	48.81 %	1,073,525	56.35 %
Deviation from the standard process	58	96	32.54 %	131,188	6.89 %
		295		**1,905,126**	

Group - 2023: Categories per SCMR and SCMP	Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	45	17.79 %	266,512	13.19 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	35	13.83 %	296,584	14.68 %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	103	40.71 %	1,340,723	66.37 %
Minor deviation from the standard process	36(1)(a)(vi)	1	0.40 %	25	0.01 %
Deviation from the standard process	58	69	27.27 %	116,240	5.75 %
		253		**2,020,084**	

48. Deviation from Supply Chain Management Regulations and Supply Chain Management Policy (continued)

Municipality - 2024: Categories per SCMR and SCMP	Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	13	7.18 %	414,737	22.06 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	15	8.29 %	280,208	14.90 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	1	0.55 %	1,007	0.05 %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	136	75.14 %	1,060,212	56.39 %
Deviation from the standard process	58	16	8.84 %	124,143	6.60 %
		181		**1,880,307**	

Municipality - 2023: Categories per SCMR and SCMP	Reference	Number of cases	% of Total	Value (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	43	25.00 %	266,172	13.28 %
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	19	11.05 %	295,702	14.76 %
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	-	- %	-	- %
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	97	56.40 %	1,329,629	66.35 %
Deviation from the standard process	58	13	7.56 %	112,555	5.62 %
		172		**2,004,058**	

S58 of SCMP deviations align to S36 (1)(a)(ii) and (v) categories of the SCMR.

49. Financial instruments

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the Municipality's operations.

Financial risk management

The Municipality has exposure to the following risks from its use of Financial Instruments:
- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these Annual Financial Statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the Municipality's liquidity risk, promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.
To ensure the execution of and compliance to overall risk management policies and guidelines in terms of exposure limits, concentration limits and volatility limits on financial assets and liabilities, eThekwini Municipality plays a focal role in:
- The maintenance of sound liquidity levels such that optimal returns on surplus cash are realized and interest expenses minimized.
- Ensuring that eThekwini Municipality’s credit rating is maintained.
- Ensuring sustainable financial viability of eThekwini Municipality by avoiding the occurrence of uncontrolled losses that could arise as a result of exposure in the financial markets with the overall aim of protecting eThekwini’s financial position.
- To provide the Council with reasonable assurance that financial risks the Municipality is exposed to are identified and, to the best extent possible, mitigated and controlled.

For each financial year, the Council approves a funding plan that minimizes liquidity risk. Treasury manages both the long-term and medium / short-term cash requirements, with surplus funds from operations of the City invested in short term money market instruments. Long-term liquidity risks arising from capital project initiatives are managed through issuance of long-term loans.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Figures in Rand thousand

Notes to the Annual Financial Statements

49. Financial instruments (continued)
Carrying amounts:

The carrying amounts of financial assets and liabilities shown in the Statement of Financial Position are as follows:

Financial Assets:	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**
Long-term receivables(current and non-current)	24,380	29,944	24,380	29,944
Consumer Debtors	12,113,004	10,387,625	12,167,604	10,462,081
Receivables from exchange transactions	1,837,745	1,572,621	1,828,260	1,560,894
Receivables from non-exchange transactions	133,266	129,487	133,266	129,487
Cash and cash equivalents	8,477,046	8,812,399	8,377,707	8,639,466

Financial Liabilities:	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**
External borrowings (current and non-current)	10,060,122	9,888,935	10,060,122	9,888,935
Payables from exchange transactions	11,316,657	8,270,733	11,308,485	8,264,386
Transfers payable from non-exchange transactions	21,371	21,694	21,371	30,247
Consumer deposits	2,862,668	2,736,326	2,845,199	2,712,528

The carrying amounts of financial instruments in relation to call investment deposits, cash and bank balances and consumer deposits were not included in the prior year disclosure. These have been incorporated in the current financial period as per the requirement of GRAP 104 - financial instruments. The comparative figures have also been updated.

Figures in Rand thousand

49. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter in raising funds to meet its short-term cash commitments. The Municipality's cash balance at 30 June 2024 showed a decrease of approximately R300.0 million from 30 June 2023. However, the average monthly cash balances over the 12-month period for 2023/2024 financial year was higher than the average monthly cash balance for the previous financial year. The increase in average cash balances was mainly due to the Municipality's stable cash collections. The municipality did not utilize overdraft facility in place during financial year ending 30 June 2024. Liquidity risk is managed through an ongoing review of the Municipality's future cash commitments and credit facilities. Cashflow forecasts are thoroughly prepared and borrowing facilities are closely monitored.

The following are details of the contractual maturities of financial liabilities:

Nedbank:	
Ethekwini Municipality - Primary overdraft	20,000
Ethekwini Municipality - Performance letters of guarantees	170,500
Ethekwini Municipality - Fleet management	68
Ethekwini Municipality - Secondary overdraft facility	491,000
The total of these facilities amount to	**681,568**

Group and Municipality

At 30 June 2024	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
External borrowings	10,060,122	10,060,122	1,332,643	8,727,479
Payables From Exchange Transactions	11,316,657	11,316,657	11,316,657	-
Transfers payables from non-exchange transactions	21,371	21,371	21,371	-

At 30 June 2023	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
External borrowings	9,888,935	9,888,935	921,997	8,966,938
Payables From Exchange Transactions	8,270,733	8,270,733	8,270,733	-
Transfers payables from non-exchange transactions	30,247	30,247	30,247	-

Municipality

At 30 June 2024	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
External borrowings	10,060,122	10,060,122	1,332,643	8,727,479
Payables From Exchange Transactions	11,308,485	11,308,485	11,308,485	-
Transfers payables from non-exchange transactions	21,371	21,371	21,371	-

At 30 June 2023	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
External borrowings	9,888,935	9,888,935	921,997	8,966,938
Payables From Exchange Transactions	8,264,386	8,264,386	8,264,386	-
Transfers payables from non-exchange transactions	30,247	30,247	30,247	-

Group and Municipality

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Investments				
• Short-term investments	6,791,688	-	-	-
• Call deposits	389,703	-	-	-

Figures in Rand thousand

49. Financial instruments (continued)

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Investments				
• Short-term investments	8,275,963	-	-	-
• Call deposits	272,733	-	-	-

Municipality

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Investments				
• Short-term investments	6,750,000	-		
• Call deposits	380,000	-		

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Investments				
• Short-term investments	8,200,000	-		
• Call deposits	230,000	-		

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the eThekwini Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimizing the eThekwini Municipality's service delivery objectives. GRAP 104 encourages entities to disclose sensitivity analysis for each type of market risk. However, the Municipality has not adopted these encouraged disclosures given that the Municipality has minimum exposure to market risk.

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates have material impact on the Municipality's investments and borrowings. The Municipality's 2024/2025 - 2026/2027 MTREF indicated a budget of R1.5 billion borrowings from external funding for 2024/2025 financial year. The Municipality is expected to borrow R 1.0 billion annually for 2025/2026 and 2026/2027 financial years to fund its capital expenditure. The Municipality, when sourcing borrowed funds utilises a combination of bilateral long-term loans from commercial banks and Development Finance Institutions (DFI's) as well as bond issuances through the Domestic Medium-Term Note (DMTN) Programme. The borrowings are always concluded at the cost-effective interest rates.

Cash flow interest rate risk

Counterparty class	Exposure limits	Cash deposits	Medium/short term deposits	Long term deposits
Domestic Banks	19,210,000	389,703	6,791,688	-

Credit quality investments	Long term ratings: AA	Long term ratings: A	Long term ratings: BBB	Short term ratings: A1+	Short term ratings: A1	Short term ratings: A2
Domestic Banks	6	1	0	7	0	-

Notes to the Annual Financial Statements

Figures in Rand thousand

49. Financial instruments (continued)

Valuation of Financial Instruments

Group and Municipality

Investments: Financial institution	30 June 2024	30 June 2023	30 June 2024	30 June 2023
ABSA	3,418,020	3,624,902	3,400,000	3,600,000
FNB	-	2,100,000	-	2,100,000
Nedbank	1,458,036	2,518,408	1,450,000	2,500,000
Standard bank	1,900,000	-	1,900,000	-
Investec bank	15,632	24,906	-	-
Grindrod	-	7,747	-	-
Total investments	**6,791,688**	**8,275,963**	**6,750,000**	**8,200,000**

Call deposits: Financial institution	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Standard bank	320,000	90,000	320,000	90,000
ABSA	93	86	-	-
Grindrod	60,000	50,007	60,000	50,000
Total call deposits	**389,703**	**272,733**	**380,000**	**230,000**

Figures in Rand thousand

Notes to the Annual Financial Statements

49. Financial instruments (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts. The Municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- Through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the Municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- Through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- Reviewing the Municipality's Credit Control Policy annually to ensure that it is updated for current practices that enhance revenue collection.

Long term receivables and other debtors are individually evaluated annually at Statement of Financial Position date for impairment.

As in the prior year, the outstanding debtor balances continues to increase due to factors such as the declining state of the economy in general, tariff increases and outstanding litigation matters.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

Financial instrument	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consumer Debtors	12,113,004	10,387,625	12,167,604	10,462,081
Receivables from exchange transactions	1,837,745	1,572,621	1,828,260	1,560,894
Receivables for non-exchange transactions	133,266	129,487	133,266	129,487
Cash and Cash Equivalents	8,477,046	8,812,400	8,377,707	8,639,466
Long-term receivables (current and non-current)	24,380	29,944	24,380	29,944

Contribution to bad debts provisions	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Consumer debtors	6,060,230	3,011,865	6,060,370	3,011,858
Other (exchange and non-exchange transactions)	629,126	544,426	624,410	540,627
	6,689,356	**3,556,291**	**6,684,780**	**3,552,485**

The ageing of trade receivables at the reporting date was as follows:

Consumer debtors: Gross	30 June 2024	30 June 2023	30 June 2024	30 June 2023
0 - 30 days	5,537,020	4,482,288	5,594,579	4,559,022
31 - 120 days	3,501,808	2,527,772	3,498,838	2,525,343
More than 120 days	22,522,004	17,015,089	22,522,004	17,015,089
Less: Provision for Bad Debts	(19,447,828)	(13,637,524)	(19,447,817)	(13,637,373)
Net consumer debtors	**12,113,004**	**10,387,625**	**12,167,604**	**10,462,081**

Movement in the provision for bad debts: Consumers	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Balance at beginning of year	13,637,524	10,712,558	13,637,373	10,712,414
Contribution	6,060,230	3,011,865	6,060,370	3,011,858

Figures in Rand thousand

49. Financial instruments (continued)

Bad debts written off	(371,822)	(86,899)	(371,822)	(86,899)
Rates provision transferred from DPDC	121,896	-	121,896	-
Balance at year end	**19,447,828**	**13,637,524**	**19,447,817**	**13,637,373**

Movement in the provision for bad debts: Other (exchange and non-exchange transactions)	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**
Balance at beginning of year	2,935,651	2,420,790	2,926,834	2,415,772
Contribution	629,126	544,426	624,410	540,627
Bad debts written off	(47,763)	(29,565)	(41,676)	(29,565)
Other	(121,896)	-	(121,896)	-
Balance at year end	**3,395,118**	**2,935,651**	**3,387,672**	**2,926,834**

Figures in Rand thousand

50. Bank balances

Account number - bank - account nature Description	Cash book balance 30 June 2024	Bank statement balance 30 June 2024	Cash book balance 30 June 2023	Bank statement balance 30 June 2023
1107821231 - Nedbank - Main Expenditure	-	(978,294)	162,106	(952,850)
1107821010 - Nedbank - Main Expenditure EFT	(14,953)	(2,906,477)	26,905	(3,091,087)
1107821061 - Nedbank - Direct Deposit	10,885	99,570	21,879	299,445
1107821126 - Nedbank - Electronic Deposit	57,373	1,258,268	126,515	1,857,873
1107821134 - Nedbank - Cashiers Deposit	(8,574)	1,639,839	(5,001)	281,535
1107821002 - Nedbank - Government Deposit	42,822	128,472	70,246	87,331
1107821398 - Nedbank - Electricity Income	977	6,345	529	15,461
1107821401 - Nedbank - Electricity Prepaid Vendor Deposits	11,615	41,396	(3)	133,111
1107821304 - Nedbank - SARS E-Filing	1,948	122,421	-	17,920
1107821088 - Nedbank - Direct Debit Collections	(4,805)	109,453	(57)	107,422
1107821096 - Nedbank - Transwitch Deposit Account	(479)	12,844	-	-
1107821118 - Nedbank - Agents Deposit	23,379	26,749	31,287	121,881
1107821169 - Nedbank - Metro Police Deposit	4,081	8,062	3,335	7,444
1107821177 - Nedbank - Parks, Recreation and Culture Deposit	2,075	4,699	4,771	8,661
1107821185 - Nedbank - City Engineers	412	629	210	444
1107821193 - Nedbank - Durban Tourism Deposit	122	792	203	368
1107821347 - Nedbank - Central Foreign Rand	-	(21)	-	(1,220)
1107821207 - Nedbank - Virginia Airport	1	134	77	307
1107821215 - Nedbank - Department of Housing	-	1,917	-	278
1107821290 - Nedbank - Wages Sundry PAYE	12	12	87	86
1107821312 - Nedbank - Cash Payments	(3)	(103)	-	(209)
1107821029 - Nedbank - Salaries	317,154	(529,482)	699	(790,855)
1107821371 - Nedbank - Durban Fresh Produce Market	35,074	33,249	31,132	31,109
1107821320 - Nedbank - General Bank	120,139	1,432,052	(272,033)	1,775,717
1107821487 - Nedbank - E- Ticketing	2,144	6,091	311	(1,832)
1107821274 - Nedbank - Bank Charges	2,480	(2,526)	42	(3,038)
1107821223 - Nedbank - Moses Mabhida Stadium Deposit	19	320	24	721
1107821460 - Nedbank - Pay @ Deposit	(20,060)	258,543	(7,998)	270,905
1107821444 - Nedbank - Consolidated Investment Fund	(982)	(982)	-	-
1107821452 Nedbank - Consolidated Investment Fund (EFT)	3	2	-	(1)
1107821517 - Nedbank - E-Services	748	9,497	467	19,154
1107821509 - Nedbank - Reforestation Project	-	-	72	72
1107821533- Nedbank - FG Township Establishment Account	637,832	427,877	-	-
Totals: eThekwini Municipality				
Bank balances	**1,271,294**	**5,629,234**	**480,897**	**5,037,245**
Bank overdraft	**(49,855)**	**(4,417,886)**	**(285,092)**	**(4,841,092)**

Notes to the Annual Financial Statements

Figures in Rand thousand

50. Bank balances (continued)

The following accounts had nil balances or balances less than R100 at end of reporting periods and were therefore excluded from the listing above:

1107821053 - Nedbank - Durban Fresh Produce Market EFT account; 1107821266 - Nedbank - Refunds Expenditure account; 1107821479 - Nedbank - Syntell Deposit account; 1107821096 - Nedbank - Transwitch Deposit account; 1107821282 - Nedbank - Water and Sanitation account; 1107821495 - Nedbank - Auctions account; 1107821150 - Nedbank - Metro Police Transwitch Deposit account; 1107821509 - Nedbank - Reforestation Project account; 1107821525 - Nedbank - Disaster Relief account; 5520398000080920 - Nedbank - City Fleet Debit Card account.

Bank balances are disclosed on a net basis based on the set-off agreement with Nedbank. The intention of the agreement is to set-off favourable and unfavourable bank balances and as a result interest is calculated on a net basis.

The Municipality operates on a Cash Management set-off agreement with Nedbank. This means that although the individual expenditure accounts would run in overdraft on a daily basis (due to ongoing payments to suppliers, employees, refunds etc.), the overall cash flow position is based on the daily net balance of all the bank accounts. This profile with the bank is called "notional pooling" which enables the bank to aggregate the daily balances of all the bank accounts (which is always favourable). Due to extremely high volumes of transactions processed through the various bank accounts, it is necessary to operate multiple bank accounts which allows for ease of reconciliations. Bank accounts are reconciled daily with all funds for the month being swept just after month end into the main eThekwini bank account. This process of sweeping is controlled via the bank reconciliation process via online bank transfers.

Account number - bank - account nature **Description**	**Cash Book Balance** **30 June 2024**	**Bank Statement balance** **30 June 2024**	**Cash Book Balance** **30 June 2023**	**Bank Statement balance** **30 June 2023**
Durban Marine Theme Park (State Owned Company) Limited:				
1108788564 - Nedbank - Online	2	2	8	8
1107821045 - Nedbank - Rope	(1)	(1)	483	483
1107821606 - Nedbank - Schools	24	24	1,357	1,357
1107821592 - Nedbank - Retail	227	227	13,286	13,286
1108788556 - Nedbank - Salary	6	6	123	123
1107821584 - Nedbank - Main	12,089	12,089	5,153	5,153
I.C.C. Durban (Proprietary) Limited:				
1107821541 - Nedbank - Deposits	31,989	31,989	31,914	31,914
1107821576 - Nedbank - Payments	2,840	2,840	1,346	1,346
434181510022**** - Nedbank - Purchasing card	16	16	6	6
Totals: Municipal Entities				
Bank balances	**47,193**	**47,193**	**53,676**	**53,676**
Bank overdraft	**(1)**	**(1)**	**-**	**-**

Totals: Group				
Bank balances	**1,318,487**	**5,676,427**	**5,090,921**	**5,090,921**
Bank overdraft	**(49,856)**	**(4,417,887)**	**(285,092)**	**(4,841,092)**

51. Material losses

Water:
There are various initiatives and targets contained within the Water Conservation Water Demand Management (WCWDM) 10 year strategic plan. The key initiatives undertaken impact the reduction of NRW by either promoting the increase of the Billed Metered Consumptions or the reduction of the System input volume. The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres /connection/day total water losses).

A few key results for the 2023/24 Financial Year (FY) are as follows:
- The total bulk water System Input Volume for the 2023/24 FY was 1158.1 ML/day, which showed an increase of 2.2% when compared to the similar period of 2022/23 FY, which was an average of 1133.17 ML/day
.
- There was an increase of 68.8% in the volume of water produced by eThekwini Water's internal water treatment plants from 11.2 ML/day in 2022/2023 FY to 18.9 ML/day in the 2023/24 FY.

- There was an increase of 13% in the recorded Consumer Sales volume of water on RMS, from an average of 473.7 ML/day in 2022/2023 FY to 527.6 ML/day in the 2023/2024 FY.

-
Percentage NRW by Volume for the FY closed at 53.8%, which showed a decrease of 4.4% compared to the 2022/23 FY which was 58.2%.

Water losses of 622,743 kl/day (2022/23: 659 478 kl/day) occurred during the FY under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R1,996,174,531 (2022/2023: R2,030,499,845) are primarily due mainly to losses as a result of ageing and deteriorating infrastructure, uncontrolled, unplanned rapid rural expansion and illegal connections.

In line with the current WCWDM Strategic Plan as well as the Turn Around Strategy EWS is implementing several initiatives, the highlights of which for the period under review is as follows:

1. During the period 1246 Pressure Reducing Valves (PRV's) were maintained to ensure that it operated at its designed minimum pressure setting.

2. The programme for the installation of meters in the Rural Areas (ITB land) was executed with a total of 390 (which were all applications received) out of a targeted 2 040 (planned) meters being installed.

3. In terms of the programme for meter replacement for domestic consumers, 20927 have been done.

4. The program for the replacement of Institutional, Commercial and Industrial (ICI) meters was executed with a total of 900 out of the targeted 360 meters has been achieved. All work was carried out in-house.

Notwithstanding all various challenges during the financial year, there was an improvement in the Sales volume which has had a positive impact and resulted in the decrease of 4.4% NRW% by volume to 53.8% for the 2023/24 FY from the previous FY closing figure of 58.2%.

Electricity:
Estimated Electricity losses of 1,120,376,288 kWh (2023: 1,053,923,386 kWh) occurred during the period under review which resulted in revenue losses to the municipality. These estimated kWh losses amounted to R 1 716 million. (2023: R1 365 million).

The national norm for electricity losses ranges from 5% to 12%. The loss incurred by the municipality is 11.56% and is due to a combination of transmission/distribution losses and losses due to illegal connections. The following interventions are being implemented or will be implemented in the future to reduce electricity losses:

- Improvement of meter reading readings management.
- Implementation of meter sweeps disconnections.
- Implementation of credit control disconnections.
- Implementation of smart metering programme.

Notes to the Annual Financial Statements

Bad Debts written off:
Debt of R413.5million (2023: R185.5million) was written off during the year. The write-off is in respect of irrecoverable debts which relate to rates, water, solid waste, electricity, housing and sundry debts. On 28 September 2023, the Municipality approved the implementation of Debt Payment Relief Programme for a period of three months to account holders in arrears for 90 days or more, effective 01 October to December 2023. As a result, both the capital and interest amounts were written-off based on the terms and conditions of the programme. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on the debt that can still be recovered.

City integrity and investigations unit:
During the year 3 (June 2023: 14) of the 503 (June 2023: 549) cases that were finalised by the City Integrity and Investigations Unit, R0.7million (June 2023: R5.6million) was recommended for recovery resulting from potential losses that could be quantified. The recovery thereof is pending the conclusion of disciplinary and legal processes to be undertaken against the employees implicated from finalised investigations.

Figures in Rand thousand

52. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

Cases reported during the 2023/24 year are included below:	30 June 2024	30 June 2023	30 June 2024	30 June 2023
The irregular expenditure arising through finalised investigations - CIIU	24,373	34,408	24,373	34,408
Inappropriate use of regulation 36 - Internal Audit	-	89,842	-	89,842
Non-compliance with S.C.M. - various: This expenditure is deemed to be irregular due to Public Tender Process not being adhered to, preference points not being applied, variation orders not being approved by the relevant committee's, tax clearance certificates not being received, 3 quotations not being obtained and adverts not being adequately advertised.	-	211,882	-	211,882
Non-compliance with SCM - Local content	1,412,593	2,030,764	1,412,593	2,030,764
Non-compliance with SCM regulations - Splitting of orders	99,449	-	99,449	-
Non-compliance with SCM - section 116	73,975	37,147	73,975	37,147
Non-compliance with SCM - Section 110	606	-	606	-
Awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality	283	2,027	283	2,027
Awards made entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	736	2,807	736	2,807
Durban Marine Theme Park (Pty) Ltd. - Noncompliance with Supply Chain Management policy	4	48	-	-

Investigations are still in progress regarding 282 cases (June 2023: 335 cases). 503 cases were completed during the reporting period (2022 / 2023 financial year: 549 cases).

Irregular expenditure	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Opening balance	3,625,685	4,848,279	3,585,959	4,810,259
Irregular expenditure current year	1,577,897	2,367,887	1,577,897	2,367,838
Irregular expenditure - prior periods	9,745	6,630	9,745	6,630
Irregular expenditure arising from finalised investigations	24,373	34,408	24,373	34,408
Amount certified as irrecoverrable by Council	(3,297,909)	(2,338,827)	(3,297,909)	(2,338,827)
Amount certified as irrecoverrable by Council - post year end	(644,923)	(1,294,349)	(644,923)	(1,294,349)
Irregular expenditure awaiting write-off / recovery.	**1,294,868**	**3,624,028**	**1,255,142**	**3,585,959**

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers.

The amounts above are inclusive of VAT.

Included in the above reconciliation is an amount of R 644 million which was certified as irrecoverable and written off by council subsequent to year end.

The CIIU irregular expenditure was incurred in prior years, however the investigations were finalised in 2023/24. Since this irregular expenditure was finalised in the current year when Circular 68 was effective, the expenditure is reported inclusive of VAT.

Figures in Rand thousand

52. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

Fruitless and Wasteful expenditure reconciliation	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Opening balance	14,726	48,316	14,726	48,316
Fruitless and Wasteful expenditure - current period	6,723	579	6,723	579
Amount certified as irrecoverable by Council	(4,232)	(142)	(4,232)	(142)
Amount certified as irrecoverable by Council - post year end	-	(34,027)	-	(34,027)
Fruitless and Wasteful expenditure awaiting write-off / recovery.	**17,217**	**14,726**	**17,217**	**14,726**

The fruitless and wasteful expenditure relates to interest on late payments, penalties on licenses not renewed timeously and payments to suppliers for work not completed to specification.

53. Budget disclosure

Differences between budget and actual amounts basis of preparation and presentation

Variances above 10% are considered material. The following are reasons provided for material variances:

Other income:

The increase in other income is mainly attributable to interest raised on outstanding debtors due to current economic conditions. There was also a donation of R136.5 million received by the Water and Sanitation department during the current year relating to Water Desalination Demonstration Plan.

Other expenditure:

The difference is due to water losses and grants for municipal entities' amounts that are budgeted as general expenses as per budget alignment (MSCOA chart- items) but AFS treatment is by function.

Budget policy is aligned with GRAP in terms of disclosure.
Operational grants recognised for the year were R5.4billion and capital grants were R2.28billion.
A comparison of the budget and actual information has been disclosed in the Statement of Comparison of Budget and Actual Amounts and not in columnar format as required due to the classification as per budget regulations as prescribed by National Treasury differing to the GRAP disclosure requirements.

An adjustments budget is the mechanism to amend an approved budget under certain conditions and is legislated in terms of Section 28 of the MFMA of 2003 and the Municipal Budgeting and Reporting Regulations. The main reasons for the adjustments to the budget are as follows:
- reallocation of budgets between votes to ensure operational efficiencies,
- adjustments in respect of grant funding to the Municipality, and,
- re-prioritisation of capital projects for various reasons.

Figures in Rand thousand

54. Enhancements to accounting policies

Standards or pronouncements that became effective in the current financial year:

In terms of directive 5, the following pronouncements became effective in the current financial year:

- Revised GRAP 25 on Employee Benefits and related IGRAP 7 on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

- Amendments to GRAP 1 on Presentation of Financial Statements as a result of changes agreed as part of developing the Guideline on The Application of Materiality to Financial Statements.

- The Effect of Past Decisions on Materiality – IGRAP 21.

- Improvements to the Standards of GRAP, 2020.

- Guideline on Accounting for Landfill Sites.

These pronouncements do not have an impact on the current accounting policies since their implementation does not change the principles that were already incorporated in the existing accounting policies. The adoption of GRAP 25 and IGRAP 7 had an impact in terms of how post employment benefits are presented and disclosed on the financial statements. Refer to Note 19: Post employment benefit (obligations)/asset for more details.

The Interpretation GRAP on the effect of Past Decisions on Materiality and Guideline on accounting for landfill sites were disclosed as part of pronouncements approved but not yet effective in the previous financial year. Given that these pronouncements have become effective, their disclosure under pronouncements approved but not yet effective has been removed.

Amendments to accounting policies:

The accounting policies have been amended to incorporate the following amendments and enhancements required to achieve fair presentation:

The materiality figure on the accounting policy for materiality has been updated based on the latest audited financial statements. The update of the material figure has not increased the risk of misstatements given that the Municipality applies a separate transactional and aggregate materiality in assessing the risk of misstatements at an operational level.

The accounting policies dealing with intangible assets has been improved to include the Capacity Rights item. The rights arise from a contractual agreement with Eskom, for the municipality to receive electricity at a specified supply points and capacity. The municipality reimburses Eskom for the initial capital expenditure and costs incurred by Eskom in making the bulk supply of electricity available in the specified supply points. The rights are considered to have an indefinite useful life. Comparative balances have been restated to correctly account for the capacity right as an intangible asset in line with GRAP 3 requirements, specifically those pertaining to correction of prior period errors.

The municipality owns both internally generated and other off-the-shelf computer software. GRAP 31 requires that the disclosure of useful lives for each category of intangible assets distinguishes between internally generated and other. The accounting policies has been amended to provide this distinction. The range of useful lives for each category of computer software is the same given that the procurement of the intangible asset (internally generated or purchased off-shelf) does not have an impact on the economic life of the asset.

The accounting policies dealing with employee benefits obligations has been improved to include the definition of employee benefits.

The accounting policies dealing with grants, transfers and donations has been improved to include the accounting treatment of unconditional grants, transfers and donations. Income received from these grants is recognised as revenue upon receipt and/or when resources transferred meet the criteria for recognition as an asset and there is also no present obligation to the Municipality to refund transferred resources to the transferor.

54. Enhancements to accounting policies (continued)

The accounting policy on commitments has been amended to only deal with the contractual commitments required by the specific standards of GRAP i.e., the disclosure of future minimum lease payments in terms of GRAP 13; contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements in terms of GRAP 16; contractual commitments for the acquisition of property, plant and equipment in terms of GRAP 17; contractual commitments for the acquisition of intangible assets of GRAP 31; and contractual commitments for the acquisition, maintenance and restoration of heritage assets in terms of GRAP 103. Previously, commitments incorrectly included other operational commitments not required in terms of GRAP standards. Comparative disclosures have been adjusted in line with GRAP 3 requirements, specifically those pertaining to correction of prior period errors.

Where there is no specific standard of GRAP dealing with the condition or event, the municipality is required to develop the accounting policy using the GRAP pronouncements dealing with the similar principles, or use the principles outlined in the conceptual framework or refer to the pronouncements issued by other recognized accounting authorities. There is currently no GRAP standard for statutory payables. Therefore, the accounting policy has been amended to indicate that, in the absence of the specific standard, the accounting policy for statutory payables has been developed using the principles of GRAP 19 since there is uncertainty regarding the timing of outflow of cash for VAT payable. The disclosures on statutory payables reflect those similar to GRAP 108 pertaining to statutory receivables given that the nature of these items is the same, i.e. arising from legislation.

The accounting policies dealing with provisions and contingencies have been improved to include the definitions for contingent assets and liabilities.

The accounting policy dealing with revenue from non-exchange transactions has been improved to include the accounting treatment of surcharges relating to the additional infrastructure tariff imposed on the consumption of water and sanitation services.

The municipality does not have non-living resources in its books, and the value of living resources is trivial. The accounting policy dealing with living and non-living resources was therefore considered to be insignificant and thus removed.

Other than the amendments pertaining to commitments, intangible assets and post-employment benefits which have been accounted for in accordance with GRAP 3, the amendments above made on the accounting policies have no impact on the measurement, presentation and disclosure of information on the financial statements.

Figures in Rand thousand

55. Accounting by principals and agents

Principal-agent arrangements relate to binding arrangements in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). The following arrangement meets the criterion for such arrangements:

Department of Transport:

In the prior years, the Department of Transport and eThekwini Municipality entered into an agreement to specify functions that would be provided by the eThekwini Municipality for the Department of Transport at a commission of 10% (30 June 2023: 8.62%) as per the circular issued by the Department of Transport given the capacity that the municipality had to undertake such functions. The arrangement was due for renewal during the current reporting period, taking into account the revised commision. In terms of the agreement, the municipality was identified as the agent in the arrangement and undertook the following activities on behalf of the Department of Transport where the municipality was engaging with the public:

- Motor vehicle registration and licensing functions in accordance with applicable national and provincial road traffic legislation

- Learner licence functions in terms of applicable national and provincial road traffic legislation

- Driving licence functions in terms of applicable national and provincial road traffic legislation

- Responsibility for the Computerised Learner Licence Testing System installed by the Department of Transport

.

As a result, there were no assumptions made in identifying the municipality as an agent. The Department of Transport indemnifies and holds the municipality harmless against any claims made by a third party against the municipality arising from motor vehicle registration and licensing and motor vehicle, learner and driving licence testing transactions on behalf of the Department, thus indicating the low risk to the municipality.

The nature of the arrangement indicates that the municipality collects monies on behalf of the Department of Transport and directly deposits the money in the principal’s bank account, indicating that there are no funds held by the municipality on behalf of the Department of Transport that remain unpaid to the principal and recorded in the municipality’s records. Based on the arrangement, the Department of Transport is required to reimburse the municipality outstanding monies within 30 days.

During the current financial year, the municipality earned a net commission of R28.0 million excluding VAT (30 June 2023: R21.4 million), which is recognised as part of other income on the financial statements. Of this earned commission, an amount of R2.3 million including VAT was paid by the Department of Transport after the end of the reporting period given that commission is paid within a period of 30 days (30 June 2023: R2.6 million).

Monies collected by the municipality and paid to the Department of Transport amounted to R321.5 million inclusive of VAT (30 June 2023: R295.6 million).

56. Going concern

Overall assessment

Amid the tough economic conditions, the municipality was able to achieve a collection rate of 95% during the month of July 2024, although recovering from the economic effects of the Covid 19 pandemic, civil unrest, rise in interest rates, and recent flooding and storm events. This means that the municipality is able to collect outstanding debt. In order to reduce the rising debtor balances, the Council continues to use measures such as disconnections, investigation of meter tampering, appointment of debt collectors, focus on high debtors, one on one sessions with state owned entities and government departments, one on one sessions with major debtors and legal processes.

The debt relief programmes, which continued to be implemented during the current year, are one of the strategies in place aimed at curbing the escalation in debtors where customers are assisted in terms of settling outstanding debt.

56. First-time adoption of International Financial Reporting Standards (continued)

As disclosed in Note 27: Interest earned, the average monthly cash balance over the 12-month period for 2023/24 financial year was higher than that of the same period in the previous financial year. The increase was mainly due to the Municipality’s steady cash collections and some of the conditional grants received that were spent before the end of the financial year.

This demonstrates the City’s ability to generate sufficient revenue to ensure that service delivery is not affected by the current economic conditions. For the annual financial statements ended 30 June 2024, the municipality generated a surplus as indicated on the Statement of Financial Performance. This was mainly attributable to an increase in service charges, interest revenue, grants recognised and property rates revenue. The surplus decreased from the previous financial year, mainly as a result of the significant debt impairment. Although the debtors' collection rate of 95% is within the norm, the uncollected 5% debt contributes to the increase in the impairment provision. As indicated above, there are debt relief packages aimed at ensuring that monies are recovered from customers in relation to services rendered.

The municipality has managed to ensure that expenditure does not increase beyond the available budgets through the implementation of budget checking. This has contributed to the expenditure being significantly lower than the revenue generated, hence resulting in the surplus that is currently generated. The municipality also has the policies and procedures in place to ensure the monitoring of expenditure throughout the financial year. The budget checking process is one of the mechanisms used to assist in controlling expenditure.

Economic recovery:

The City continues to recover from the effects of the flooding and storms that took place during the current and previous years. Various interventions have been implemented to provide social relief packages to people and repair previously damaged infrastructure.

The R1.5 billion grant received during the previous financial years and rolled over to the current year (Reconstruction and Recovery Grant) to rehabilitate assets affected by the various flooding events was fully spent before the end of the financial year.

Municipal operating and capital budgets:

There is close monitoring of operating expenditure and implementation of austerity measures to reduce spending to ensure that the budget is sustainable and realistic. Various committees continue to deal with major expenditure items, including the approval and budget allocation for these items. This is to ensure that:

- the budget is funded,

- there is focus on cost containment,

- there is focus on essential service delivery, and

- the budget is realistic considering the current economic conditions.

The municipality implements budget checking to prevent the occurrence of unauthorised expenditure and to manage its expenditure in both the operating and capital budget.

Conclusion:

Based on the above the Municipality will continue operating in the foreseeable future, thus supporting the going concern basis of accounting.

Figures in Rand thousand

57. Taxation

Major components of the tax credit

Current				
Current tax charge	-	(272)	-	-
Prior year over provision	-	(165)	-	-
	-	**(437)**	**-**	**-**
Deferred				
Originating and reversing temporary differences	(2,061)	2,887	-	-
Assessed loss (utilised) / available	3,850	(1,089)	-	-
	1,789	**1,798**	**-**	**-**
Total current and deferred taxation	**1,789**	**1,361**	**-**	**-**

Reconciliation of the tax credit

Reconciliation between accounting deficit and taxable income:

Accounting deficit	(6,628)	(5,650)	-	-
Tax at the applicable tax rate of 27% (2023: 27%)	1,790	1,525	-	-
Tax effect of adjustments on taxable income				
Loss on disposal of assets	(1)	-	-	-
Prior year over provision	-	(165)	-	-
	1,789	**1,360**	**-**	**-**

The assessed loss utilised of R3.85million relates to Durban ICC and is based on the probability that there will be future taxable surpluses against which the unused tax losses can be utilised.

No provision has been made for the taxation of Durban Marine Theme Park SOC Limited as they have an estimated loss of R402.99million (2023: assessed loss of R370.94million) which is available for set-off against future taxable income. No deferred tax asset has been raised since there is no probability that there will be future taxable surpluses against which the unused tax losses can be utilised.

Figures in Rand thousand

58. Change in estimate

Municipality: changes in estimates relate to the following:

Landfill site provision decrease	49,804	150,437	49,804	150,437
Traffic fine revenue increase/(decrease)	10,448	(13,250)	10,448	(13,250)
Traffic fine impairment provision (increase)/decrease	(22,206)	1,201	(22,206)	1,201
	38,046	**138,388**	**38,046**	**138,388**

The changes in estimates relate to assumptions pertaining to landfill site provisions and traffic fine debtors. Changes in assumptions are assessed annually. The change in estimate has been fully recognised against the carrying value of both the landfill provision and traffic fine debtor, with resulting changes adjusted against revenue, expenditure and asset. There is therefore no impact in the future reporting periods. In the previous reporting period, the change in estimate was presented separately as a line item on the Statement of Financial Performance. In order to ensure that the change in estimate is fairly presented, each change is presented according to its nature on the Statement of Financial Performance and Statement of Financial Position, with comparative figures adjusted accordingly.

Included in the change in estimate for landfill site provisions is an amount of R41million (2023: R54million) recognised directly against the Statement of Financial Performance (revenue from non-exchange transactions: other income) in accordance with the GRAP standards stating that a decrease in the provision exceeding the carrying value of the landfill asset is recognised against Surplus or Deficit. The remaining balance of the change in estimate has been recognised against the carrying value of the landfill asset. Further details in respect of these changes in the landfill provision can be found in Note 21: Provisions.

The change in estimate relating to traffic fine debtors has been adjusted against traffic fine revenue and contribution to debt impairment. Further details in respect of these changes in the traffic fine debtors can be found in Note 4: Receivables from non-exchange transactions.

Durban Marine Theme Park

The useful life of certain non-current assets was estimated using the useful lives on the respective accounting policies. However a number of these assets have been fully depreciated by 30 June 2024. Thus, in the current period management have revised their estimated useful lives by a further to 6 months to 36 months. The effect of this revision has increased the depreciation charges for the current and future periods by R10.89million.

The impact on Intangible assets is R0.26million.

The impact on Property, Plant and Equipment is R10.44million.

The impact on Investment Property is R0.19million

59. Statutory receivables and payables

Fines receivable - (refer to note 4)	26,519	24,879	26,519	24,879
VAT receivable - (refer to note 17)	38,318	99,678	38,318	97,654
VAT payable - (refer to note 17)	(1,260,847)	(869,413)	(1,251,387)	(862,416)
Property rates receivable - (refer to note 5)	6,031,978	5,352,467	6,066,557	5,388,465
	4,835,968	**4,607,611**	**4,880,007**	**4,648,582**

Statutory receivables and liabilities have been disclosed on the Statement of Financial Position separately based on the nature of the asset or liability. There was no interest charged on outstanding traffic fine debtors. Interest charged on outstanding property rates debtors is disclosed on Note 29: Interest earned from receivables - property rates. The VAT receivable and VAT liability have been separately disclosed, with comparative figures adjusted. Refer to Note 17: VAT for more details.

Notes to the Annual Financial Statements

Figures in Rand thousand

60. Deferred tax

Reconciliation of deferred tax asset

Balance at beginning of year	43,396	41,599	-	-
Tax loss (utilised) / available	3,850	(1,089)	-	-
Deductible temporary differences movement on Statement of Financial Position items	(2,061)	2,886	-	-
	45,185	**43,396**	**-**	**-**

Figures in Rand thousand

61. Re-classification of revenue, expenditure, assets and liabilities

The following items have been reclassified to the most appropriate categories to enhance the presentation and disclosure of information based on the ongoing reviews conducted on the financial statements. Where applicable, the amendments have also been made on the face of financial statements. Prior year balances have been reclassified as follows:

General expenses				
Balance previously reported (30 June 2023)	-	4,008,877	-	3,903,499
Re-classification from contracted services - auditors remuneration	-	29,367	-	27,465
Other prior-year adjustments	-	8,931	-	8,931
Re-classification to contracted services - municipal entities	-	(100,461)	-	-
Re-classification from employee related costs - municipal entities	-	4,699	-	-
Balance restated (30 June 2023)	**-**	**3,951,413**	**-**	**3,939,895**
Contracted services				
Balance previously reported (30 June 2023)	-	5,691,655	-	5,672,545
Re-classification to General expenses - Auditors remuneration	-	(29,367)	-	(27,465)
Other prior-year adjustments	-	193,674	-	193,674
Re-classification from General expenses - municipal entities	-	100,459	-	-
Re-classification from Employee related costs - municipal entities	-	23,922	-	-
Balance restated (30 June 2023)	**-**	**5,980,343**	**-**	**5,838,754**
Change in estimates				
Balance previously reported (30 June 2023)	-	41,983	-	41,983
Re-classification to Fines and Forfeits	-	13,250	-	13,250
Re-classification to Debt Impairment	-	(1,201)	-	(1,201)
Re-classification to Revenue from non-exchange - Other income	-	(54,032)	-	(54,032)
Balance restated (30 June 2023)	**-**	**-**	**-**	**-**
Revenue from non-exchange - Other income				
Re-classification from Changes in estimates	-	54,032	-	54,032
Service charges				
Balance previously reported (30 June 2023)	-	24,182,584	-	24,249,245
Re-classification to Surcharges and taxes	-	(332,625)	-	(332,625)
Other prior-year adjustments	-	(135,259)	-	(135,259)
Balance restated (30 June 2023)	**-**	**23,714,700**	**-**	**23,781,361**
Revenue from exchange - Other income				
Balance previously reported (30 June 2023)	-	594,133	-	423,082
Re-classification to Fines and forfeits	-	(87,367)	-	(87,367)
Re-classification to Surcharges and taxes	-	(3,000)	-	(3,000)
Balance restated (30 June 2023)	**-**	**503,766**	**-**	**332,715**
Fines and forfeits				
Balance previously reported (30 June 2023)	-	157,929	-	157,929
Re-classification from Changes in estimates	-	(13,250)	-	(13,250)

Notes to the Annual Financial Statements

Figures in Rand thousand

61. Re-classification of revenue, expenditure, assets and liabilities (continued)

Re-classification from revenue from exchange - other income	-	87,367	-	87,367
Re-classification from revenue from exchange - municipal entities	-	127	-	-
Other prior-year adjustments	-	5,821	-	5,821
Balance restated (30 June 2023)	**-**	**237,994**	**-**	**237,867**

Employee related costs

Balance previously reported (30 June 2023)	-	12,193,266	-	12,009,502
Re-classification to general expenses - municipal entities	-	(4,699)	-	-
Re-classification from Contracted services- municipal entities	-	(23,922)	-	-
Other prior year adjustments	-	125	-	125
Balance restated (30 June 2023)	-	12,164,770	-	12,009,627
	-	**12,164,770**	**-**	**12,009,627**

VAT liability

Balance previously reported (30 June 2023)	-	811,510	-	806,537
Re-classification to VAT receivable	-	99,678	-	97,654
Other prior year adjustments	-	(41,775)	-	(41,775)
Balance restated (30 June 2023)	**-**	**869,413**	**-**	**862,416**

VAT receivable

Re-classification from VAT payable	-	99,678	-	97,654

Debt Impairment

Balance previously reported (30 June 2023)	-	3,576,021	-	3,572,215
Re-classification from Changes in estimates	-	(1,201)	-	(1,201)
Other prior-year adjustments	-	(18,529)	-	(18,529)
Balance restated (30 June 2023)	**-**	**3,556,291**	**-**	**3,552,485**

Call investment deposits

Balance previously reported (30 June 2023)	-	272,733	-	230,000
Re-classification to Cash and cash equivalents	-	(272,733)	-	(230,000)
Balance restated (30 June 2023)	**-**	**-**	**-**	**-**

Cash and cash equivalents

Re-classification from Call investment deposits	-	272,733	-	230,000
Re-classification from Investments	-	8,275,963	-	8,200,000
Re-classification from Cash and bank balances	-	263,704	-	209,466
Balance restated (30 June 2023)	**-**	**8,812,400**	**-**	**8,639,466**

Investments

Balance previously reported (30 June 2023)	-	8,275,963	-	8,200,000
Re-classification to Cash and cash equivalents	-	(8,275,963)	-	(8,200,000)
Balance restated (30 June 2023)	**-**	**-**	**-**	**-**

Notes to the Annual Financial Statements

Figures in Rand thousand

61. Re-classification of revenue, expenditure, assets and liabilities (continued)

Cash and bank balances				
Balance previously reported (30 June 2023)	-	263,704	-	209,466
Re-classification to Cash and cash equivalents	-	(263,704)	-	(209,466)
Balance restated (30 June 2023)	**-**	**-**	**-**	**-**
Surcharges and taxes				
Re-classification from Service charges	-	332,625	-	332,625
Re-classification Revenue from exchange - Other income	-	3,000	-	3,000
Other prior-year adjustments	-	84,823	-	84,823
Balance restated (30 June 2023)	**-**	**420,448**	**-**	**420,448**
Post-employment benefit obligations (current portion)				
Balance previously reported (30 June 2023)	-	951,439	-	951,439
Re-classification to Post-employment benefit asset	-	(744,407)	-	(744,407)
Balance restated (30 June 2023)	**-**	**207,032**	**-**	**207,032**
Post-employment benefit obligations (non-current portion)				
Balance previously reported (30 June 2023)	-	3,397,289	-	3,397,289
Re-classification to Post-employment benefit asset	-	760,070	-	760,070
Balance restated (30 June 2023)	**-**	**4,157,359**	**-**	**4,157,359**
Post-employment benefit asset				
Re-classification from Post-employment benefit obligations (curent portion)	-	(744,407)	-	(744,407)
Re-classification from Post-employment benefit obligations (non-curent portion)	-	760,070	-	760,070
Balance restated (30 June 2023)	**-**	**15,663**	**-**	**15,663**
Donations - Property, plant and equipment				
Balance previously reported (30 June 2023)	-	34,642	-	34,642
Re-classification to Public contributions and donations	-	(34,642)	-	(34,642)
Balance restated (30 June 2023)	**-**	**-**	**-**	**-**
Public contributions and donations				
Balance previously reported (30 June 2023)	-	4,517	-	3,478
Re-classification from donations - property, plant and equipment	-	34,642	-	34,642
Other prior-year adjustments	-	6	-	6
Balance restated (30 June 2023)	**-**	**39,165**	**-**	**38,126**
Receivables from exchange transactions				
Balance previously reported (30 June 2023)	-	2,737,552	-	2,725,778
Re-classification to accumulated surplus - DOHS gross debtor	-	(3,856,406)	-	(3,856,406)
Re-classification to accumulated surplus - DOHS provision for doubtful debts	-	2,644,219	-	2,644,219

61. Re-classification of revenue, expenditure, assets and liabilities (continued)

Other prior-year adjustments	-	47,303	-	47,303
Balance restated (30 June 2023)	**-**	**1,572,668**	**-**	**1,560,894**

General expenses and Contracted services:

The auditors remuneration has been reclassified from contracted services to general expenses based on the nature of the expenditure incurred. Contracted services relates to work that would ordinarily be performed in-house by the municipality, but due to the technical nature of the work or scarcity of resources internally the work is contracted to service providers. The audit of the financial statements is the responsibility of the Auditor General as per the Municipal Finance Management Act. It is therefore appropriate for this expenditure to be re-classified from contracted services to general expenditure based on the nature of the expenditure incurred.

Changes in estimate and Revenue from non-exchange - Other income:

The change in estimate relates to the remeasurement of the landfill site provisions in accordance with the GRAP standards stating that a decrease in the provision exceeding the carrying value of the landfill asset is recognised directly against the Statement of Financial Performance (revenue from non-exchange transactions: other income). During the previous reporting period the amount was separately disclosed as a change in estimate on the Statement of Financial Performance. In order to ensure that the change in estimate is disclosed in accordance with its nature as income, this amount has been re-classified to form part of revenue from non-exchange transactions, with comparative figures adjusted accordingly. The item "Changes in estimate" is not a disclosure by nature as the user would not know whether this item is revenue or expenditure on the Statement of Financial Performance.

Service charges, and Surcharges and taxes:

Based on the research and benchmarking exercise conducted during the current reporting period, it was deemed appropriate for surcharges to be presented separately as part of surcharges and taxes relating to revenue from non-exchange transactions on the basis that there is no equal value provided to customers when they pay the surcharge. As a result, the revenue has been re-classified from service charges to surcharges and taxes.

Fines and forfeits, and Revenue from exchange - Other income:

Revenue relating to the forfeiture of unclaimed deposits and retentions was previously disclosed as part of Revenue from exchange - Other income. Given that the revenue relates to a forfeiture in nature, it was appropriate for it to be re-classified from revenue from exchange - other income to fines and forfeits.

VAT payable and VAT receivable:

During the previous reporting period the net VAT payable or receivable was presented on the Statement of Financial Position. Given that the nature of the VAT payable or receivable is different in that one relates to a receivable from SARS and the other outstanding payments from consumers, it might not be appropriate to offset these amounts on the Statement of Financial Position. As a result, the VAT receivable from SARS has been reclassified from VAT payable to VAT receivable.

Cash and bank balances, Investments, Call investment deposits, and Cash and cash equivalents:

The components of cash and cash equivalents were previously presented separately on the financial statements. These items have now been presented as one item called “cash and cash equivalents”, with the disaggregation of the amounts disclosed on the notes to the financial statements. This is to ensure comparability of financial statements with other municipalities and align with best practice dealing with the presentation of cash and cash equivalents (GRAP 1 and National Treasury templates for financial reporting).

Post-employment benefit obligations and asset:

The net asset relating to the Durban Pension Fund (defined benefit plan) was reclassified to non-current assets to achieve fair presentation. The net position in the pension fund is made up of the Employer Surplus Account of the fund, and it represents the amount that is available as a reduction of future contributions to the municipality. The prior year opening balance has been restated accordingly.

61. Re-classification of revenue, expenditure, assets and liabilities (continued)

Public contributions and donations:

The line item relating to donations of property, plant and equipment was combined with Public contribution and donations since they are of a similar nature. Note reference to property,plant and equipment was added to demonstrate the amount of donations received during the period relating to this item.

Receivables from exchange transactions - DOHS debtor:

The prior year balances have been restated in light of the review of the accounting treatment for housing debtors where revenue is recognised in line with the approved subsidy. During the previous reporting periods revenue was, in certain instances, recognised beyond the approved subsidy based on past experience where claims relating to expenditure in excess of the approved subsidy were paid by Province. Such expenditure would have been incurred to ensure that the houses constructed were of the right quality in accordance with the standards governing construction projects. The current accounting treatment is a conservative approach and seeks to ensure that revenue is only recognised when discussions regarding the repayment of the historical debt have reached an advanced stage where revenue is then to be recognised. The reclassification of prior year balances therefore reflects a change in the accounting principles that were applied in recognising revenue in the prior years and such a change requires comparative figures to be adjusted to ensure fair presentation.

62. List of standards approved but not yet effective

GRAP 103 on Heritage Assets

The board issued the amendments to GRAP 103 – Heritage Assets in June 2022. However, the effective date of this standard had not been determined as at the end of the current reporting period, and no early adoption is permitted.

The key amendments to the standard were mainly on the definition of a heritage asset; classification of heritage asset with significant alternative use; determination of a reliable fair value of a heritage asset; protective rights imposed on heritage assets, re-assessing if a reliable value becomes available subsequently, aggregation of individually insignificant heritage assets, impairment of heritage assets, disclosures of heritage assets borrowed or on loan.

The amended definition focuses on assets that have “cultural significance” and the standard now defines a heritage asset as “an asset that has cultural significance and is held indefinitely for the benefit of present and future generations. This was to ensure alignment with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

This standard now requires that all heritage assets, irrespective of whether they have an alternative use, should be accounted for using GRAP 103. Following this proposed change, heritage assets will now no longer be depreciated. Instead, an entity should annually assess if an impairment indicator has been triggered.

Once this standard becomes effective, it will have an impact on the classification of the municipal buildings that meet the definition of heritage assets, but are currently classified as property, plant and equipment since they have a dual-purpose, such as the City Hall. The municipality will have to retrospectively apply the standard by adjusting the accumulated surplus to reverse the previously recognised depreciation.

GRAP 1 on Presentation of Financial Statements (Going concern)

The Board issued amendments to GRAP 1 – Presentation of financial statements to include additional guidance and disclosures on going concern, the effective date has not yet been determined. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. The liquidation or cessation of a public sector entity’s operations is rare, and only in the case of dissolution without any continuation of the entity’s operations will the going concern basis cease to apply.

The explanatory guidance has been included in this Standard on the application of the going concern assumption by public sector entities. The board included specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

The amendments to this standard will not have a material impact on the municipality's annual financial statements, given that the going concern principle and disclosure requirements are already applied in the preparation of financial statements.

GRAP 104 on Financial Instruments

The board issued a new GRAP 104 standard in April 2019, to align with IFRS 9 that was issued by the IASB in 2014, following the global financial crisis. IFRS 9 substantially revised the way in which financial instruments are classified, how amortised cost is determined, how and when financial assets are assessed for impairment, and overhauled the requirements for hedge accounting. In making the alignments, due consideration was given to the principles suitable for the public sector and simplification wherever possible.

Once this standard becomes effective for the municipality from 1 July 2025, it will have an impact on the model currently applied by the municipality. The current model involves a review of past trends in collection rates applied to all outstanding amounts at year-end. In the new standard, the municipality’s model will be revised to factor in the historical, current and future information pertaining to the financial assets. This would mean that the impairment loss on financial assets is recognised earlier compared to the past model.

62. List of standards approved but not yet effective (continued)

On the first of adoption, the municipality will assess the risk profile of its financial assets and measure the impairment losses using expected credit losses.

The municipality expects to adopt the new standard when it becomes effective.

GRAP 105 on *Transfer of Functions Between Entities Under Common Control*

Amendments to GRAP 105 were issued by the board in February 2024, but the effective date has not yet been determined. The amendments introduced were aimed at achieving alignments with the new international standard on Public Sector Combinations – IPSAS 40.

The Board compared GRAP 105 with the principles in ISPAS 40 relating to an amalgamation – One of the criteria in IPSAS 40 to assess if the combination has the economic substance of an amalgamation, is when the transaction occurred between entities under common control. GRAP 105 applies to a transaction or event between entities under common control. Furthermore, when GRAP 105 was initially developed by the Board, it agreed to simplify the principles for a transaction and event when undertaken between entities under common control. As a result, GRAP 105 requires that the assets transferred and/or liabilities assumed be measured at their carrying amounts. The measurement principles applicable to the assets transferred and liabilities assumed for an amalgamation in IPSAS 40 are similar.

These amendments may only affect the municipality in future, if such transfers occur.

GRAP 106 on *Transfer of Functions Between Entities Not Under Common Control*

Amendments to GRAP 106 were issued by the board in February 2024, but the effective date has not yet been determined. The amendments introduced were aimed at achieving alignments with the new international standard on Public Sector Combinations – IPSAS 40.

The board compared GRAP 106 with the principles in IPSAS 40 relating to an acquisition – this is because both Standards provides guidance on a transaction or event that occurs between entities not under common control. In both Standards, the acquisition-method of accounting is applied to account for the transaction or event.

These amendments may only affect the municipality in future, if such transfers occur.

GRAP 107 on *Mergers*

Amendments to GRAP 106 were issued by the board in February 2024, but the effective date has not yet been determined. The amendments introduced were aimed at achieving alignments with the new international standard on Public Sector Combinations – IPSAS 40.

The board compared GRAP 107 with the principles in IPSAS 40 relating to an amalgamation – this is because the first part of the definition of an amalgamation in IPSAS 40 requires that no party gains control of one or more operations involved in the combination, which is similar to the requirements in GRAP 107.

These amendments may only affect the municipality in future, if such mergers occur.

NOTE 63: EXTERNAL BORROWINGS

DESCRIPTION	%	DATE REPAYABLE	BALANCE AT 30-Jun-23 R 000's	RECEIVED DURING THE PERIOD R 000's	INTEREST ACCRUED DURING THE PERIOD R 000's	REDEEMED DURING THE PERIOD R 000's	BALANCE AT 30-Jun-24 R 000's	
ANNUITY LOANS								
DBSA Ph 7 20 Years	8.30%	2028/06/30	1 208 807		45 973	-99 640	1 155 140	
DBSA Ph 8 15 Years	9.85%	2029/06/30	861 273		405	-111 658	750 020	
DBSA - IIPSA 50%	11.31%	2031/12/31	198 333		108	-23 333	175 108	
RMB R 1b 15 Years	10.21%	2025/06/30	232 460		68	-111 336	121 192	
ABSA 15 Years	10.19%	2026/06/30	332 867		130	-100 236	232 761	N1
RMB R1B 20 Years	9.53%	2032/06/30	669 820		321	-50 881	619 260	N2
NEDBANK R1bn 15 YEARS	10.58%	2030/06/30	653 521		510	-67 497	586 534	
AFD - IIPSA 50%	11.31%	2031/11/30	200 177		1 627	-25 177	176 627	
NEDBANK 2018 NEW LOAN	10.22%	2033/07/31	872 155		33 592	-82 876	822 871	
NEDBANK 2019 NEW LOAN	9.97%	2034/06/28	856 736		664	-46 198	811 202	
ABSA R500m 2021	9.67%	2031/06/30	433 818		210	-38 205	395 823	N3
DBSA R1bn 2021	10.77%	2036/12/31	942 673		536	-33 761	909 448	
DBSA R1.5bn 2023	12.58%	2038/12/31	1 502 069		1 007	-40 305	1 462 771	
DBSA R500m 2024	11.41%	2034/06/30	0	500 000	312	0	500 312	
FNB R500m 2024	11.33%	2034/06/30	0	500 000	310	0	500 310	
			8 964 709	**1 000 000**	**85 773**	**-831 103**	**9 219 379**	
LISTED BONDS								
ETK001 Bond 2032	10.91%	2032/06/03	453 497		3 348	-53 497	403 348	N4
ETK002 Bond 2037	12.22%	2037/06/03	470 729		4 062	-37 396	437 395	N4
			924 226	**0**	**7 410**	**-90 893**	**840 743**	
TOTAL EXTERNAL BORROWINGS			**9 888 935**	**1 000 000**	**93 183**	**-921 996**	**10 060 122**	

Legend:

N1 - The loan amount of R232,762 owing to ABSA was ceded by ABSA to an ABSA subsidiary company, AB Finco 1 (RF) Limited, in August 2020.
N2 - A portion of the R619,261 owing to RMB was ceded to Sanlam Life Insurance Limited in April 2019, however repayments are managed by RMB
N3 - The loan amount of R395,821 owing to ABSA was ceded by ABSA to an ABSA subsidiary company, AB Finco 1 (RF) Limited, in October 2021.
N4 - eThekwini Municipality has a R10 billion Domestic Medium Term Note (DMTN) programme that was listed on the Johannesburg Stock Exchange (JSE) in September 2020. During the 2021/22 financial period, The Municipality issued its inaugural bonds, R500 million for 10 years and R500 million for 15 years.

Note on Covenants:

The Municipality did not meet the following financial covenants (based on the draft AFS 2023/2024 submitted to Auditor General on 31 August 2024):
- **Gross Debtors Movement** (ABSA 2011 & 2021 Term Loans) due to Municipality's gross debtors growing by 31% versus maximum norm of 16%
- **Debtors Collection Rate** (ABSA 2011 Term Loan only) due to the National Treasury formula resulting in a 80% versus ABSA norm of 85%

Whilst the loan covenants are not met, there are ongoing engagements held with the financial institutions where the Municipality demonstrates that it is financially stable and that it has financial resources to service its debt obligations. Based on previous reporting periods, the reasons provided by the Municipality have been accepted by the financial institutions. ABSA has condoned the breach of the above loan covenants relating to the current reporting period.

NOTE 64: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

WORK IN PROGRESS FOR PROPERTY, PLANT AND EQUIPMENT

	Opening Balance R'000	Actual Expenditure R'000	Capitalisation R'000	Closing Balance R'000
Computer Equipment	1 752	90 305	-57 087	34 971
Furniture & Office Equipment	257	0	0	257
Community Assets	611 933	475 048	-435 911	651 070
Coastal Infrastructure	19 396	6 569	-22 955	3 010
Electrical Infrastructure	1 064 565	492 337	-429 562	1 127 340
Information & Communication Infrastructure	10 624	24 617	-4 803	30 438
Other Assets	283 004	162 886	-48 091	397 799
Roads Infrastructure	2 821 773	2 121 730	-1 077 837	3 865 666
Sanitation Infrastructure	409 168	693 011	-242 492	859 687
Storm Water Infrastructure	57 063	735 883	-735 178	57 768
Solid Waste Infrastructure	92 469	89 895	-34 025	148 339
Water Supply Infrastructure	580 574	586 489	-224 540	942 523
Machinery & Equipment	45 858	16 385	-16 509	45 734
Transport Assets	0	52 904	0	52 904
TOTAL	**5 998 437**	**5 548 059**	**-3 328 990**	**8 217 505**

The net movement of R2.2 billion, being the actual expenditure less capitalisation, is disclosed in Note 09: Property, plant and equipment.

NOTE 65: ANALYSIS OF INTANGIBLE ASSETS: GROUP

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Servitudes	89 356	0	0	0	0	0	89 356	0	0	0	0	0	0	89 356
Capacity Rights	35 005	0	0	0	0	0	35 005	0	0	0	0	0	0	35 005
RMS	698 640	0	0	0	0	0	698 640	-580 410	-26 479	0	0	0	-606 889	91 751
Computer Software	1 138 031	55 718	9 599	12 881	-42 534	4 702	1 178 397	-926 801	-76 324	17 853	0	-3 576	-988 848	189 549
Total	**1 961 032**	**55 718**	**9 599**	**12 881**	**(42 534)**	**4 702**	**2 001 398**	**(1 507 211)**	**(102 803)**	**17 853**	**-**	**(3 576)**	**(1 595 737)**	**405 661**

The weighted average remaining useful life of RMS is 194 months.
Included in the carrying value of intangible assets is an amount of R 68.60 million relating to Work-in-Progress for Computer Software.

NOTE 65: ANALYSIS OF INTANGIBLE ASSETS: MUNICIPALITY

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Impairments	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Servitudes	89 356	0	0	0	0	0	89 356	0	0	0	0	0	0	89 356
Capacity Rights	35 005	0	0	0	0	0	35 005	0	0	0	0	0	0	35 005
RMS	698 640	0	0	0	0	0	698 640	-580 410	-26 479	0	0	0	-606 889	91 750
Computer Software	1 131 806	55 718	9 599	12 880	-42 248	4 570	1 172 324	-920 822	-76 422	17 567	0	-3 576	-983 253	189 072
Total	**1 954 807**	**55 718**	**9 599**	**12 880**	**(42 248)**	**4 570**	**1 995 325**	**(1 501 232)**	**(102 901)**	**17 567**	**-**	**(3 576)**	**(1 590 142)**	**405 183**

The weighted average remaining useful life of RMS is 194 months.
Included in the carrying value of intangible assets is an amount of R 68.60 million relating to Work-in-Progress for Computer Software.

NOTE 66: DISCLOSURES OF MATERIAL PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
X4764A	TRC-Water	NORTHERN AQUADUCT	Water Supply Infrastructure	Halted	Supply constraints - awaiting completion of Umkomaas dam.	10 061
S3070	EDP-Business Support	DALTON OFFICE BUSINESS HIVE	Community Assets	Halted	Budget required to complete the Project.	11 712
S3049	EDP-Business Support	KWAMAKHUTHA BUSINESS HIVE	Community Assets	Halted	Contract Expired	3 909
HV057TR	TRC-Electricity	Ntuzuma SS Transformers	Electrical Infrastructure	Taking significantly longer to complete	Project delayed due to Supply Chain challenges faced by the Transformer supplier as a result of the Russia and Ukraine War. The transformer was eventually received and in process of commissioning.	8 728
HV057TR1			Electrical Infrastructure	Taking significantly longer to complete		46
C2486	CES-Parks, Recr, Cem & Culture	Inanda Swimming Pool	Community Assets	Taking significantly longer to complete	Contract was terminated due to contractor abandoning the site.	18 606
HV016	TRC-Electricity	KE Masinga SS	Electrical Infrastructure	Taking significantly longer to complete	Commissioning is currently being done under contract EE.245.Delays with the installation of the deluge system by Architecture- the initial tender had to be a non-award.	10 366
HV016TR	TRC-Electricity	K E Masinga Rd Substation	Electrical Infrastructure	Taking significantly longer to complete		30 294
HV016EQ			Electrical Infrastructure	Taking significantly longer to complete		20 094
HV016CA			Electrical Infrastructure	Taking significantly longer to complete		8 301
HV016Z1			Electrical Infrastructure	Taking significantly longer to complete		16 065
HV016CW			Electrical Infrastructure	Taking significantly longer to complete		641
HV016EQ1			Electrical Infrastructure	Taking significantly longer to complete		153
HV016PC			Electrical Infrastructure	Taking significantly longer to complete		58

NOTE 66: DISCLOSURES OF MATERIAL PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED continued

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
HV015CAZ1	TRC-Electricity	Jameson Park Substation	Electrical Infrastructure	Taking significantly longer to complete	Delayed due to lack of Integrated Control and Protection and transformer contracts, consultant and current transformer contracts. Will now be commissioned on EE.245 Integrated Control and Protection contract and the transformer design review consultant contract E.9732 has been awarded.	19 855
HV015CA			Electrical Infrastructure	Taking significantly longer to complete		14 722
HV015Z1			Electrical Infrastructure	Taking significantly longer to complete		4 931
HV015EQ			Electrical Infrastructure	Taking significantly longer to complete		1 073
HV015CW			Electrical Infrastructure	Taking significantly longer to complete		30
HV004CAZ1A	TRC-Electricity	BULWER SUBSTATION	Electrical Infrastructure	Taking significantly longer to complete	Transformers awaiting protection and test. Outstanding, Minor civil Job numberrk, integrated control and protection, and 11KV switchgear due to delays in the awarding of the Switchgear contract. Anticipated Completion date To be confirmed	29 858
HV004CA			Electrical Infrastructure	Taking significantly longer to complete		26 764
HV004TR			Electrical Infrastructure	Taking significantly longer to complete		12 968
HV004			Electrical Infrastructure	Taking significantly longer to complete		5 646
HV004CAZ1			Electrical Infrastructure	Taking significantly longer to complete		8 326
HV004TRZ1			Electrical Infrastructure	Taking significantly longer to complete		2 358
HV037CA	TRC-Electricity	Underwood Substation	Electrical Infrastructure	Taking significantly longer to complete	11KV board and loop cables and Integrated Control and Protection (integrated control and protection). Awaiting contract for the equipment. Anticipated completion in 30 June 2027.	42 124
HV037EQ			Electrical Infrastructure	Taking significantly longer to complete		26 594
HV037TR			Electrical Infrastructure	Taking significantly longer to complete		24 951

NOTE 66: DISCLOSURES OF MATERIAL PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED continued

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
HV037CAZ1	TRC-Electricity	Underwood Substation	Electrical Infrastructure	Taking significantly longer to complete	11KV board and loop cables and Integrated Control and Protection (integrated control and protection). Awaiting contract for the equipment. Anticipated completion in 30 June 2027.	17 691
HV037TRZ1			Electrical Infrastructure	Taking significantly longer to complete		7 844
HV037			Electrical Infrastructure	Taking significantly longer to complete		20 772
HV093TR	TRC-Electricity	Springpark 132/11 kV Substation	Electrical Infrastructure	Taking significantly longer to complete	Transformers completed, awaiting 11KV board and the Protection, and a cables contract. Delays in the awarding of the Switchgear contract.	27 618
HV093CA			Electrical Infrastructure	Taking significantly longer to complete		4 862
HV093MV			Electrical Infrastructure	Taking significantly longer to complete		55
HV093			Electrical Infrastructure	Taking significantly longer to complete		1
HV045TR	TRC-Electricity	La Mercy Substation	Electrical Infrastructure	Taking significantly longer to complete	Project is delayed due to contractual challenges i.e., the delays in obtaining an awarding of the main contract.	4 822
HV045CA			Electrical Infrastructure	Taking significantly longer to complete		1 035
HV045PC			Electrical Infrastructure	Taking significantly longer to complete		112
HV045Z1			Electrical Infrastructure	Taking significantly longer to complete		11 194
HV061	TRC-Electricity	Avoca 132/11KV Substation	Electrical Infrastructure	Taking significantly longer to complete	Current transformers and other materials for 11 kV switchgear stolen while awaiting Integrated control and protection contract. Replacement current transformers delivered but still awaiting the associated materials by HV Substations.	311
HV061PL			Electrical Infrastructure	Taking significantly longer to complete		13 181
HV061TRZ1			Electrical Infrastructure	Taking significantly longer to complete		1 157
HV061CA			Electrical Infrastructure	Taking significantly longer to complete		1 001
HV061TR			Electrical Infrastructure	Taking significantly longer to complete		454
HV061CW			Electrical Infrastructure	Taking significantly longer to complete		50
HV061PC			Electrical Infrastructure	Taking significantly longer to complete		27
HV100CA	TRC-Electricity	Umdloti Beach Transformer	Electrical Infrastructure	Taking significantly longer to complete	Project delayed due to Supply Chain challenges faced by the Transformer supplier as a result of the Russia and Ukraine War. The	14 801
HV100			Electrical Infrastructure	Taking significantly longer to complete		297
HV025	TRC-Electricity	OTTAWA S/STN UPGRADE	Electrical Infrastructure	Taking significantly longer to complete	Civil Job number to be completed by architecture Dept. Transformers on site awaiting gas insulated switchgear due to outstanding support equipment. Completion date by 30 June 2026	397
HV025TR			Electrical Infrastructure	Taking significantly longer to complete		14 556
HV025TRZ1			Electrical Infrastructure	Taking significantly longer to complete		428
HV025CW			Electrical Infrastructure	Taking significantly longer to complete		130
HV025Z1			Electrical Infrastructure	Taking significantly longer to complete		144
N1761CD	CES-Agro Ecology	Newlands Hub Upgrade	Other Assets	Halted	Budget constraints	4 768

NOTE 66: DISCLOSURES OF MATERIAL PROJECTS TAKING SIGNIFICANTLY LONGER TO COMPLETE AND THOSE THAT ARE HALTED continued

Project Number	Department	Description of project	Asset category	Halted/Taking significantly longer to complete	Reason	Carrying value (R'000)
HV143	TRC-Electricity	CORNUBIA OHTLS TO CABLE	Electrical Infrastructure	Halted	Project delayed due to the developer being under business rescue proceeding. Management is in discussions with the developer to donate a cable worth the value of R6m contributed by the City in the project.	6 000
HV046EQ	TRC-Electricity	Rossburgh 132KV Yard equipment	Electrical Infrastructure	Taking significantly longer to complete	Awaiting protection for the switchgear. Anticipated date To be confirmed. Also, civil Job number outstanding.	47
HV046Z1	TRC-Electricity	ROSSBURGH 132/11 kV Substation	Electrical Infrastructure	Taking significantly longer to complete		6 327
HV046Z1A	TRC-Electricity	ROSSBURGH 132/11 kV Substation	Electrical Infrastructure	Taking significantly longer to complete	Awaiting protection for the switchgear. Anticipated date to be confirmed. Also, civil works are still outstanding.	9
HV030CAZ1	TRC-Electricity	Springfield substation Cable	Electrical Infrastructure	Taking significantly longer to complete	Delays in the completion of the Integrated Control and Protection work due to delayed approval of extension of contract, and connection of Feeders work in progress and the anticipated completion date To be confirmed for Integrated Control and Protection	43
HV030CW	TRC-Electricity	Springfield Substation	Electrical Infrastructure	Taking significantly longer to complete		171
HV030EQZ1	TRC-Electricity	Springfield Substation 13	Electrical Infrastructure	Taking significantly longer to complete		69
HV030PC	TRC-Electricity	Springfield Substation -P	Electrical Infrastructure	Taking significantly longer to complete		173
HV030TR	TRC-Electricity	Springfield 33/11KV S/STN	Electrical Infrastructure	Taking significantly longer to complete		55
HV030Z1	TRC-Electricity	Springfield Substation 1	Electrical Infrastructure	Taking significantly longer to complete		4 022
HV018		Klaarwater Transformer T2	Electrical Infrastructure	Taking significantly longer to complete	Awaiting outdoor yard and transformer contract. Estimated date 30 June 2027	218
HV018BZ1	TRC-Electricity	Klaarwater Transformer T2	Electrical Infrastructure	Taking significantly longer to complete		1 325
HV018C	TRC-Electricity	Upgrade Of 132KV HV substation	Electrical Infrastructure	Taking significantly longer to complete		11 813
HV018Z1	TRC-Electricity	Klaarwater Transformer T2	Electrical Infrastructure	Taking significantly longer to complete		4
HV031	TRC-Electricity	STOCKVILLE 132KV SWITCHIN	Electrical Infrastructure	Taking significantly longer to complete	Delays are caused by contractual challenges with the contractor. Civil contractor was replaced. Job in progress on site with potential delays due to challenges with architecture.	290
HV031CW	TRC-Electricity	C682 - Proposed New Stockville S/Station	Electrical Infrastructure	Taking significantly longer to complete		2 674
HV031ZA	TRC-Electricity	Stockville 132 KV substation	Electrical Infrastructure	Taking significantly longer to complete		26 131
HV031CWZ1	TRC-Electricity	Stockville 132/11kv Building	Electrical Infrastructure	Taking significantly longer to complete		16 156
HV001	TRC-Electricity	Austerville 132kV substation	Electrical Infrastructure	Taking significantly longer to complete	Project was delayed during the planning stages due to contractual challenges.	21 227
HV001CW	TRC-Electricity	Austerville 132/11kv S/Station	Electrical Infrastructure	Taking significantly longer to complete		821
DL432	TRC-Electricity	Sundry EFA Informal	Electrical Infrastructure	Taking significantly longer to complete	Project in progress_ Job number 4740911/2 long open due to shortage	48 391
DL441	TRC-Electricity	Himalayas Road - Mobeni	Electrical Infrastructure	Taking significantly longer to complete	Job number 4694751 long open due to material shortage and community protests resulting in delays in the project.	6 918
C1893	CES-Parks, Recr, Cem & Culture	New Central Library	Community Assets	Halted	There was a litigation from the company of professionals when the tender was re-advertised, which hindered any progress with the tender. During covid, the budget that was allocated for the City library was forfeited.	14 213
P5080B, P5080C, P5080D, P5080J	HSI-Metro Housing & Hostels	Namibia Stop 8	Roads, Stormwater, Sanitation and Water infrastructure	Taking significantly longer to complete	The project is an in-situ project (brownfield development) being upgraded with people/ beneficiaries residing in the same site as the construction of the houses/ infrastructure. The servicing of sites is slow due to the above-mentioned challenges.	47 767
N1525BZ1	CES-Parks, Recr, Cem & Culture	KwaMashu E Cricket ground	Community Assets	Halted	Contract terminated due to slow progress on site and issues with main and sub contractors.	11 235
						733 040

The work-in-progress halted or taking significantly longer to complete is reflective of the carrying amounts as at 30 June 2024. No impairment losses have been recognised in relation to the disclosed projects. During the financial year, an exercise was conducted to review the status of work-in-progress. Projects under work in progress were analysed and classified in terms of whether they are continuing as normal, taking significantly longer to complete or halted.

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2024: GROUP

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
ASSETS						
Current Assets						
Inventories	-	673 106	139 419	812 525	57 027	869 552
Current tax payable		92		92		92
Receivables From exchange transactions	69 691	108 308	1 542 335	1 720 334	117 411	1 837 745
Receivables from non exchange transactions		-	133 266	133 266	-	133 266
Vat Receivable	-	-	1	1	38 317	38 318
Consumer Debtors	-	6 030 152	16 294	6 046 446	6 066 558	12 113 004
Current portion of long term receivables	-	481	2 645	3 126	-	3 126
Cash and Cash Equivalents	(8 738 603)	(23 469 706)	(96 312 671)	(128 520 980)	136 998 026	8 477 046
Total Current Assets	**(8 668 912)**	**(16 657 567)**	**(94 478 711)**	**(119 805 190)**	**143 277 339**	**23 472 149**
Non Current Assets						
Investment Property	109 760	46 761	13 699	170 220	164 923	335 143
Property, plant and equipment	2 464 759	26 403 838	28 024 037	56 892 634	2 610 047	59 502 681
Intangible assets	1 878	204 142	33 004	239 024	166 638	405 661
Heritage assets	7 069	-	62 197	69 266	7	69 273
Interest in Joint ventures	-	-	-	-	29 292	29 292
Deffered tax		45 185		45 185		45 185
Deffered income		531		531		531
Post employment benefit asset	-	-	-	-	20 670	20 670
Long-term receivables	-	5 213	15 770	20 983	271	21 254
Total Non Current Assets	**2 583 466**	**26 705 670**	**28 148 707**	**57 437 843**	**2 991 848**	**60 429 690**
Total Assets	**(6 085 446)**	**10 048 103**	**(66 330 004)**	**(62 367 347)**	**146 269 187**	**83 901 839**

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2024: GROUP

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
LIABILITIES						
Current Liabilities						
External Borrowings	-	(859 313)	-	(859 313)	(473 330)	(1 332 643)
Current tax payable				-		-
Payables from exchange transactions	(460 831)	(4 705 224)	(2 989 520)	(8 155 575)	(3 161 082)	(11 316 657)
Transfers Payables from non-exchange transactions	(11 792)	-	(3 499)	(15 291)	(6 080)	(21 371)
Vat Liability	50 250	(1 384 486)	347 463	(986 773)	(274 074)	(1 260 847)
Consumer Deposits	(89)	(17 469)	(438)	(17 996)	(2 844 672)	(2 862 668)
Post employment benefit obligation	-	-	-	-	(311 882)	(311 882)
Unspent conditional grants and receipts	(2 634)	(43 305)	(563 399)	(609 338)	(21 210)	(630 548)
Provisions	-	(10 781)	-	(10 781)	(1 142 135)	(1 152 916)
Total Current Liabilities	**(425 096)**	**(7 020 578)**	**(3 209 393)**	**(10 655 067)**	**(8 234 465)**	**(18 889 532)**
Non - Current Liabilities						
External Borrowings	-	(4 822 079)	-	(4 822 079)	(3 905 400)	(8 727 479)
Employee benefit obligation	-	-	-	-	(4 421 021)	(4 421 021)
Provisions	-	(296 040)	-	(296 040)	(1 181 793)	(1 477 833)
Total Non Current Liabilities	**-**	**(5 118 119)**	**-**	**(5 118 119)**	**(9 508 214)**	**(14 626 333)**
Total Liabilities	**(425 096)**	**(12 138 697)**	**(3 209 393)**	**(15 773 186)**	**(17 742 679)**	**(33 515 865)**
Net Assets						
Housing Development Fund	-	-	(57 470)	(57 470)	-	(57 470)
Accumulated Surplus	6 510 542	2 090 594	69 596 867	78 198 003	(128 526 507)	(50 328 504)
Total Net Assets	**(6 510 542)**	**(2 090 594)**	**(69 539 397)**	**(78 140 533)**	**128 526 507**	**50 385 974**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Position in accordance with the requirements of GRAP 18.

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2024: MUNICIPALITY

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
ASSETS						
Current Assets						
Inventories	-	660 868	139 419	800 287	57 027	857 314
Receivables from exchange transactions	69 691	98 824	1 542 335	1 710 850	117 410	1 828 260
Receivables from non-exchange transactions	-	-	133 266	133 266	-	133 266
Vat receivable	-	-	1	1	38 317	38 318
Consumer debtors	-	6 084 751	16 294	6 101 045	6 066 559	12 167 604
Current portion of long term receivables	-	481	2 645	3 126	-	3 126
Cash and cash equivalents	(8 738 603)	(23 569 046)	(96 312 671)	(128 620 320)	136 998 027	8 377 707
Total Current Assets	**(8 668 912)**	**(16 724 122)**	**(94 478 711)**	**(119 871 745)**	**143 277 340**	**23 405 595**
Non Current Assets						
Investment property	109 760	-	13 699	123 459	164 923	288 382
Property, plant and equipment	2 464 759	26 122 880	28 024 037	56 611 676	2 610 049	59 221 724
Intangible assets	1 878	203 664	33 004	238 546	166 638	405 183
Heritage assets	7 069	-	62 197	69 266	7	69 273
Investment in Municipal entities	-	-	-	-	660 403	660 403
Interest in Joint Ventures	-	-	-	-	29 292	29 292
Post employment benefit asset	-	-	-		20 670	20 670
Long-term receivables	-	5 213	15 770	20 983	271	21 254
Total Non Current Assets	**2 583 466**	**26 331 757**	**28 148 707**	**57 063 930**	**3 652 253**	**60 716 181**
Total Assets	**(6 085 446)**	**9 607 635**	**(66 330 004)**	**(62 807 815)**	**146 929 593**	**84 121 776**

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2024: MUNICIPALITY

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
LIABILITIES						
Current Liabilities						
External Borrowings	-	(859 313)	-	(859 313)	(473 330)	(1 332 643)
Payables from exchange transactions	(460 831)	(4 697 052)	(2 989 520)	(8 147 403)	(3 161 082)	(11 308 485)
Transfers Payables from non-exchange transactions	(11 792)	-	(3 499)	(15 291)	(6 080)	(21 371)
Vat Liability	50 250	(1 375 026)	347 463	(977 313)	(274 074)	(1 251 387)
Consumer Deposits	(89)	-	(438)	(527)	(2 844 672)	(2 845 199)
Post employment benefit obligation	-	-	-	-	(311 882)	(311 882)
Unspent conditional grants and receipts	(2 634)	(43 305)	(563 399)	(609 338)	(21 210)	(630 548)
Provisions	-	-	-	-	(1 142 134)	(1 142 134)
Total Current Liabilities	**(425 096)**	**(6 974 696)**	**(3 209 393)**	**(10 609 185)**	**(8 234 464)**	**(18 843 649)**
Non - Current Liabilities						
External Borrowings	-	(4 822 079)	-	(4 822 079)	(3 905 400)	(8 727 479)
Employee benefit obligation	-	-	-	-	(4 421 021)	(4 421 021)
Provisions	-	(295 452)	-	(295 452)	(1 181 793)	(1 477 245)
Total Non Current Liabilities	**-**	**(5 117 531)**	**-**	**(5 117 531)**	**(9 508 214)**	**(14 625 745)**
Total Liabilities	**(425 096)**	**(12 092 227)**	**(3 209 393)**	**(15 726 716)**	**(17 742 678)**	**(33 469 394)**
Net Assets						
Housing Development Fund	-	-	(57 470)	(57 470)	-	(57 470)
Accumulated Surplus	6 510 542	2 484 592	69 596 868	78 592 002	(129 186 914)	(50 594 912)
Total Net Assets	**(6 510 542)**	**(2 484 592)**	**(69 539 397)**	**(78 534 531)**	**129 186 914**	**50 652 382**

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2023: GROUP

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
ASSETS						
Current Assets						
Inventories	48	625 515	146 404	771 967	44 803	816 770
Receivables From exchange transactions	96 696	79 657	1 347 511	1 523 864	48 757	1 572 621
Receivables from non exchange transactions	-	-	129 109	129 109	378	129 487
VAT Receivable	-	1 922	-	1 922	97 756	99 678
Consumer Debtors	-	4 988 147	11 013	4 999 160	5 388 465	10 387 625
Current portion of long term receivables		801	5 323	6 124	-	6 124
Cash and Cash Equvalents	(7 679 838)	(18 654 980)	(83 473 954)	(109 808 772)	118 621 171	8 812 399
Total Current Assets	**(7 583 094)**	**(12 958 938)**	**(81 834 594)**	**(102 376 626)**	**124 201 330**	**21 824 704**
Non Current Assets						
Investment Property	11 083	48 761	13 850	73 694	165 180	238 874
Property, plant and equipment	1 995 900	24 799 330	26 173 173	52 968 403	2 548 091	55 516 494
Intangible assets	2 282	224 123	41 515	267 920	241 619	509 539
Heritage assets	7 069	-	61 322	68 391	7	68 398
Interest in Joint ventures	-	-	-	-	56 856	56 856
Deferred tax		43 396		43 396		43 396
Deferred income		773		773		773
Post employment benefit asset	-	-	-		15 663	15 663
Long-term receivables		7 469	16 065	23 534	286	23 820
Total Non Current Assets	**2 016 334**	**25 123 852**	**26 305 925**	**53 446 111**	**3 027 702**	**56 473 813**
Total Assets	**(5 566 760)**	**12 164 914**	**(55 528 669)**	**(48 930 515)**	**127 229 032**	**78 298 517**

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2023: GROUP

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
LIABILITIES						
Current Liabilities						
External Borrowings	-	(525 806)	-	(525 806)	(396 191)	(921 997)
Current tax payable		(272)		(272)		(272)
Payables from exchange transactions	(275 497)	(3 690 849)	(2 032 051)	(5 998 397)	(2 272 336)	(8 270 733)
Transfers Payables from non-exchange transactions	(21 124)	-	(570)	(21 694)	-	(21 694)
Vat Liability	30 293	(1 007 697)	260 966	(716 438)	(152 975)	(869 413)
Consumer Deposits	(163)	(23 798)	(477)	(24 438)	(2 711 888)	(2 736 326)
Post employment benefit obligation	-	-	-	-	(207 032)	(207 032)
Unspent conditional grants and receipts	(41 694)	(273 885)	(2 111 968)	(2 427 547)	(58 741)	(2 486 288)
Provisions	-	(9 910)	-	(9 910)	(1 037 426)	(1 047 336)
Total Current Liabilities	**(308 185)**	**(5 532 217)**	**(3 884 100)**	**(9 724 502)**	**(6 836 589)**	**(16 561 091)**
Non - Current Liabilities						
External Borrowings	-	(4 972 429)	-	(4 972 429)	(3 994 509)	(8 966 938)
Post Employment benefit obligation	-	-	-	-	(4 157 359.00)	(4 157 359)
Provisions		(310 693)	-	(310 693)	(1 127 466.00)	(1 438 159)
Total Non Current Liabilities	**-**	**(5 283 122)**	**-**	**(5 283 122)**	**(9 279 334)**	**(14 562 456)**
Total Liabilities	**(308 185)**	**(10 815 339)**	**(3 884 100)**	**(15 007 624)**	**(16 115 923)**	**(31 123 547)**
Net Assets						
Housing Development Fund	-	-	(57 470)	(57 470)	-	(57 470)
Accumulated Surplus	5 874 945	(1 349 575)	59 470 239	63 995 609	(111 113 109)	(47 117 500)
Total Net Assets	**(5 874 945)**	**1 349 575**	**(59 412 769)**	**(63 938 139)**	**111 113 109**	**47 174 970**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Position in accordance with the requirements of GRAP 18.

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2023: MUNICIPALITY

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
ASSETS						
Current Assets						
Inventories	48	613 612	146 404	760 064	44 803	804 867
Receivables from exchange transactions	96 696	67 930	1 347 511	1 512 137	48 757	1 560 894
Receivables from non exchange transactions	-	-	129 109	129 109	378	129 487
VAT receivable	-	(102)	-	(102)	97 756	97 654
Consumer debtors	-	5 062 603	11 013	5 073 616	5 388 465	10 462 081
Current portion of long term receivables		801	5 323	6 124	-	6 124
Cash and cash equvalents	(7 679 838)	(18 827 913)	(83 473 954)	(109 981 705)	118 621 171	8 639 466
Total Current Assets	**(7 583 094)**	**(13 083 069)**	**(81 834 594)**	**(102 500 757)**	**124 201 330**	**21 700 573**
Non Current Assets						
Investment property	11 083	-	13 850	24 933	165 180	190 113
Property, plant and equipment	1 995 900	24 522 471	26 173 173	52 691 544	2 548 093	55 239 637
Intangible assets	2 282	223 875	41 515	267 672	241 620	509 292
Heritage assets	7 069	-	61 322	68 391	7	68 398
Investment in Municipal entities	-			-	695 807	695 807
Interest in Joint ventures	-	-	-	-	56 856	56 856
Post employment benefit asset	-	-	-		15 663	15 663
Long-term receivables		7 469	16 065	23 534	286	23 820
Total Non Current Assets	**2 016 334**	**24 753 815**	**26 305 925**	**53 076 074**	**3 723 512**	**56 799 586**
Total Assets	**(5 566 760)**	**11 670 746**	**(55 528 669)**	**(49 424 683)**	**127 924 842**	**78 500 159**

Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL POSITION - 30 JUNE 2023: MUNICIPALITY

	Economic and Environmental	Trading Services	Community and Public Safety	Total segments	Other non-segments	Total agreeing to Entity amount
LIABILITIES						
Current Liabilities						
External Borrowings	-	(525 806)	-	(525 806)	(396 191)	(921 997)
Payables from exchange transactions	(275 497)	(3 684 501)	(2 032 051)	(5 992 049)	(2 272 337)	(8 264 386)
Transfers Payables from non-exchange transactions	(29 677)	-	(570)	(30 247)	-	(30 247)
Vat Liability	30 293	(1 000 700)	260 966	(709 441)	(152 975)	(862 416)
Consumer Deposits	(163)	-	(477)	(640)	(2 711 888)	(2 712 528)
Post employment benefit obligation	-	-	-	-	(207 032)	(207 032)
Unspent conditional grants and receipts	(41 694)	(273 885)	(2 111 968)	(2 427 547)	(58 741)	(2 486 288)
Provisions	-	-	-	-	(1 037 426)	(1 037 426)
Total Current Liabilities	**(316 738)**	**(5 484 892)**	**(3 884 100)**	**(9 685 730)**	**(6 836 590)**	**(16 522 320)**
Non - Current Liabilities						
External Borrowings	-	(4 972 429)	-	(4 972 429)	(3 994 509)	(8 966 938)
Post Employment benefit obligation	-	-	-	-	(4 157 359.00)	(4 157 359)
Provisions	-	(309 983)	-	(309 983)	(1 127 466.00)	(1 437 449)
Total Non Current Liabilities	**-**	**(5 282 412)**	**-**	**(5 282 412)**	**(9 279 334)**	**(14 561 746)**
Total Liabilities	**(316 738)**	**(10 767 304)**	**(3 884 100)**	**(14 968 142)**	**(16 115 924)**	**(31 084 066)**
Net Assets						
Housing Development Fund	-	-	(57 470)	(57 470)	-	(57 470)
Accumulated Surplus	5 883 498	(903 442)	59 470 239	64 450 295	(111 808 918)	(47 358 623)
Total Net Assets	**(5 883 498)**	**903 442**	**(59 412 769)**	**(64 392 825)**	**111 808 918**	**47 416 093**

The sum of the segments and non-segments reconciles to the individual items disclosed on the Statement of Financial Position in accordance with the requirements of GRAP 18.

eThekwini Municipality and its Municipal Entities
Annual Financial Statements for the year ended June 30, 2024
Notes to the Annual Financial Statements
Figures in Rand thousand

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2024: GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	27 062 486	0	27 062 486	0	27 062 486
Housing development construction contract revenue	0	0	385 108	385 108	0	385 108
Rental of facilites and equipment	52 022	38 535	340 210	430 767	489 560	920 327
Other Income	143 985	280 449	87 255	511 689	128 059	639 748
Gain on dissolution of Joint Venture	66 678	0	0	66 678	0	66 678
Interest received	161	1 189 251	8 615	1 198 027	1 134 136	2 332 163
Gains on disposal of assets	10	8 081	204	8 295	-7 641	654
Share of Income from Joint Ventures	12 634	0	0	12 634	0	12 634
Total Revenue from Exchange Transactions	**275 490**	**28 578 802**	**821 392**	**29 675 684**	**1 744 114**	**31 419 798**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines and forfeits	4 376	1 051	198 797	204 224	28 201	232 425
Property rates	0	0	0	0	12 571 299	12 571 299
Property rates - penalties imposed	0	0	0	0	628 307	628 307
Surcharges and taxes	0	434 785	0	434 785	3 335	438 120
Licences and permits	6 342	0	46 013	52 355	503	52 858
Transfer Revenue						
Government grants & subsidies	538 991	4 311 066	3 000 813	7 850 870	1 693 527	9 544 397
Levies	0	0	0	0	3 557 475	3 557 475
Public contributions and donations	0	136 870	737	137 607	0	137 607
Reversal of loss on impairment - PPE	0	0	0		16 931	16 931
Other income	0	41 037	0	41 037	0	41 037
Total revenue from non-exchange transactions	**549 709**	**4 924 809**	**3 246 360**	**8 720 878**	**18 499 578**	**27 220 456**
Total Revenue excluding Recoveries	**825 199**	**33 503 611**	**4 067 752**	**38 396 562**	**20 243 692**	**58 640 254**
Recoveries	**4 534**	**4 309 005**	**207 591**	**4 521 129**	**5 132 361**	**9 653 490**
Total Revenue	**829 733**	**37 812 615**	**4 275 343**	**42 917 691**	**25 376 053**	**68 293 744**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2024: GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
EXPENDITURE						
Employee related Costs	-489 041	-4 147 528	-5 526 679	-10 163 248	-3 070 307	-13 233 555
Remuneration of councillors	0	0	0	0	-143 103	-143 103
Amortisation - Intangible assets	-404	-24 405	-15 063	-39 872	-62 931	-102 803
Depreciation - Property, plant and equipment	-83 402	-1 165 390	-1 181 056	-2 429 848	-318 529	-2 748 377
Impairment Loss - Property, plant and equipment	0	-3 265	-7 228	-10 493	0	-10 493
Finance costs	0	-581 487	-4	-581 491	-456 720	-1 038 211
Lease rentals on operating leases	-11 790	-17 809	-57 552	-87 151	-54 320	-141 471
Debt impairment	-9 215	-4 926 938	-601 630	-5 537 783	-1 151 573	-6 689 356
Depreciation - Investment Properties	-201	-2 001	-151	-2 353	-252	-2 605
Bulk purchases	0	-18 559 379	0	-18 559 379	0	-18 559 379
Contracted services	-388 019	-3 460 704	-1 975 959	-5 824 682	-1 060 525	-6 885 207
Grants and subsidies	-138 049	-259 832	-375 851	-773 732	-138 872	-912 604
Housing development construction contract expenditure	0	0	-385 108	-385 108	0	-385 108
General expenses	-161 236	-2 481 080	-981 898	-3 624 214	-954 512	-4 578 726
Total Expenditure excluding Charges	**-1 281 357**	**-35 629 818**	**-11 108 179**	**-48 019 354**	**-7 411 644**	**-55 430 998**
Charges	**-171 054**	**-5 529 370**	**-3 331 263**	**-9 031 687**	**-621 803**	**-9 653 490**
Total Expenditure	**-1 452 411**	**-41 159 188**	**-14 439 442**	**-57 051 041**	**-8 033 447**	**-65 084 488**
Surplus before taxation	-622 678	-3 346 572	-10 164 100	-14 133 350	17 342 606	3 209 256
Taxation	0	1 789	0	1 789	0	1 789
Surplus for the year	**-622 678**	**-3 344 783**	**-10 164 100**	**-14 131 561**	**17 342 606**	**3 211 045**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2024: MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments R'000	Other non segments R'000	Total agreeing to Entity amount R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	27 136 124	0	27 136 124	0	27 136 124
Housing development construction contract revenue	0	0	385 108	385 108	0	385 108
Rental of facilites and equipment	52 022	20 049	340 210	412 281	489 560	901 841
Other Income	143 985	58 921	86 782	289 688	158 465	448 153
Gain on dissolution of Joint Venture	66 678	0	0	66 678	0	66 678
Interest received	161	1 178 112	7 845	1 186 118	1 134 136	2 320 254
Gains on disposal of assets	10	8 231	204	8 445	-7 641	804
Share of Income from Joint Ventures	12 634	0	0	12 634	0	12 634
Total Revenue from Exchange Transactions	**275 490**	**28 401 437**	**820 149**	**29 497 076**	**1 774 520**	**31 271 596**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines and forfeits	4 376	932	198 797	204 105	28 201	232 306
Property rates	0	0	0	0	12 580 864	12 580 864
Property rates - penalties imposed	0	0	0	0	628 307	628 307
Surcharges and taxes	0	434 785	0	434 785	3 335	438 120
Licences and permits	6 342	0	46 013	52 355	503	52 858
Transfer Revenue						
Government grants & subsidies	681 289	4 168 768	3 000 813	7 850 870	1 693 527	9 544 397
Levies	0	0	0	0	3 557 475	3 557 475
Public contributions and donations	0	136 504	737	137 241	0	137 241
Reversal of loss on impairment - PPE	0	0	0		16 931	16 931
Other income	0	41 037	0	41 037	0	41 037
Total revenue from non-exchange transactions	**692 007**	**4 782 026**	**3 246 360**	**8 720 393**	**18 509 143**	**27 229 536**
Total Revenue excluding Recoveries	**967 497**	**33 183 463**	**4 066 509**	**38 217 469**	**20 283 663**	**58 501 132**
Recoveries	**4 534**	**4 309 005**	**207 591**	**4 521 129**	**5 132 361**	**9 653 490**
Total Revenue	**972 031**	**37 492 468**	**4 274 100**	**42 738 598**	**25 416 024**	**68 154 622**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2024: MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments R'000	Other non segments R'000	Total agreeing to Entity amount R'000
EXPENDITURE						
Employee related Costs	-489 041	-3 984 917	-5 526 679	-10 000 637	-3 070 307	-13 070 944
Remuneration of councillors	0	0	0	0	-143 103	-143 103
Amortisation - Intangible assets	-404	-24 503	-15 063	-39 970	-62 931	-102 901
Depreciation - Property, plant and equipment	-83 402	-1 133 915	-1 181 056	-2 398 373	-318 529	-2 716 902
Impairment Loss - Property, plant and equipment	0	-3 265	-7 228	-10 493	0	-10 493
Finance costs	0	-581 487	-4	-581 491	-456 720	-1 038 211
Lease rentals on operating leases	-11 790	-17 509	-57 552	-86 851	-54 320	-141 171
Debt impairment	-9 215	-4 922 362	-601 630	-5 533 207	-1 151 573	-6 684 780
Depreciation - Investment Properties	-201	0	-151	-352	-252	-604
Bulk purchases	0	-18 559 379	0	-18 559 379	0	-18 559 379
Contracted services	-388 019	-3 309 355	-1 975 959	-5 673 333	-1 060 525	-6 733 858
Grants and subsidies	-280 347	-259 832	-375 851	-916 030	-176 922	-1 092 952
Housing development construction contract expenditure	0	0	-385 108	-385 108	0	-385 108
Impairment loss - Investment in Municipal Entities	0	0	0	0	-35 404	-35 404
General expenses	-161 236	-2 396 550	-970 259	-3 528 045	-1 020 968	-4 549 013
Total Expenditure excluding Charges	**-1 423 655**	**-35 193 074**	**-11 096 540**	**-47 713 269**	**-7 551 554**	**-55 264 823**
Charges	**-171 054**	**-5 529 370**	**-3 331 263**	**-9 031 687**	**-621 803**	**-9 653 490**
Total Expenditure	**-1 594 709**	**-40 722 444**	**-14 427 803**	**-56 744 956**	**-8 173 357**	**-64 918 313**
Surplus for the year	**-622 678**	**-3 229 976**	**-10 153 704**	**-14 006 358**	**17 242 667**	**3 236 309**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2023: GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments R'000	Other non segments R'000	Total agreeing to Entity amount R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	23 714 700	0	23 714 700	0	23 714 700
Housing development construction contract revenue	0	0	528 221	528 221	0	528 221
Rental of facilites and equipment	49 067	48 132	329 690	426 889	457 190	884 079
Other Income	138 224	249 434	90 687	478 345	25 294	503 639
Interest received	166	827 848	6 030	834 044	741 173	1 575 217
Gains on disposal of assets	-75	889	-89	725	12 309	13 034
Total Revenue from Exchange Transactions	**187 382**	**24 841 003**	**954 539**	**25 982 924**	**1 235 966**	**27 218 890**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines	87	127	144 958	145 172	92 822	237 994
Property rates	0	0	0	0	11 932 643	11 932 643
Property rates - penalties imposed	0	0	0	0	452 220	452 220
Surcharges and taxes	0	399 365	0	399 365	21 083	420 448
Licences and permits	3 605	0	57 387	60 992	407	61 399
Transfer Revenue						
Government grants & subsidies	396 857	3 760 537	1 941 949	6 099 343	1 579 153	7 678 496
Levies	0	0	0	0	3 379 795	3 379 795
Public contributions and donations	262	5 987	32 908	39 157	8	39 165
Reversal of loss on impairment - PPE	0	0	0	0	17 008	17 008
Other income	0	54 032	0	54 032	0	54 032
Total revenue from non-exchange transactions	**400 811**	**4 220 048**	**2 177 202**	**6 798 061**	**17 475 139**	**24 273 200**
Total Revenue excluding Recoveries	**588 193**	**29 061 051**	**3 131 741**	**32 780 985**	**18 711 105**	**51 492 090**
Recoveries	**3 302**	**3 655 828**	**244 564**	**3 903 694**	**4 302 215**	**8 205 909**
Total Revenue	**591 495**	**32 716 879**	**3 376 305**	**36 684 679**	**23 013 320**	**59 698 000**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2023: GROUP

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments R'000	Other non segments R'000	Total agreeing to Entity amount R'000
EXPENDITURE						
Employee related Costs	-461 982	-3 868 160	-5 149 594	-9 479 736	-2 685 034	-12 164 770
Remuneration of councillors	0	0	0	0	-141 456	-141 456
Amortisation - Intangible assets	-99	-31 306	-19 622	-51 027	-67 695	-118 722
Depreciation - Property, plant and equipment	-78 855	-1 099 070	-1 195 848	-2 373 773	-319 635	-2 693 408
Impairment Loss - Property, plant and equipment	-18 570	0	-21 732	-40 302	-48	-40 350
Finance costs	-160	-540 261	-18 054	-558 475	-401 234	-959 709
Lease rentals on operating leases	-12 642	-17 416	-57 674	-87 732	-53 854	-141 586
Debt impairment	-11 787	-3 062 738	-483 680	-3 558 205	1 914	-3 556 291
Depreciation - Investment Properties	-201	-1 883	-150	-2 234	-251	-2 485
Bulk purchases	0	-16 226 869	0	-16 226 869	0	-16 226 869
Contracted services	-518 078	-2 829 648	-1 699 351	-5 047 077	-933 266	-5 980 343
Grants and subsidies	-81 589	-122 357	-350 066	-554 012	-130 034	-684 046
Housing development construction contract expenditure	0	0	-528 221	-528 221	0	-528 221
Share of losses from Joint Ventures	-6 634	0	0	-6 634	-0	-6 634
General expenses	-153 214	-2 072 066	-903 416	-3 128 696	-822 717	-3 951 413
Total Expenditure excluding Charges	**-1 343 811**	**-29 871 774**	**-10 427 408**	**-41 642 993**	**-5 553 310**	**-47 196 303**
Charges	**-155 615**	**-4 208 743**	**-2 836 640**	**-7 200 999**	**-1 004 910**	**-8 205 909**
Total Expenditure	**-1 499 426**	**-34 080 517**	**-13 264 048**	**-48 843 992**	**-6 558 220**	**-55 402 212**
Surplus before taxation	-907 931	-1 363 638	-9 887 743	-12 159 313	16 455 100	4 295 787
Taxation	0	1 361	0	1 361	0	1 361
Surplus for the year	**-907 931**	**-1 362 277**	**-9 887 743**	**-12 157 952**	**16 455 100**	**4 297 148**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2023: MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
REVENUE						
Revenue from Exchange Transactions						
Service charges	0	23 781 361	0	23 781 361	0	23 781 361
Housing development construction contract revenue	0	0	528 221	528 221	0	528 221
Rental of facilites and equipment	49 067	22 638	329 690	401 395	457 190	858 585
Other Income	138 224	50 798	90 128	279 150	53 565	332 715
Interest received	166	814 210	4 804	819 180	741 173	1 560 353
Gains on disposal of assets	-75	954	-89	790	12 309	13 099
Total Revenue from Exchange Transactions	**187 382**	**24 669 961**	**952 754**	**25 810 097**	**1 264 237**	**27 074 334**
Revenue from non-exchange transactions						
Taxation Revenue						
Fines and forfeits	87	0	144 958	145 045	92 822	237 867
Property rates	0	0	0	0	11 941 550	11 941 550
Interest earned from receivables - Property rates	0	0	0	0	452 220	452 220
Surcharges and taxes	0	399 365	0	399 365	21 083	420 448
Licences and permits	3 605	0	57 387	60 992	407	61 399
Transfer Revenue						
Government grants & subsidies	547 084	3 610 310	1 941 949	6 099 343	1 579 153	7 678 496
Levies	0	0	0	0	3 379 795	3 379 795
Public contributions and donations	262	4 948	32 908	38 118	8	38 126
Reversal of loss on impairment - PPE	0	0	0	0	17 008	17 008
Other income	0	54 032	0	54 032	0	54 032
Total revenue from non-exchange transactions	**551 038**	**4 068 655**	**2 177 202**	**6 796 895**	**17 484 046**	**24 280 941**
Total Revenue excluding Recoveries	**738 420**	**28 738 616**	**3 129 956**	**32 606 992**	**18 748 283**	**51 355 275**
Recoveries	**3 302**	**3 655 828**	**244 564**	**3 903 694**	**4 302 215**	**8 205 909**
Total Revenue	**741 722**	**32 394 444**	**3 374 520**	**36 510 686**	**23 050 498**	**59 561 184**

NOTE 67: SEGMENT STATEMENT OF FINANCIAL PERFORMANCE - 30 JUNE 2023: MUNICIPALITY

	Economic and Environmental Services R'000	Trading Services R'000	Community and Public Safety R'000	Total segments	Other non segments R'000	Total agreeing to Entity amount R'000
EXPENDITURE						
Employee related Costs	-461 982	-3 714 179	-5 148 432	-9 324 593	-2 685 034	-12 009 627
Remuneration of councillors	0	0	0	0	-141 456	-141 456
Amortisation - Intangible assets	-99	-31 107	-19 622	-50 828	-67 695	-118 523
Depreciation - Property, plant and equipment	-78 855	-1 064 189	-1 195 848	-2 338 892	-319 635	-2 658 527
Impairment Loss - Property, plant and equipment	-18 570	0	-21 732	-40 302	-48	-40 350
Finance costs	-160	-540 261	-18 054	-558 475	-401 234	-959 709
Lease rentals on operating leases	-12 642	-17 159	-57 674	-87 475	-53 854	-141 329
Debt impairment	-11 787	-3 058 932	-483 680	-3 554 399	1 914	-3 552 485
Depreciation - Investment Properties	-201	0	-150	-351	-251	-602
Bulk purchases	0	-16 226 869	0	-16 226 869	0	-16 226 869
Contracted services	-518 078	-2 688 058	-1 699 351	-4 905 487	-933 266	-5 838 753
Grants and subsidies	-231 816	-122 357	-350 066	-704 239	-165 761	-870 000
Housing development construction contract expenditure	0	0	-528 221	-528 221	0	-528 221
Share of losses from Joint Ventures	-6 634	0	0	-6 634	-0	-6 634
General expenses	-153 214	-1 996 445	-894 471	-3 044 130	-895 765	-3 939 895
Total Expenditure excluding Charges	**-1 494 038**	**-29 459 556**	**-10 417 301**	**-41 370 895**	**-5 662 085**	**-47 032 980**
Charges	**-155 615**	**-4 208 743**	**-2 836 640**	**-7 200 999**	**-1 004 910**	**-8 205 909**
Total Expenditure	**-1 649 653**	**-33 668 299**	**-13 253 941**	**-48 571 894**	**-6 666 995**	**-55 238 890**
Surplus for the year	**-907 931**	**-1 273 856**	**-9 879 421**	**-12 061 208**	**16 383 503**	**4 322 295**

Note 68: ADDITIONAL DISCLOSURES ON HERITAGE ASSETS

Category	Description	Reasons for Assets Could Not Be Measured Realibly	No. of Assets
Agricultural implements	Artefacts that were used for agricultural purposes such as yoke, sickle and garden forks.	The items under this category were acquired from non-exchange transactions such as donations or were bequeathed. These items had no details nor costing information available when they were received from their previous owners. The items are held and preserved for future generation and the cost of hiring valuers would exceed the benefit for which they are held and would not be an economical decision to hire a valuer.	18
Archaeological	Items dug up on the ground, mainly in archaeological excavations.	These items have sentimental value which cannot be valued but are valuable for research purposes.	453
Audio Visual Collection	Historical electronic media that has sound and visual component such as radio, TV, audio recordings.	This category includes different assets which are similar in nature, and these assets, i.e audio recordings, have no monetary value as they are held for the benefit of future generations. The cost to value these assets will exceed the benefit of holding these assets.	1 257
Books and Documents	Includes artefact such as books, magazines, newspapers, journals and drawings.	There are different measurements techniques and experts being used, since there are different kinds of assets that are similar in nature, which results in different values for these assets.The cost of valuing these assets would exceed the benefit of holding these assets. Some assets, i.e newspapers, have sentimental value as they are held for educational purposes for the future generations.	44 385
Domestic utensils	Artefacts that were previously used in households such as washing basin, bed warming pan, bowls, ceramics, ornaments and crockery.	The items in this category were acquired through donations and bequests, of which some had no details nor costing information when they were acquired from the previous owners. The monetary value for these items is not significant as they are held for demonstration purposes for the benefit of the future generations.	1 757
Equipments	Tools used in different industries to achieve a certain objective such as stethoscopes, guitars, sundial, microscope and tennis rackets.	There are different kinds of assets which are similar in nature in this category, these require different measurements techniques and experts which results in different values for these assets.The cost of valuing these assets would exceed the benefit of holding these assets. Some assets, i.e sundial, have sentimental value as they are held for educational purposes for the future generations.	588
Ethnographic	Under this category are artefacts relating to African culture.	No monetary value associated with these items as the intention is to educate the future generations.	4 255

Figures in Rand thousand

Note 68: ADDITIONAL DISCLOSURES ON HERITAGE ASSETS

Category	Description	Reasons for Assets Could Not Be Measured Realibly	No. of Assets
Exhibitions	A collection of items that are unique and irreplaceable that were either donated to the museum; or collected by researchers or curators. These collections are considered heritage assets as these are important resources that will be beneficial for future generations with repsect to Knowlege gain and Education.	These assets are unique and irreplaceable, due to this nature it would be challenging to find a reliable market and the related costs would outweigh the benefits	1 196
Firearms	Includes firearms and all that is linked to firearms.	Different markets exist, such as collectors, antique shops and museums. These create a votality with no clear advantageous market. The cost of valuing these items would outweigh the benefits as the firearms are kept for educational purposes.	154
Furniture	Includes different types of artefacts that were designed as furniture such as chairs, dressers, tables.	There are different assets which are similar in nature in this category. The cost of valuing them would outweigh the benefit as different valuators would need to be appointed.	38
Lighting & ventilation	Items used to bring light such as lamps.	These items are similar in nature, but some are from different materials and this affects the valuation required. The cost of assigning valuators would outweigh the benefit as the value is of no significance to the intended market.	75
Metalware	Items made from metal material such as brass, metal, enamel	There are different assets which are similar in nature in this category, they would require different valuation techniques. The cost of valuing them would outweigh the benefit as different valuators would need to be appointed.	457
Militaria and Memorials	Artefacts that serve as a focus of a memory or commemoration relating to history.	These items have sentimental value which cannot be valued but are valuable for research purposes. These items have no market as they were only used for specific events in the past and are currently for educational purposes, the valuation would not be beneficial.	474
Needlework & sewing	Items that were used for sewing such as darning boards, samples of stiches.	Items are held for cultural and historical significance and are there for future generations to know the type of needlework and sewing which were used in the past. Valuing the asset would be at high cost than the service potential they are held for.	419
Numismatic	Collections of medals, coins, badges and money	These items have a historical value and importance in the history of the country, due to the significant differences in their fair values, valuing the items would not provide more useful information to the users as they are mainly held to serve as a reminder of history to the future generations and not held for monetary purposes.	2 831
Organic material	Items that are made from natural material such as bones and ivory.	The items in this category are for research purposes and for the history of the country. Hiring valuators for these items would outweigh the benefits.	37
Paintings & drawings	All items that can be described as paintings and drawings and accessories relating to them	The paintings and drawings are unique and must be assessed individually, each of these capture different stories. Undertaking a process of determining the Fair Value of the heritage assets in this category involves a separate valuation for each artwork, the cost implication outweighs the benefit.	1 265

Figures in Rand thousand

Note 68: ADDITIONAL DISCLOSURES ON HERITAGE ASSETS

Category	Description	Reasons for Assets Could Not Be Measured Realibly	No. of Assets
Personal items	Items for personal use and to accessorize such as purses, cosmetics, jewellery and spectacles	The personal items were items used and worn by ancient people and are held for educational purposes and for cultural history, the cost of valuing them would outweigh the benefits	1 493
Philately	Artefacts that are for postage such as postage stamps and postcards.	These artefacts are important to provide information about type of postage which were used in the past, due to the obscelence of the postal services the focus is not in the monetary value but the cultural and historical value provided by preservation of the items.	2 480
Photographic	Consists of photographs and items that were used to create photographs such as negatives, slides, images, cameras, transparencies.	Each artwork is unique and must be individually assessed and valued. Each of these works capture different stories about Durban, its people, its social, cultural, political and artistic history revealing the complexity of the City's past. Undertaking a process of determining the Fair Value of the heritage assets in this category involves a separate valuation for each artwork, the cost implication outweighs the benefit.	229 223
Stationery	Commercially manufactured writing material or related items, such as pens, paper clips etc.	Items are held for demostration purposes for the upcoming generation. The cost of valuing these assets would exceed the benefit as the monetary value is not useful to the intended users.	246
Textile & costume	Items made of textile such as clothing.	This category contain variety of items that would result in different valuation techniques and high costs, increasing the fruitless and wastefull expenditure since there are no returns attached to items.	513
Toys	Artefacts that were used mainly by children as toys, includes dolls, board games.	The items in this category are held to serve a cultural history and preservation for the future. The cost to value these assets will exceed the benefit of holding these assets.	4 592
Transport	Items relating to travelling such as ox-wagons, boats.	Items in this category are parts of historical transport which will be used for educational purposes. They are not complete figures and the cost of valuing these items would exceed the benefit in which the assets are held for	6
Rare Collection	Rare items which consist of South African heritage value. These items are used for reference and research purposes.	These items are fragile and brittle, they are preserved and kept for educational and research purposes. The library's intention is to digitalize their system for the collection to be online, the value would therefor not be relevant to the user and therefor valuing these items would outweigh the benefit.	7 883
Durban Art Gallery - Artwork	The collection includes paintings, etchings, graphics, photographs, porcelain, glass, silverware and contemporary SA art.	Each artwork is unique and must be individually assessed and valued. Each of these works capture different stories about Durban, its people, its social, cultural, political and artistic history revealing the complexity of the City's past. Undertaking a process of determining the Fair Value of the heritage assets in this category involves a separate valuation for each artwork therefore a cost implication exists.	12
Research Specimens	This category includes specimens that are unique and irreplaceable that were either donated to the museum; or collected by researchers or curators. These includes amphibians, reptiles, shells, fish, spiders, echinoderm, fossils, insects and taxidermy.	These items are held for research purposes and are not openly traded, thus the market for these items do not exist. These items have no commercial value.	245 114
TOTAL			**551 221**

APPENDIX A: DISCLOSURE OF GRANTS AND SUBSIDIES INTERMS OF SECTION 123 MFMA.56 OF 2003

GRANT DESCRIPTION	NAME OF ORGAN OF STATE	QUARTERLY RECIEPTS					QUARTERLY EXPENDITURE					GRANTS AND SUSBSIDIES DELAYED/WITHHELD / PAID BACK / ACCRUED					REASONS FOR DELAYS OF FUNDS	YOUR MUNICIPALITY COMPLY WITH THE	REASON FOR NON COMPLIANCE
		SEPT	DEC	MAR	JUN	TOTAL	SEP	DEC	MAR	JUN	TOTAL	SEP	DEC	MAR	JUN	Jun		Yes/No	
		R'000	R'000	R'000		R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000			
EQUITABLE SHARE	NATIONAL TREASURY	1,873,889	1,124,334	1,499,111		**4,497,334**	1,873,889	1,124,334	1,499,111		**4,497,334**							Yes	N/A
URBAN SETTLEMENT DEVELOPMENT GRANT	NATIONAL TREASURY	293,408	550,000	487,273		**1,330,681**	239,238	303,310	298,374	489,759	**1,330,681**							Yes	N/A
LOCAL FINANCIAL MANAGEMENT GRANT	NATIONAL TREASURY	1,000	-			**1,000**	211	213	93	483	**1,000**							Yes	N/A
INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT	NATIONAL TREASURY	193,644	235,429	340,580		**769,653**	94,979	209,212	121,677	343,785	**769,653**							Yes	N/A
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	NATIONAL TREASURY	18,000	-	11,470	-	**29,470**	2,318	2,900	2,766	3,362	**11,346**		5,980	17,000			R5.98m relates to the amount paid back to national treasury in respect of the denied rollover application for 2022/23 unspent balance. R17m relates to the amounts trasferred to Umgeni Water as per SLA	Yes	N/A
GOVERNMENT HEALTH SUBSIDY	KZN DEPT OF HEALTH	6,117		101,539	62,270	**169,927**	92,709	60,504	43,719	79,742	**276,675**					106,748	Accrued receipts	Yes	N/A
PUBLIC TRANSPORT NETWORK GRANT	NATIONAL DEPARTMENT OF TRANSPORT	323,794		278,543		**602,337**	36,941	127,886	110,032	231,882	**506,741**		308,428				R308m relates to the amount paid back to national treasury in respect of the denied rollover application for 2022/23 unspent balance.	Yes	N/A
NEIGHBOUR HOOD DEVELOPMENT GRANT	NATIONAL TREASURY		22,928	16,065		**38,993**	8,221	17,506	1,366	11,900	**38,993**							Yes	N/A
PUBLIC EMPLOYMENT PROGRAMME	NATIONAL TREASURY	70,500	70,499	45,531	0	**186,530**	112,784	59,650	1,548	45,238	**219,219**							Yes	N/A
PROGRAM&POJECT PREP SUPPORT GRANT	NATIONAL TREASURY	9,086		20,914		**30,000**	3,352	3,680	1,835	13,165	**22,032**		39,909				R39.9m relates to the amount paid back to national treasury in respect of the denied rollover application for 2022/23 unspent balance.	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME-EPWP	NATIONAL TREASURY	15,197	27,356	18,237	0	**60,790**	15,197	27,356	18,237		**60,790**							Yes	N/A
DEPARTMENT OF HUMAN SETTLEMENTS - DOH	DEPARTMENT OF HUMAN SETTLEMENTS	79,675		38,911	18,940	**137,526**	23,593	31,788	45,367	55,375	**156,123**							Yes	N/A
GRANT ACCREDITATION	DEPARTMENT OF HUMAN SETTLEMENTS	1,858	4,491	3,993	3,104	**13,446**	1,858	4,491	3,104.00	3,993	**13,446**							Yes	N/A
DEPARTMENT OF MINERAL AND ENERGY (EEDSM)	DEPARTMENT OF MINERALS AND ENERGY	2,000	4,000	2,000		**8,000**		6,003.00	37.00	1,789	**7,829**							Yes	N/A
DEPARTMENT OF ARTS AND CULTURE	KZN DEPARTMENT OF ARTS AND CULTURE	-	-	69,198		**69,198**			**69,198**		**69,198**							Yes	N/A
MUNICIPAL DISASTER GRANT	NATIONAL TREASURY	5,000	-	11,442		**16,442**	147,310	231,302	556,983	615,632	**1,551,227**		34,892				The amount of R34.8m was paid back in respect of the denied rollover application for 2022/23 unspent balance.	Yes	N/A
GRAND TOTAL		**2,893,168**	**2,039,037**	**2,944,807**	**84,314**	**7,961,327**	**2,652,600**	**2,210,135**	**2,773,447**	**1,896,105**	**9,532,288**	**0**	**389,209**	**17,000**	**0**	**106,748**			

APPENDIX D: MOSES MABHIDA STADIUM & STADIA - DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2024 R'000	2023 R'000
REVENUE		
Rental of facilities and equipment	**49,411**	**50,760**
Rent Bowl & Non Bowl Events	24,459	32,585
Rent Shops	13,692	7,053
Suites & Business Clubs	5,175	3,178
Hire Hall/ Civic/Rec Cnt	4,259	6,819
Rent Buildings	1,797	894
Rent Parking Bays	28	231
Discounts received	**82**	**90**
Other revenue	**1,647**	**2,546**
Other income - Attractions	**958**	**737**
Adventure Walk	0	0
Skycar	0	0
MMS Attractions	316	169
Stadium Tours	642	568
Total operating revenue	**52,099**	**54,133**
EXPENDITURE		
Depreciation - Property, Plant and Equipment & Intangible Assets	**110,173**	**144,383**
Depreciation & Amortisation	110,173	144,383
General expenses	**190,494**	**166,946**
Electricity	21,437	19,586
Employee related costs	64,825	58,925
Debt Impairment	4,440	1,681
Fuel & Oil : Vehicles	2,733	2,365
Hire of equipment	0	0
Other materials	11,224	11,076
Operating leases	202	201
Contracted services	61,551	55,048
OHS Employ wellness	2	0
Stadium Operational Costs	4,089	3,617
Refuse removal	2,101	1,529
Hire Of City Fleet	142	187
Water& Sanitation	17,748	12,731
Total operating expenditure	**300,667**	**311,328**
DEFICIT FOR THE YEAR	**(248,568)**	**(257,195)**