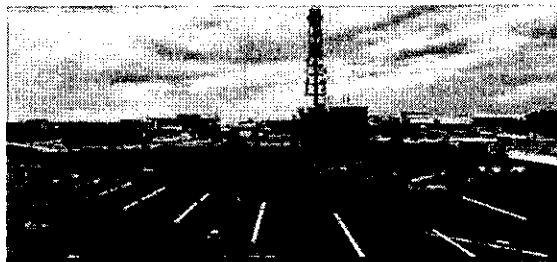




# Final Annual Report 2021/2022



**10 Connor Street**

**Port Shepstone**

**4240**





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## Component B: Executive Summary

### 1.1 Municipal Manager's Overview

Ray Nkonyeni municipality, along with every other public and private institutions, experienced an unprecedented global setback during the year under review. The advent of COVID-19 brought a crisis of proportions not seen in the past and every institution had to adjust to the new normal of extended lockdowns and curfew.

Regardless, the municipality managed to remain stable and continued as far as possible to fulfil its obligation of service delivery to citizens within its jurisdiction. It is worth mentioning that the Municipality has managed to achieve **94%** of the set targets despite challenges brought by COVID -19. Despite the constraints associated with the Municipality managed to deliver planned capital projects resulting to hundred (100) percent expenditure on integrated urban development grant (IUDG). While some citizens who had been negatively affected by the economic lockdown were not in a position to pay for their rates and other utilities, the Municipality managed to collect ninety-three percent % of the billed revenue. This achievement is attributed to the resilient of our ratepayers who are the life blood and backbone of our existence.

In its quest to render quality services the municipality concluded several partnerships to improve service delivery. These partnerships include funding to attend to ageing roads and storm water infrastructure; a matter which has been on Council agenda for some time. Progress was also made on the implementation of the Electricity Infrastructure Masterplan through the revenue enhancement funding from the Development Bank of Southern Africa (DBSA). This project will assist the municipality with revenue enhancement as the elements of the project are focused on optimisation of operating costs and decrease losses associated with the service.

Additionally, the municipality received funding from National Treasury for the development of a Precinct Plan for Port Shepstone urban renewal. The renewal will focus more on road and stormwater infrastructure improvement. The first two major projects started in the financial year in question is the rehabilitation of the town's main streets Nelson Mandela Drive and Main Harding Road, which will include sidewalks, aesthetic lighting and greening of the street. The Municipality has been given a grant of more than R100 million to undertake these two projects. The confidence given by National Treasury is attributed to the consistent good governance and stability of the Municipality. This statement is supported by the fact that the Municipality has received either unqualified with matters of emphasis or clean audit opinion since its genesis.

Whilst *izimbizo* could not be held under lockdown conditions the municipality ensured that it continues to engage the public when developing its budget. Virtual meetings were held with stakeholder formations, ensuring that the community's voice was not lost during this process. We will continue to engage local organised formations in the quest for quality service delivery.

## 1.2 Municipal Functions, Population and Environmental Overview

Ray Nkonyeni Municipality is a category B municipality and falls within Ugu District (DC21) found on the southern part of KwaZulu-Natal (KZN). Its administrative seat is in Port Shepstone. The municipality borders the Indian Ocean on its eastern part while the far southern part of the municipality runs Umtamvuna River which is the boundary between Kwa-Zulu Natal (KZN) and the Eastern Cape. The north-western part is bordered by Umuziwabantu Municipality while Umzumbe municipality borders the northern part and Umdoni Municipality is on its north-eastern boundary. Its boundary extends further to the hinterland which is basically rural and is administered under traditional authority. The coastal belt stretches from Hibberdene to Port Edward and covers approximately 72 km.

### **Vision**

***By 2036 Ray Nkonyeni will be a prime tourist-friendly; economically diversified and smart Municipality with equitable access to opportunities and services in a safe and healthy environment.***

### **MISSION:**

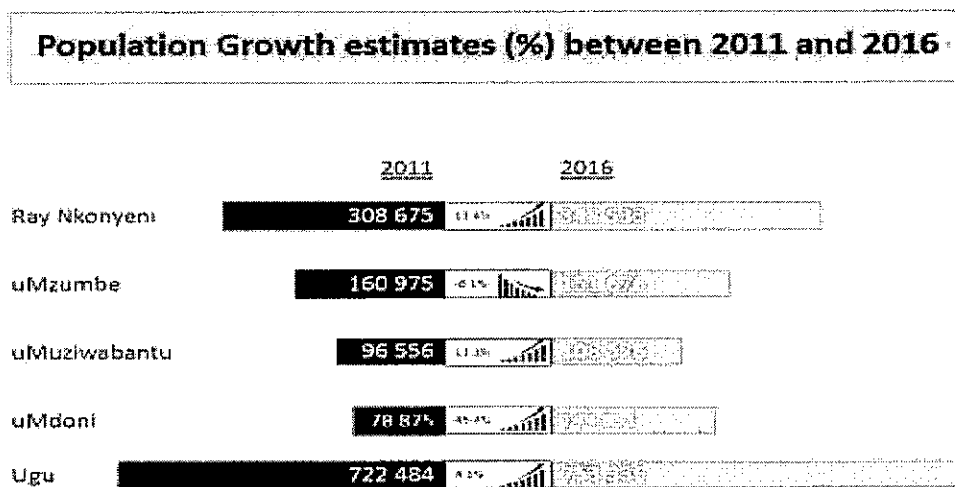
***The Municipality is committed to create an enabling environment for the establishment of agricultural; maritime; leading tourism and industrial hubs to create business and employment opportunities for sustainable development and improved quality of lives through shared vision; smart service delivery solutions and collaboration with stakeholders.***

The coastal belt is characterised by urban formal development and is more developed while the interior has sparsely populated housing typologies with less development. The hinterland is further characterized by steep topography which is one reason probably of less development and this has further affected the settlement patterns. The furthest northern part of the municipality is largely characterized by protected and conservation worthy areas. There are no economic nodes in the hinterland except for one small town, Izingolweni, with a few retail shops. Also in the hinterland is the breathtaking Oribi Gorge which serves as a tourist attraction as well as home to a number of rare species and indigenous forests. On the contrary, the coastal belt is completely dotted by economic nodes of different hierarchies. There are also conservation areas dotted along the coastal belt.

The municipal area covers approximately 1594km<sup>2</sup> in geographic area. Privately owned land constitutes approximately 26 500 hectares. The spatial location of the municipality is an advantage as the National Road (N2) runs through it providing accessibility and linkage with both Ethekewini metropolitan area and beyond as well as the Eastern Cape. It must be noted that Durban is the main commercial center of KZN and one of the seven metropolitan cities of the Republic of South Africa. Our municipality's close proximity to this sole metropolitan city of the province is a locational advantage.

The main urban centres are found along the coast. The inland region of the municipality as indicated earlier on has more land under the leadership of tribal authorities. Following is a table indicating towns and traditional settlements of the municipality.

## Graph 1: Population Growth estimates %



Source Stats SA 2016

## Dependency ratio

Ugu District Growth and Development Strategy (UDGDS) highlights that the dependency ratio within the district is quite high and there for clustering of social and economic services within rural nodes and corridors must take place to consolidate development and offer job opportunities to curb the high dependency ratio. Ray Nkonyeni Municipality is experiencing quite a lesser percentage of dependency ratio statistics in comparison to the other Ugu District local municipalities. This has been achieved partially by the initiatives the municipality has embarked on such as the development of nodes and corridors as well as the economic activities which have job opportunities. The municipality has also started developing its rural areas in terms of rural nodes.

This is in line with the PGDS initiative to develop rural nodes. For example, the Gamalakhe shopping complex is one semi- rural node that the municipality has developed. Eziqoleni is a small rural town in the hinterland of the municipality, and this also is one of the catalytic projects the municipality aims at developing to be in line with the PGDS rural development initiative. There are also Precinct Development Plans within the current SDF to develop other rural areas such as KwaMadlala and Gcilima.

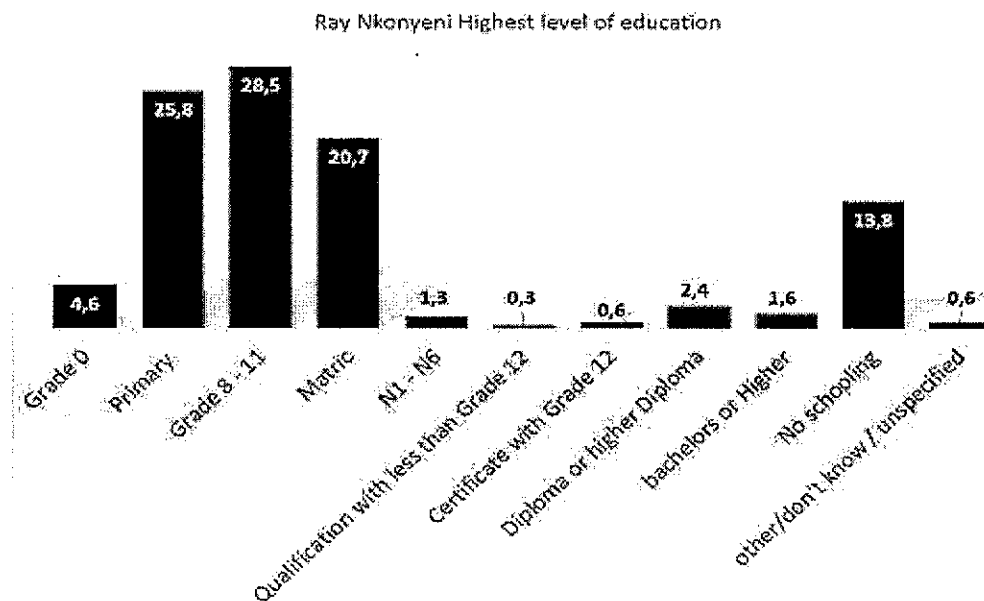
Studying the graph that follows, one notices that former Vulamehlo and Eziqoleni, Municipalities within the Ugu District experienced high dependency ratios, while current municipalities that is Umzumbe and Umuziwabantu experience the same. On the other hand, former HCM and Umdoni experienced lower dependency ratios. This was attributed to the job opportunities found in both municipalities. Below is current information showing the dependency ratio in percentages within Ugu District Local Municipalities.

There is a high dropout rate at high school level due to a number of socio-economic ills. Teenage pregnancy, orphans and the abuse of substances are some contributing factors. Ray Nkonyeni Municipality experiences the highest number of teenage pregnancies as compared to the other sister municipalities. Ray Nkonyeni also has special schools that cater for children with special needs and are fully equipped with resources. The department of education provides special support to these schools to;

- Provide curriculum delivery support to LSEN schools for purposes of improving learner attainment in line with White Paper 6 (Inclusive Education)
- Improve the performance of learners in special schools especially at the level of National Senior Certificate through teacher capacity and learner supportation.

Ray Nkonyeni has four TVET colleges, at KwaNzimakwe, Oslo Beach Gamalakhe and Port Shepstone. Different courses are offered, and the highest certificate obtained is the N6 which is equivalent to a college diploma. The municipality does not have a university but has since signed an MOU with the University of South Africa to develop a university within its jurisdiction. Higher education level s(teritary) holders within the municipality is low. This may be attributed to by a number of social factors. School dropout rate is high. Other learners are heads of their families since parents have passed on.

**Graph 3: Levels of Education**



Source: Stats SA 2016

There has been a decline of approximately 5 % in the matric pass rate at RNM. The table below details the pass rate.

## Natural Resources

Ray Nkonyeni boasts of a number of natural resources that have provided job opportunities. To mention some:

- the ocean for an example and its alignment to tourism
- The Red desert
- The KwaXolo Caves and Nyandezulu trail which are rural cultural rich
- The Oribi Gorge which is the largest tourist attraction is also one of the assets the municipality lists under its natural resources

The Municipality has various natural resources ranging from the coastal belt, nature reserves, 3 critically endangered ecosystems (Interior South Coast grasslands, Margate Pondoland-Ugu Sourveld, and the Southern Coastal Grasslands). There is one endangered ecosystem (Oribi-Port Edward Pondoland-Ugu Sourveld) and 3 vulnerable ecosystems (KwaZulu Natal Coastal belt, Ngongoni Veld, and the Pondoland Scarp forest). The Municipality is currently embarking on establishing its Environmental Management Plan which should assist in identifying environmentally sensitive areas, this will assist in ensuring that the Municipality can inform communities and developers before any development occurs that certain areas are endangered ecosystems, and any developments should not affect these areas in a negative way. The areas which are currently listed as endangered and vulnerable are no longer affected by any form of development as this is prohibited.

A major challenge right now is ensuring that environmental management is understood by members of the rural community. With endangered ecosystems which are in the rural community the municipality is challenged by the red tape that exists as the land belongs to the Tribal Authority. The Municipality is engaged in a partnership with Department of Agriculture & Environmental Affairs to provide education around environmental education and awareness at schools, and communities at large.

These awareness campaigns have assisted, and the Municipality has seen an increase in recycling by communities, also community members are now aware of the different biodiversity that exist e.g. wetlands. The awareness campaigns are an ongoing process and have been well received by the community and business.

Natural Resources	
Major Natural Resources	Relevance to the community
Indian Ocean Coastal Belt	Tourist attraction, enables community to be self-sustaining through fishing.
7 Nature Reserves (Mbumbazi, Mehlomyama, Mpenjati, Oribi Gorge, Skyline, Trafalgar Marine, and Umtamvuna)	Tourist attraction, assists in economic growth and employment of community members.
5 Rivers (Mbizana, Mtamvuna, Mzimkhulu, Mzumbe, Vungu)	Used by community for fishing, and other recreational activities.



## Access to sanitation

Communities throughout the municipality have access to different types of sanitations. However, the flush toilet system is the most dominant in urban areas. Amongst the Ugu District Local Municipalities, Ray Nkonyeni Municipality has more households with flush toilet systems (32.9 %) followed by Umdoni Municipality with 28.1 %. It must be noted that both municipalities have large areas which are urban and the demand is extremely high. Umzumbe has only got just 2.7% households with the flush type of sanitation which may be attributed by the steep topography factor which is costly to construct water connections. The entire Ugu district has a very high number of pit toilets and these are mostly rural wards. The Ugu Water Master Plan does talk to this issue. The below graph shows this information in the entire Ugu District

**Graph 3: Main type of toilet facility used**

Main type of toilet facility used	Flush	Chemical	Pit / Other	None
<b>Local municipality 2016</b>				
KZN212 : Umdoni	28.1	15.8	51	5
KZN213 : Umzumbe	2.7	15.3	79.4	2.4
KZN214 : uMuziwabantu	9.2	11	78.4	1.5
KZN216 : Ray Nkonyeni	32.9	2.6	59.1	5.3
<b>Ugu</b>	<b>24.3</b>	<b>8.3</b>	<b>63.2</b>	<b>4.3</b>

Source: Stats SA 2016

## Access to electricity

Eskom supplies electricity to most areas within the municipality except for the Port Shepstone area which is supplied by the Ray Nkonyeni Municipality. Survey shows that 96% of the municipality's population has access to electricity. Some rural communities still require infrastructure connection and there is an infill backlog.

## Access to refuse removal

The Free Basic Refuse Removal Policy give guidance on collection of refuse for households in the jurisdiction of the municipality. It should be noted that on-site disposal is an option where travelling distances and the resulting costs may render regular waste collection services impractical hence all households with no access to refuse collection services are serviced as level 1-2 of national domestic waste collection standards of 2011 this is well addressed through EPWP and CWP programmes.

Almost all rural wards within the municipality have a backlog in the collection of waste due to lack capacity and budgetary constraints. There are areas, however, with urgent need to have solid waste removal

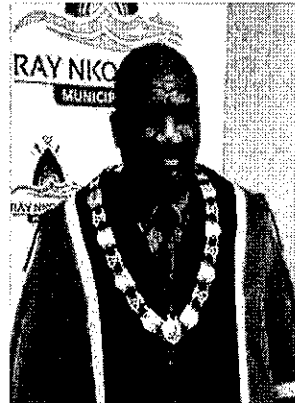
## Chapter 2 – Governance

### Component A: Political and Administrative Governance

#### 2.1 Political Governance



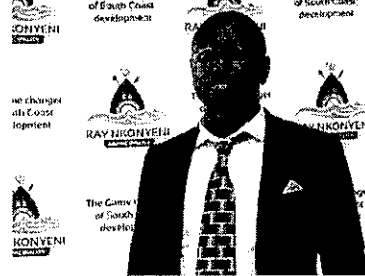
Cllr GS Shange (Deputy Mayor) – ANC



Cllr IS Mqadi (Mayor) - ANC



Cllr PZ Mzindle (Speaker) – ANC



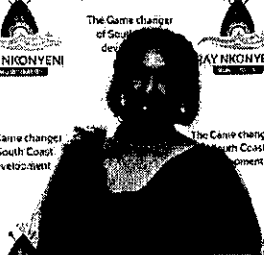
Cllr TT Hlophe (Chief Whip) – ANC



Cllr P Shange (MPAC Chairperson) - ANC



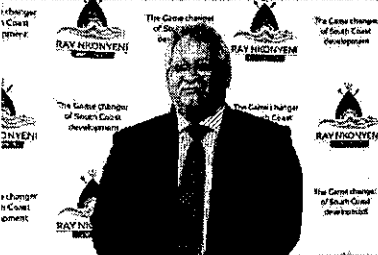
Cllr MT Lubanyana (EXCO) – ANC



Cllr VL Ntanza (EXCO) – ANC



Cllr ET Khanyase (EXCO) - ANC



Cllr D Rawlins (EXCO) – DA






Cllr L Garbade (EXCO) – DA



Cllr N Mqadi (EXCO) – EFF



Cllr ZB Ndwalane (EXCO) – IFP

 <p><b>HOD: Development Planning Services: KJ Zulu</b></p>	<p>To provide leadership and guidance with regards to Economic Development and Development planning.</p> <p>Provide leadership and guidance on Spatial and environmental management through town planning, building control, environmental management and signage control.</p>
 <p><b>Strategic Planning &amp; Governance: SC Zama</b></p>	<p>Provide leadership and guidance on mayoralty, communications, brand management, marketing, events, public participation, youth development, vulnerable groups' development and empowerment, occupational health and safety of the workplace environment, integrated development planning and organizational performance management.</p>
 <p><b>CFO: A Zuma</b></p>	<p>Provides leadership and guidance in overseeing all Treasury activities, ensuring compliance with all acts and legal prescripts required for accurate reporting to all stakeholders.</p>

and the implementation of internal audit recommendations. In compliance with the MFMA, internal audit provided the committee and management with assurance that the internal controls are adequate and effective. This was achieved through the implementation of a risk management process, as well as the identification of corrective action and recommended enhancements to the controls and processes.

The committee observed that the overall control environment was maintained at an acceptable level, however some minor deficiencies were identified in the supply chain management, performance management reporting and information technology processes that required management attention.

The committee is satisfied that the internal audit function is operating effectively and that it is actively assisting management in addressing the risks pertinent to the municipality. Internal audit monitors and reports on the implementation of management corrective actions undertaken to address previous audit findings. In doing so, it assisted management and council in mitigating risks thus playing a pivotal role through combined assurance to assist in risk management and strengthen controls over financial and performance management reporting.

**The audit committee recommends that:**

- management continue to cooperate with the internal audit function to improve the current control environment through the timely implementation of recommended actions,
- follow up audits be completed on a quarterly basis to prevent recurrence of repeated findings,
- the internal audit function be capacitated with funding to employ outside service providers to assist in discharging internal audit engagements that require specialist information technology audit skills and competencies, and
- the internal audit function be capacitated with further resources to implement management requested ad-hoc assignments to prevent delays in the execution of the approved annual audit plan.

The audit committee is satisfied that the internal audit function maintained its independence and objectivity throughout the under review.

**Risk management**

During the year, reports from the risk management committee were considered by the audit committee. The committee recommends that council and management ensure that management action to address electricity losses as a result of illegal connections be prioritized. The committee further recommends that:

- the operational, strategic and fraud risks that remain high be carried over to the current financial year of 2023 for ongoing management and monitoring.
- a risk-based approach be followed when assessing electricity loss/theft/illegal connections coupled with geographical trend analysis to identify wards that appear to be consuming less than expected electricity consumption that would normally appear to be unusual.
- the municipality consider implementing regular/periodic meter and line audits in areas/wards where electricity theft is highly susceptible.
- council consider incentivizing/rewarding the public for accurate and valid reporting on illegal connections.

diligent effort, strong work ethic and the exercise of due care. The fruits of their labour over the past years are now being reaped. The audit committee is pleased with this and is optimistic that council and management will sustain this outcome into the foreseeable future. The clean audit outcome is a step closer to ensuring effective, fair, and transparent service delivery to the electorate. For this purpose, council and management must embrace this challenge and commit itself to sustaining the clean audit outcome. The audit committee thanks council, the mayor, the chairperson of MPAC, the Municipal Manager, the Chief financial officer, senior management and the administrative staff and the AGSA for their outstanding commitment, purposeful efforts, and cooperation with the audit committee. The audit committee relies extensively on the work of internal audit. The audit committee expresses its gratitude to the Manager: Internal Audit and her team for their assistance and cooperation.

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**CHAIRPERSON OF THE AUDIT COMMITTEE**

**A.D GONZALVES**

**23 January 2023**

Overall, the Municipality held 14 Izimbizo between September and October 2021 and April and May 2022. Which shaped the 2022-23 IDP, Budget and Service Delivery Budget Implementation Plan (SDBIP). It is estimated that +-1500 members of the community including business participated in the IDP development process.

The Municipality also uses the IDP representative forums to engage ward councillors and other stakeholders including community members when it formulates its IDP. About +- 100 people attend the meetings which are held once quarterly. These meetings also assist the ward councillors to engage Provincial Departments regarding projects currently taking place and where communities are facing challenges and Departments need to assist in providing solutions. The meetings not only provide a platform for stakeholders to engage with the Municipality but also for the Municipality to engage with other key role-players in Service Delivery.

### **Ward Committees:**

The key purpose of ward committee system is to enhance participatory democracy in local government.

Below is a list of some of the issues our ward committees assisted with during the year under review:

- Reported service delivery problems in various areas of the municipality;
- Participated as steering committee members in several development projects;
- Provided support to ward councillors during community gatherings;
- Assisted with community mobilization for municipal programs such as Mayoral Izimbizo;
- Engaged in campaigns such as identifying indigent citizens for municipal database purposes.

Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Public Meetings Held:	
					Issue addressed (Yes/No)	Date and Manner of feedback given to community
Imbizo (cluster 1)	WEDNESDAY, 6 OCTOBER 2021	07	12	157	<p><b>WARD 30</b> <b>NAME: Miss Thulisile Zulu</b></p> <ul style="list-style-type: none"> <li>Acknowledged Cllr SA Ngece for the hard work he does for the ward;</li> </ul> <p><b>NAME: Ntombifuthi Zulu</b></p> <ul style="list-style-type: none"> <li>Requested that all access roads be gravelled and the issue of standpipe near Mthini Primary school be attended</li> </ul> <p><b>WARD 31</b></p> <ul style="list-style-type: none"> <li><b>NAME: Mr Zondi</b></li> <li>Requested that in the new financial year, the issue of unemployment in the communities should be addressed as its resulting in drug abuse and crime. He further requested that all wards be presented in the EPWP programme; and</li> <li>He further requested that Ugu District Municipality be developed into the level of Ethekwini Municipality to minimise challenges.</li> </ul>	<p>WEDNESDAY, 6 OCTOBER 2021</p> <p>Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed.</p>

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>• D109 Road near Emthini Primary School needs attention as well;</li> <li>• Manzamhlophe needs to be renovated since it was vandalized; and Shobeni Hall needs to be fenced</li> </ul> <p><b>WARD 33</b></p> <ul style="list-style-type: none"> <li>• <b>Name: Ms Nombuso Dlomo</b></li> <li>• Thanked her Worship Mayor for providing them with the netball jersey that was given to them;</li> <li>• Water issues needs to be addressed as soon as possible;</li> <li>• P57 road needs to be attended to;</li> <li>• High Mast in all wards;</li> <li>• Renovations of Ezingqoleni Municipal hall; and</li> <li>• Renovations of Munga Sport field.</li> </ul> <p><b>NAME: Mr Muzi Mthembu</b></p> <ul style="list-style-type: none"> <li>• Ward Committee member to pull up their socks in calling community meetings frequently so they can be able to convey the needs of the community to ward councillors; and</li> </ul>	



Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>• Sport ground be constructed;</li> <li>• Bridge be constructed;</li> <li>• Creches don't receive grants in aid it been more than two years; and</li> <li>• Distribution of food parcels should be fair to all of those who are beneficiaries.</li> </ul>	
Imbizo (Cluster 2)	TUESDAY, 28 SEPTEMBER 2021	10	18	76	<p><b>WARD: 07</b></p> <p><b>NAME: Mr Mpendulo Shabane,</b></p> <ul style="list-style-type: none"> <li>• Request assistance to utilise the community hall for gym sessions.</li> </ul> <p><b>NAME: Mr Nkululeko Mboyisa from KwaXolo</b></p> <ul style="list-style-type: none"> <li>• Appreciated the community for not participating in the recent unrest and looting in the KwaXolo area;</li> <li>• Appreciated completion of 11 houses that were pending during Phase 1;</li> <li>• Appreciated construction of 100 houses in Ward 7 and 29 at Ngwemabala VD;</li> <li>• Appreciated security services at Gcilima Community Hall; and</li> <li>• Reported that installation of 67 infills; however, monitoring of the Service</li> </ul>	TUESDAY, 28 SEPTEMBER 2021 Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed.

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Assistance received by another family at Sunduza was appreciated.</li> </ul> <p><b>WARD: 09</b> <b>NAME: Mr Mnyamezeli, INduna</b></p> <ul style="list-style-type: none"> <li>Appreciated monitoring of Ward 9 Community Hall.</li> </ul> <p><b>NAME: Ms Lezi Nzama, from Bhokodisa area</b></p> <ul style="list-style-type: none"> <li>Appreciated construction of Maqobo pedestrian bridge;</li> <li>Request clarity on the installation of 50 meter electricity; and</li> <li>Request grading of D203 Road.</li> </ul> <p><b>NAME: Mr Vukayibambe Jalubane</b></p> <ul style="list-style-type: none"> <li>Clarity on the criteria used to employ road workers;</li> <li>Concern was voiced on the high level of substance abuse, rape and crime in Ward 9 area;</li> <li>System of housing provision was biased and inappropriate. Priority be given to the needy people.</li> </ul> <p><b>WARD: 29</b> <b>NAME: 1 Mr Leon Ncane</b></p>	

Nature and purpose of meeting	Date of event	Public Meetings Held:			Date and Manner of feedback given to community
		Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	
Imbizo (Cluster 03)	WEDNESDAY, 29 SEPTEMBER 2021	10	22	78	<p>Request that water be supplied to areas away from the main road as well.</p> <p><b>WARD 01</b> <b>NAME: Mr T Ngcobo</b></p> <ul style="list-style-type: none"> <li>• He expressed gratitude for the service delivery provided;</li> <li>• Issue of employment on the project;</li> <li>• UGU</li> <li>• Concerns with the utilization of water tankers for three years</li> <li>• since huge funds were being used yet the area had a tower, thus</li> <li>• proposed that the tower be repaired to curb the cost; and</li> <li>•</li> <li>• UGu District was urged to expedite the installation of bulk water supply system at the KwaLatshoda Housing Project since it was hindering progress</li> </ul> <p><b>NAME: Ms Zethu:</b></p>

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>• UGU</li> <li>• Request for two water tankers to service Ncukeni and ko13 areas;</li> </ul> <p><b>WARD 02</b> <b>NAME: Mr Dingqo</b></p> <ul style="list-style-type: none"> <li>• Requests for assistance since they worked and were not paid during a road project; and</li> <li>• Shortage of water in the area</li> </ul> <p><b>NAME: Mr Xhala – Ramsgate</b></p> <ul style="list-style-type: none"> <li>• Concerns with the shortage of water and inconstancy on the billing services</li> </ul> <p><b>NAME: Mr Lwazi</b></p> <ul style="list-style-type: none"> <li>• Gratitude for the Sportfilled</li> </ul> <p><b>WARD 06</b> <b>NAME: Ms Khumbuza</b></p>	

Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Public Meetings Held:		Date and Manner of feedback given to community
					Issue addressed (Yes/No)	WARD	
						WARD 19 No representative	
Imbizo (cluster 4)	THURSDAY, 30 SEPTEMBER 2021	12	18	68		<p><b>WARD 03</b> <b>NAME: Ms Mnika</b></p> <ul style="list-style-type: none"> <li>• Commended the Housing project at Masinenge; and</li> <li>• Requested the Community Hall at Masinenge and further sought clarity regarding the process on the location (site) of where the Community Hall will be built.</li> </ul> <p><b>WARD 05</b> <b>NAME: Ms Sibongile</b></p> <ul style="list-style-type: none"> <li>• The following were requested: -</li> <li>• Commended the Ray Nkonyeni Municipality for the outstanding work and development in Ward 5 in conjunction with Her Worship the Mayor and the Ward Councillor</li> </ul> <p><b>NAME: Mr A Mbatha</b></p>	<p>THURSDAY, 30 SEPTEMBER 2021</p> <p>Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed.</p>

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<p>applauded the employment of residents to other ongoing projects;</p> <ul style="list-style-type: none"> <li>• Toilet budget and employment;</li> <li>• Hall refurbishment (Okhalweni);</li> <li>• Hall maintenance VD yaseMasele;</li> <li>• Bridge (eliwelela e Thuthukani Creche)</li> <li>• Road maintenance (Thibeni Crèche); and</li> <li>• Steep hill (kaMkhize next to the Thembisa Sportfield).</li> </ul> <p><b>NAME: Mr K Shange</b></p> <ul style="list-style-type: none"> <li>• Steep hills (Msikaba ngakaGoso); and</li> <li>• Road maintenance (request Department of Transport to erect Tar Road if possible starting from Nkulu, Khalweni to Nhlambini;</li> </ul> <p><b>WARD 26</b>  <b>NAME: Mr Mzindle (iNduna)</b></p> <ul style="list-style-type: none"> <li>• Road maintenance (Qinabout – sicela ukuvulelwa umgwaqo so people can easily access their sites); and</li> <li>• Commended the road maintenance next to Masimula and the development.</li> </ul> <p><b>WARD 27</b>  <b>NAME: Mr T Mendu</b></p>	

Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Public Meetings Held:		Date and Manner of feedback given to community
					Issue addressed (Yes/No)		
						<p><b>NAME: Ms T Lubanyani</b></p> <ul style="list-style-type: none"> <li>• Bigger Bridge than the previous that links/connects Gamalakhe to Nositha since previously it was washed/swept away by rain;</li> <li>• Commended the Ray Nkonyeni Municipality for the outstanding work and development in conjunction with Her Worship the Mayor and the Ward Councillor.</li> </ul>	
						<p><b>WARD 28</b> <b>NAME Mr Elias</b></p> <ul style="list-style-type: none"> <li>• Motivated the community to vaccinate;</li> <li>• Commended the Road maintenance, however, requested it to be completed;</li> <li>• Houses that was requested before the demarcation while still under Ward 27;</li> <li>• Baw holes;</li> <li>• Requested water and Jojo Tanks (Jojo Tanks filled with at least 3000 litres) and</li> <li>• Commended the Ray Nkonyeni Municipality for the outstanding work.</li> </ul> <p><b>NAME: Ms Duma</b></p> <ul style="list-style-type: none"> <li>• Commended the consistent and proper refuse upliftment, Verge cutting and Ugu</li> </ul>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Appreciated the construction of a bridge in ward 22 and the construction of RDP Houses;</li> <li>Enquired about the construction of ablution facilities for households;</li> <li>Requested assistance regarding supply of water to the New Town area;</li> <li>Reported that there was no electricity supply in Madakane, Topiya and Mbaymbayi areas due to a faulty transformer;</li> <li>Requested repairs on Maveshe Hall;</li> <li>Requested the installation of high mast lights next to Maveshe Hall.</li> </ul> <p><b>NAME: Zama Shange</b></p> <ul style="list-style-type: none"> <li>People living with HIV be assisted with the nutrition supplement programmes as many people were unemployed and they were defaulting;</li> <li>OSS be asked to identify kids who need uniforms during the back to school programme;</li> <li>Requested that both municipalities work together and deal with the issue of</li> </ul>	



Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cliffs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Reported on house was destroyed due to a plunged tree</li> </ul> <p><b>WARD 23</b> <b>NAME: Mr Cele</b></p> <ul style="list-style-type: none"> <li>Request for food parcels since most families were affected by the pandemic;</li> <li>Request for school uniforms in the school in their area;</li> <li>Requested that the municipality to liaise with taxi association to drop community members off by the Hall in the ward;</li> <li>Requested the repair of Mahlatsi Bridge to ABC; and</li> <li>Request that the Youth Forum of Ward 23 be assisted in terms of Trainings, Learner ships and other youth development programmes available in the municipality.</li> </ul> <p><b>NAME: Nkosi</b></p> <ul style="list-style-type: none"> <li>Requested that the sport field at Katane be repaired;</li> <li>It was suggested that issue of bow hole be looked at by Ugu to assist with water supply;</li> </ul>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Requested that the main road in Bhomela be repaired</li> <li>High Mast light was requested in Bhomela area;</li> <li>Speed Humps were requested for Bhomela area;</li> <li>It was reported that Bhuqu Hall has no door, no windows and no ceiling board and assistance was requested</li> </ul> <p><b>COMMUNITY REQUEST:</b></p> <ul style="list-style-type: none"> <li>The municipalities were reminded of a house visit which took place in 2016 to two families who were in need of housing assistance hence promises were made but not fulfilled namely Cele Family and Lushaba Family hence it was requested that this matter be attended with highest importance;</li> <li>The community of Bhuqu request a bridge to be constructed;</li> <li>They also requested a sport field to be constructed at Bhuqu area.</li> <li>Contact details of representative: Tom Mithethwa 063 067 1429;</li> </ul>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<p>Authority, assistance in terms of grading road be provided to the bereaved families;</p> <ul style="list-style-type: none"> <li>• Overgrown verge on sidewalks and a bush near MPCC was a concern;</li> <li>• Rehabilitation of Chief Road was requested; and</li> <li>• RDP houses provided was appreciated.</li> </ul> <p><b>WARD 17</b> <b>NAME: Ms Ntozi Gwala</b></p> <ul style="list-style-type: none"> <li>• Ngwabe Bridge was appreciated;</li> <li>• A concern was raised on the old bridge that was destroyed by storms;</li> <li>• Illegal dumping was a concern, a suggestions was also made that a training must be provided to people on recycling; and</li> <li>• There was no water in Ngwabe area for the past 2 months;</li> </ul> <p><b>NAME: Ms Duduzile Malunga</b></p>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Requested a small bridge in Mitchell drive (Confusion Junction);</li> <li>Street light was requested in Norman Road, Oslo Beach; and</li> <li>Verge maintenance in Oslo Beach.</li> </ul> <p><b>WARD 20:</b>  <b>NAME: Ms Nonjabulo Makhanya</b></p> <ul style="list-style-type: none"> <li>No job opportunities for youth;</li> <li>Sihole uphill road was too muddy, hence road was sinking; and</li> <li>No water drainage system as a result, houses are getting damaged by water.</li> </ul> <p><b>NAME: Mr S'boniso Zulu</b></p> <ul style="list-style-type: none"> <li>No provision of resources to youth after attending Youth development programmes / Youth Summit;</li> <li>Concern was voiced on the high-level crime in Port Shepstone Taxi Rank;</li> <li>Concern on job losses due to 4th Industrial Revolution,</li> </ul>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
Imbizo (cluter 7)	TUESDAY, 5 OCTOBER 2021	07	08	33	<ul style="list-style-type: none"> <li>Storm water pipes and V-drains was also requested in most access roads;</li> <li>Sportsfield was also requested;</li> <li>Water challenge at Mganka Clinic; and</li> <li>Sewerage leakage at Mkhholombe.</li> </ul>	TUESDAY, 5 OCTOBER 2021 Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed
					<p><b>WARD 12:</b> There was no representative from Ward 12</p> <p><b>WARD 13:</b> <b>NAME: Mr Smanga</b></p> <ul style="list-style-type: none"> <li>requested for the following services to be addressed:</li> <li>Shortage of water; and</li> <li>Bladding of Access Roads</li> </ul> <p><b>NAME: Ms Gugu Madlala</b></p> <ul style="list-style-type: none"> <li>Requested for jojo tanks;</li> <li>Electricity for the ko24 area; and</li> <li>Concrete steep hill and stormwater in Greenside</li> </ul> <p><b>NAME: Mr J Jayiya</b></p>	

Public Meetings Held:						
Nature and purpose of meeting	Date of event	Number of Participating Municipal Cllrs	Number of participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Date and Manner of feedback given to community
					<ul style="list-style-type: none"> <li>Requested the municipality to address the issue of housing beneficiaries who resided in private land;</li> <li>Creation of sustainable employment opportunities; and</li> <li>Requested for progress report on the VIP Toilets project.</li> </ul> <p><b>NAME: Ms Funani Cele</b></p> <ul style="list-style-type: none"> <li>Construction of Mvuzane Bridge; and</li> <li>Implementation of repairs in the Oakfarm Hall.</li> </ul> <p><b>WARD 16:</b> <b>NAME: Ms Helen Handosh</b></p> <ul style="list-style-type: none"> <li>Sought clarity on the availability of Mayoral Imbizo minutes;</li> <li>Concerns were voiced regarding the non-collection of refuse in Louisiana area; and</li> <li>Proposal for a recycling project in the area to eradicate illegal dumping.</li> </ul>	

- All roads in the ward be attended to, as some were damaged by floods;
- Netball kits for kids;
- Speed humps in areas next to schools in the road from Izingolweni to Port Edward;
- The lollipop organization needs financial support;
- After uGu has identified illegal connections, what will be the solutions they will come up with hence it was not easy to finish all the illegal connections;
- Area Manager at Umtavuna water supply is never available when she/he is needed; and
- Lack of visibility by the leadership and management leads to problems in the community

**NAME: Mrs Ngcobo**

- Illegal water connections are done by the Ugu District Employees.

**WARD 32**

**NAME: Ms Nobuhle Gambushe**

- Thanked Cllr Danca for hardwork and dedication;
- All roads needs regravelling;
- Manzamhlophe needs to be renovated since it was vandalized.







	<p>will come and register the youth with skills;</p> <ul style="list-style-type: none"> <li>• Community hall be converted into a skills center; and</li> <li>• Sports kits for kids</li> </ul> <p><b>NAME: Ms Lushaba</b></p> <ul style="list-style-type: none"> <li>• Road near Empini be levelled;</li> <li>• Create job opportunities;</li> <li>• Lollipop next to Zuluziphathe store; and</li> <li>• Sportfield</li> <li>• At Umlozane, an existing hall was suppose to be renovated rather than constructing a new hall;</li> <li>• Ugu District Municipality to stop delivering dirty water with water tankers;</li> <li>• Umlozane Road needs speed humps;</li> <li>• Issue of houses be sorted; and</li> <li>• RNM LED office to be presence during Izimbizo as there are discrepancies</li> </ul>					
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- Waste management was a challenge; and
- Youth outdoor gym was requested.
- He then requested Dumezulu ground, Manzamhlophe ground and Mphelelwa ground there is no measurement ;
- Requested the soccer kit for youth
- Requested support on their farmers in Kwa Xolo place

**NAME: Mr M Xolo**

- Commented about the shortage of schools and school distance, Clinics and graves;
- Streetlights for new housing projects;
- Job opportunities for young people to be created, youth to provide cleaning services in their areas;
- Requested two trucks of Gravel in Dumezulu Craves

**Ward 9**

**NAME: Mr P Mqadi**



<ul style="list-style-type: none"> <li>It was said that the area should be named Mpumelelo Township and not Latshoda</li> </ul>			
<p><b>Ward 06</b> <b>NAME: Ms T Mkhize</b></p>	<ul style="list-style-type: none"> <li>Road signage is required on roads in ward 6;</li> <li>Requested a Community Hall in ward 6;</li> <li>Requested job opportunities for youth;</li> <li>Requested a clinic in the area;</li> <li>Requested a sportfield in the area;</li> <li>Gadlinia Rd, Humfreez Rd, Petric Rd and Lionel Rd need tar;</li> <li>It was said that the water bill was high even though there is no water running in the taps;</li> <li>It was reported that Hibiscus Primary School requires parking area.</li> </ul>		
<p><b>NAME: Ms K Njikana</b></p> <ul style="list-style-type: none"> <li>Requested that the park in the area be cleaned and ablution facilities are not working due to water issues and fencing is required. It was also said that a security guard be situated in the area;</li> <li>A pedestrian crossing is required in the area.</li> </ul>			



	<ul style="list-style-type: none"> <li>• Circuit Office, water drainage</li> </ul> <p><b>Name: Ms Mbili</b></p> <ul style="list-style-type: none"> <li>• The following were requested:</li> <li>• Commented on Drivers licence programme</li> <li>• Request Jojo tanks</li> <li>• Request Boreholes</li> </ul> <p><b>WARD: 25</b> <b>Name: Ms Z Msani</b></p> <ul style="list-style-type: none"> <li>• The following were requested:</li> <li>• Electricity eMadathi area</li> <li>• Requested Toilet</li> </ul> <p><b>Name: Ms P Nyawose</b></p> <ul style="list-style-type: none"> <li>• The following were requested:</li> <li>• Requested VIP Toilet</li> <li>• Bridges and Road Maintenance from Eskhaleni to Madikiza area</li> <li>• Request Electricity</li> <li>• Youth Developments and Employment</li> <li>• Shortage of water</li> </ul> <p><b>Name: Ms Nozipho</b></p> <ul style="list-style-type: none"> <li>• The following were requested:</li> </ul>	
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	<ul style="list-style-type: none"> <li>• He's disable he can't walk</li> <li>• Access roads, we have challenge of closed road and the cars can't go thru in these roads;</li> <li>• We need water stand pine at Engaleia.</li> </ul>					
	<p><b>Ward 22:</b> <b>Name: Ayanda Dlamini</b></p>					
	<ul style="list-style-type: none"> <li>• Because of the challenge of the quarry we asking for our road to be sorted;</li> <li>• And to the access road we need the concrete;</li> <li>• We need bridge at Madakane and at eNkanyezini close to kwa Mthethwa and Robs;</li> <li>• We need Sky bridge to be sorted;</li> <li>• We need the high mast close to kwa Mthembu, ePhumula, eTopiya and kwa Maveshe, Nkonka road, Topiya, new town (new site), Phumlani, Maphuphini, &amp; middle Madakane;</li> <li>• They complained about water issue;</li> <li>• We need additional pipes at Newtown</li> </ul>					
	<ul style="list-style-type: none"> <li>• Roads – Madakane &amp; Ntoyakhe road (Tarring)</li> <li>• Access Roads – all VD's we are requesting concrete at Xaba, Madakane, Nkanyezini, Mbayimbayi,</li> </ul>					

		<ul style="list-style-type: none"> <li>• Between Bhengu and Cele resident near water pumps.</li> <li>• Thembinkosi Luthuli</li> <li>• High mastt lights at Sozaia area, Siphakamile, Jesus kwa Mfeka, Jesus Sidumile Primary school and Nlangamandla near water pumps;</li> <li>• Health facility, we want you to convert the ABC youth centre to clinic;</li> <li>• We Requesting you to build as a screech;</li> <li>• At the D1014 we request for speed humps.</li> </ul>	
		<p><b>Ward 24:</b> <b>Name: Xolani Ndovela</b></p> <ul style="list-style-type: none"> <li>• He request the government to renovate their hall and ground</li> <li>• There are crying for water challenge at their toilet;</li> <li>• their request for a new rank and shelter;</li> <li>• there complaining for the high rate of unemployment people;</li> </ul>	
		<p><b>Name: Mr Qaphela</b></p> <ul style="list-style-type: none"> <li>• Requested for Madala bridge;</li> <li>• Request for high msta at eZoshe.</li> </ul>	


IMBIZO CLUSTER 06	TUESDAY, 10 APRIL 2022	06	07	298	<p><b>Ward 4:</b></p> <p><b>Name: Ms Siindile Madlala</b></p> <ul style="list-style-type: none"> <li>• Appreciated completion Vusushaba Sportsfield, a request for provision of security services at night in order to avoid acts of vandalism;</li> <li>• Requested Bow holes and VIP Toilet</li> <li>• Requested TLB that will help community if there is someone death</li> <li>• Requested grading of the road towards Oshabeni Tribal Authority, assistance in terms of grading road be provided to the bereaved families;</li> <li>• Overgrown verge on sidewalks and a bush near MPCC was a concern;</li> <li>• Rehabilitation of Chief Road was requested; and</li> <li>• RDP houses provided was appreciated;</li> <li>• Requested NPA to be involved in the repair of roads.</li> </ul>	<p>TUESDAY, 10 APRIL 2022</p> <p>Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed</p>
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					<p><b>Name: Ms Maureen Bastman</b></p> <ul style="list-style-type: none"> <li>• The maintenance of the sport ground/ there are no changing rooms;</li> <li>• Bush surrounding houses that were built along Streamlines;</li> <li>• Requested Ray Nkonyeni Municipality to deal with Drugs users that destroy Community and cause unemployment Cleaning of Streams will be helpful;</li> <li>• Jojo Tanks and Hall was Requested;</li> <li>• High mast need to be refurbished, cases of robbery are increasing</li> </ul> <p><b>Name: Hlanganani VD</b></p> <ul style="list-style-type: none"> <li>• Requested the repair of Ring Road (Taxi/ Public Road) they need Concrete;</li> <li>• Requested legal dumping, JOJO Tanks and Sewers Tanks from Ugu;</li> <li>• Requested someone who can help children to pass the Robot at Mkholombe (Lollipop);</li> <li>• Main Harding Road/ Nelson Mandela Drive;</li> <li>• Finishing of the road project and cutting of Bush along the roads;</li> <li>• Maintenance of Sport ground and cleaning of Streams;</li> </ul>
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- Requested a small bridge in Mitchell drive (Confusion Junction);
- Street light was requested in Norman Road, Oslo Beach; and
- Verge maintenance in Oslo Beach.

**Ward 20:**

**Name: Goodone Shibe**

- Request for streetlights
- Oncrete of roads
- Request phase 2 of RDP Houses
- Training center for agricultural under Public Works

**Name: Ms Nwabisa Mphathana**

- VIP Toilet was requested ;
- Shortage of water in the community request water tankers ;
- Requested Primary school;
- Requested SiyaZenzela project to clean our community;
- The repair of roads
- Commented on a High Crime, Violence's, penitence, genocidal criminal and criminality that Municipality should get involved in
- NAME: Ms Hlengiwe Khayise

<p>IMBIZO CLUSTER 07</p>	<p>WEDNESDAY, 11 MAY 2022</p>	<p>099</p>	<p>18</p>	<p>296</p>	<p><b>WARD 12</b> There was no representative from Ward 12 <b>WARD 13:</b> <b>NAME: Ms N Ngubelanga</b></p> <ul style="list-style-type: none"> <li>• requested for the following services</li> <li>• Construction of a pedestrian bridge in P2;</li> <li>• Municipality to liaise with Eskom regarding the abolishment of call centre costs; and</li> <li>• Establishment of a FET satellite compass</li> </ul> <p><b>NAME: Mr S Cele</b></p> <ul style="list-style-type: none"> <li>• highlighted the following:</li> <li>• Expressed dismay that UGu District Municipality leadership did not attend the Mayoral Imbizo yet the community had concerns that required their insight to address water challenges;</li> <li>• Conveyed gratitude to community members who utilized their resources to clean to do verge maintenance;</li> </ul>	<p>WEDNESDAY, 11 MAY 2022</p> <p>Mayor of Ray Nkonyeni and the District Mayor addressed the public on how the municipality functions, noted relevant complains to be addressed</p>
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					<ul style="list-style-type: none"> <li>• Also, requested for RDP Houses in Marisstella;</li> <li>• Reviewable of the Ward Base Plan;</li> <li>• Submission of service delivery request by means of skills centre, Highmast, steep hills and combo cort;</li> <li>• Construction of bridge at Egwababeni (Nkandla) and a Multi-Purpose Centre.</li> </ul> <p><b>WARD 15</b> <b>NAME: Ms Bongwiwe Cele</b></p> <ul style="list-style-type: none"> <li>• raised the following concerns:</li> <li>• Shortage of water;</li> <li>• Lack of road maintenance, hence requested for the grader and applying of quarry</li> </ul> <p><b>NAME: Mr Lindokuhle Mbhele:</b></p> <ul style="list-style-type: none"> <li>• Requested for a Youth Centre;</li> <li>• Urged for the proper maintenance of public amenities such Early Child Development centres; and</li> <li>• Creation of sustainable employment opportunities such in the Agriculture industry.</li> </ul>
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**WARD 16**

**The following was highlighted:**

- There was a washaway and sink holes in Link Road (North Section), Umfentweni;
- Also a washaway in Darling Road, South Port and the road collapsed into a resident's garden;
- Southgate Drive, Melville washaway requires to be rebuilt;
- Sinkholes in Dan Pienaar Road in Sunwhich Port;
- There were homes which were flooded on the river bank in Riverside Road, Melville hence a barrier must be erected to divert the river;
- Lawrence Road needs to be repaired since it was damaged due to flooding;
- Construction of stormwater drainage in Sunnyside Avenue, Sunwhich Port;
- 1st Avenue Sea Park to be reconstructed; and
- Maintenance of storm drainage system in 3rd Avenue, Sea Park since it was washing the sand dunes and beach.

## 2.6 IDP Participation and Alignment

<b>IDP Participation and alignment criteria</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi – year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter reports submitted within stipulated time frames?	Yes

## Component D: Corporate Governance

### 2.7 Risk Management

The need for risk management is to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the municipality's service delivery capacity. It is an appropriate proactive way of managing risks and to successfully achieve the municipality's goals and strategic objectives.

Responsibility for the risk management resides mostly with line management in all departments however, every employee is responsible for risk management. The Internal Audit and Risk Management Unit has played its role by conducting risk assessment workshops with management with an aim of ensuring that management understands the importance of managing risks for the benefit of the Municipality. The Municipality has put in place mechanisms to identify and assess risks and developed specific mitigating strategies, plans or actions. The risks are recorded in the risk register and are continuously monitored and reviewed by the Internal Audit and Risk Management Unit. The Council has adopted a Risk Management Policy and Framework that enables management to proactively identify and respond appropriately to all significant risks that could impact badly on the achievement of municipal goals and strategic objectives.

The Municipality has a Risk Management Committee which is made of the CFO (Chairperson), HOD: Strategic Planning and Governance, HOD: Corporate Services, Manager: Municipal Manager's Office and Manager: Meeting and Administration. The standing invitees are Manager: Internal Audit & Risk Management and the Risk Management Co-ordinator. The committee's role is to guide the development and implementation of Risk Management and to review and monitor Risk Management processes and outputs quarterly.

#### **The top residual risks facing the municipality are as follows:**

1. Illegal electricity connections within Ray Nkonyeni distribution area.
  2. Theft/vandalism of electrical infrastructure.
  3. Inadequate Landfill airspace.
  4. Illegal Dumping.
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## 2.9 Supply Chain Management

### **Overview Supply Chain Management:**

In terms of Section 6(2)(a)(i) of the Supply Chain Management Regulations it is stipulated that for the purpose of such oversight, the Accounting Officer must submit a report on the implementation of the Supply Chain Management to the Mayor within 30 days of the end of each financial year.

### **General Reporting**

In terms of Section 6(2) and section 6(3) of the Supply Chain Management Regulations it is stipulated that for the purpose of such oversight, the Accounting Officer must submit a report on the implementation of the Supply Chain Management to the Mayor within 30 days of each financial year.

#### General Reporting

Sections 74(1) and 104(1) (b) of the Municipal Finance Management Act (MFMA) prescribe the following regarding general reporting obligations:

*"The accounting officer of a municipality [and municipal entity] must submit to the National Treasury, the Provincial Treasury, the Department for Local Government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."*

In accordance with MFMA Circular No. 34 all awards above R100 000 were reported on their website and was done on a monthly basis. The National Website was updated monthly live on line.

#### Supply Chain Management Processes

The implementation of the day to day procurement for goods and services below R30 000.00 was done on the MUNSOF system. Ray Nkonyeni Municipality is using the mentioned financial management system. Reports listing all transactions and information for all procurement under R30 000.00 are compiled monthly by the SCM officials.

This program will keep track of the full process from the planning stage right through to the close out report of projects and service delivery. At any one stage will the progress be able to be tracked and all source documents, calculations, cross references and reports will be electronically available.

Between R30 000.00 and R200 000.00 a mini tender process is followed, and a full Tender Register reflecting all relevant information is kept at the SCM Unit in Margate. Due to the lack of suitable venue and facilities, as well as the volume of this process, it is not possible to open all mini tenders in public. The Monthly Report to the Finance Portfolio of all awards within the "Mini tender" category is being done in accordance with Section 17 of the Supply Chain Management Regulations.

Open tenders with the value of R200 000.00 and above follow the 3 Bid Committee System; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. The Committee members are appointed in writing by the Municipal Manager. The delegated authority of the Bid Adjudication has been set at R10 million. All bids above this threshold, and more than a period of one (01) year are referred to the Office of the Municipal Manager for final approval before implementation. Tenders remain the responsibility of the user Department from the inception right to the handover or closeout report.

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The National Treasury introduced CSD (Central Supplier Database System), Ray Nkonyeni Municipality has been implementing the system with no further challenges this financial year.

## 2.10 Websites

<b>Municipal Website Content and Currency of Material</b>	
<b>Documents published on the Municipality's / Entity's website</b>	<b>Yes/No/N/A</b>
Current Annual and Adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report	Yes
The annual report published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All service delivery agreements 2020-21	Yes
All long-term borrowing contracts 2020-21	Yes
All supply chain management contracts above a prescribed value for 2020-21	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of MFMA section 14(2) or (4) during the year	N/A*
Contracts agreed in the year to which subsection (1) of section 33-apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120 made in 2020-21	N/A*
All quarterly reports tabled in the council in terms of section 52 (d) during 2020-21	Yes
* N/A: The municipality did not engage in activities that would result in such documentation being necessary	

<b>Comments on Municipal Website Content and Access:</b>
<p>The website was fully functional during the 2020-2021 financial year, previously the full functionality of the website was hampered by several factors and this affected compliance with MFMA section 75, but with the assistance of a dedicated service provider the Municipality has managed to ensure full functionality of the website and there is continuous improvement on the website to make sure it serves ratepayers and other stakeholders efficiently. There is timeous upload of statutory documentation which has improved compliance with MFMA section 75.</p> <p>All municipal libraries have wireless access to ensure that community has access to municipal information when visiting their local library. Libraries that have internet access for communities are as follows Gamalakhe, Margate, kwaNdwalane, Hibberdene, Port Edward, Ezinqoleni (Cyber cadets are available to sassist community), the rest of libraries have internet public access but currently no cyber cadets available to assist the community.</p> <p>Workshops are being held at various schools to encourage learners with careers in computers whilst 20 schools were visited to promote the use of internet facilities.</p>

## Energy efficiency projects and interventions for 2021/2022

Project No.	Description	Adequacy of the installed controls and control settings ( Satisfactory/ Unsatisfactory)	Energy consumption baseline (kWh/year)	kWh savings per year
1	Retrofit 344 x 400Watt HPS High-Mast Floodlights with 200Watt LED floodlights	Satisfactory	1 506 720kWh	301 344kWh
3	Retrofit 246 x 125Watt HPS Streetlights with 53W LED lights	Satisfactory	1 007 480kWh	77 579kWh
<b>Sum</b>			<b>2 514 200 kWh</b>	<b>378 923 kWh</b>

### c. Electricity Distribution Network

Ray Nkonyeni Municipality has a NERSA distribution licence to distribute and supply electricity to customers. The electricity distribution area covers: Port Shepstone CBD and Beachfront, Newtown, Mbango and Mbango Valley, Oslo Beach, Albersville and Marburg Industrial. Ray Nkonyeni purchases Electricity from Eskom at a supply Voltage of 11 kV. There are two Eskom points of bulk supply to Ray Nkonyeni local municipality namely the Port Shepstone substation and the Marburg switching station.

- Operations of the electricity distribution network and electricity supply to areas as listed above;
- Preventative and corrective maintenance of the distribution network within electricity supply areas;
- Provide 24 hours, 365 days network standby in case of power outages and network breakdowns or emergencies;
- Installation of new electricity network infrastructure within the Distribution Areas;
- Infrastructure equipment upgrades and refurbishments of electricity distribution network;
- Installation of new electricity supply connections for consumers within area of electricity supply;
- Process power supply upgrades and /or downgrades upon request from consumers;
- New electricity meter installations, replacement, testing and meter auditing; and to
- Ensure compliance to National Energy Regulator of South Africa (NERSA) licence conditions :
  - Annual electricity tariff applications
  - Compilation and submission of technical distribution forms (D-Forms) on annual basis
  - Quality of service reports as per NRS 047
  - Quality of supply reports as per NRS 048
  - Code of practice for electricity metering as per NRS 057
  - Management of electricity losses

- Applicable technical standards and specifications.

Key amendments to the Electricity Supply By-Laws relate to following:

- a) Defines SSEG as small-scale embedded generation/generator refers to power generation installations (e.g. solar photo-voltaic, PV) of less than or equal to 1MVA (or 1000kVA) that are located at residential or commercial or industrial customer site. System is grid-tied, i.e. connected to the municipality's electrical network either directly or through a customer's internal wiring.
- b) By-law sets out procedure for approving the connection of SSEG systems – Clause 1, 11, 12
- c) By-law talks to SSEG tariffs and metering – Clause 13, 23
- d) By-law regulates wheeling of electricity – Clause 27
- e) By-law regulates resale of electricity – Clause 28
- f) Municipality's right to disconnect unauthorized or illegal connections or embedded generators that do not comply with these by-laws and the SSEG Policy – Clause 35
- g) Compliance of embedded generation systems to technical standards and to distribution network operational requirements – Clause 39.

#### **g. Electricity revenue enhancement programme**

Revenue Enhancement Programme focus was on electricity meters and land use/zoning audit, meter management and tariffs review and recommendations on restructuring. The project was supported by Development Bank of Southern Africa (DBSA) which provides financial support to Municipalities across Southern Africa. The aim was to develop and implement a Revenue Enhancement Programme for Ray Nkonyeni Municipality with the aim to strengthen the municipality revenue streams.

The programme identified some key interventions and focus areas for implementation by the municipality:

- Tariffs re-design by conducting detailed cost of supply study and ensure customers are charged in accordance with cost of supply study and NERSA benchmark tariffs.
  - Billing and revenue improvement plans
  - Data cleansing prioritize data audits and clean-up of master and meter data
  - Prioritize correction of billing inconsistencies
  - Installation of check meters to verify Eskom bulk purchases and to conduct energy balancing
  - Replacement of analogue and obsolete meters
  - Resolve environmental issues, vegetation control required to improve meter accessibility
  - Re-instatement of interconnector between Marburg and Port Shepstone main intake points
  - Electrification of households who are currently on free basic alternative energy programme
  - Audit of free basic electricity (FBE) programme
  - Field audits of land parcels to determine land use
  - Electricity technical and billing process improvements
  - Introduction of bulk contribution calculations policy to be approved by Council
  - Curb outages due to theft and vandalism and address illegal connections
  - Detailed network infrastructure studies to be prioritized for infrastructure upgrades
-

i. Implementation of Electricity Infrastructure Masterplan

During the 2021/2022 financial year DBSA funded electricity infrastructure projects implementation progress was as follows :

Project Name / Description	Approved Budget	Actual Expenditure	Progress	Remarks
Meters Replacement	R 2 000 000	R 3 840 000	100% complete	Additional meters installed
Electrical Cables Replacement	R 1 000 000	R 0	0% complete	Cable prices escalation
Mini-substations Replacement	R 1 000 000	R 675 440	100% complete	
Inter-switches RMU Replacement	R 1 000 000	R 1 012 937	100% complete	
Memorial / Reynolds Refurb	R 3 476 000	R 495 746 (network studies)	Network studies are 100% complete	
<b>TOTAL</b>	<b>R 8 476 000</b>	<b>R 6 024 123</b>		

Employees: Electricity Services (including Mechanical Engineering)					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	2	1	1	50%
TG. 9 - 13	13	13	13	0	0%
TG. 4 - 8	24	26	25	1	4%
TG. 3	2	2	2	0	0%
<b>Total</b>	<b>40</b>	<b>43</b>	<b>41</b>	<b>2</b>	<b>5%</b>



It should also be noted that further clarity has been given by the National Domestic Waste Standards whereby onsite disposal is also considered a minimum service level. The strategy of the Municipality has been that of rigorous education of all communities; business sector; schools and all other key stakeholders on good waste management practices as contained in the National Environmental Management: Waste Act.

The Department is also involved in education and waste minimisation campaigns which are held to educate the communities on benefits of recycling and protecting the environment. Rigorous advocacy campaigns have been conducted throughout the different sectors of the Municipality. A two-bag project (waste diversion from landfill) was introduced as is being maintained to the households and the knowledge of recycling has increased based on the statistical information received monthly highlighting tonnage of waste recycled. There has been a noticeable decline in recycling as Ravine Lane operations were affected since the last contracted operator. The facility was vandalized and a new appointment of the operator was done.

The municipality is engaging Provincial Departments regarding funding so as to enable its project of extending services to previously unserved areas. There is continuous engagement regarding this project and the municipality is working towards its success. The municipality has applied for funding for specialized vehicles. The section continues to identify and establish relations with privately operated recycling facilities with the hope of establishing the PPP approach on waste minimization through extension of recycling in areas that do not participate in the two-bag project.

#### ***Status of waste collection services***

During 2020-21 waste collection covered mostly the primary urban nodes with limited coverage in rural wards being serviced. The municipality removes waste from Hiberdene freeway off ramp to Port Edward and Ezingolweni CBD. Waste services coverage was 34.6% of households receiving weekly waste collection. The majority (60.1%) utilised their own refuse dump and 5% of household waste were removed less frequently than once a week. The combined level of service comprises both awareness campaigns, supervision and provision of refuse bags with recyclable waste collected. Upliftment frequencies ranges from weekly to quarterly. Whereas, businesses were serviced at a minimum of 3 times a week. Waste awareness campaigns with clean-up initiatives both in urban and rural communities made a tremendous contribution in the waste management in general.

#### ***Street Cleaning and Servicing of Street Bins***

These facilities were available from Umtentweni to Hiberdene freeway off ramp, main roads and CBD areas (Hiberdene, Umtentweni Spar, Commercial Rd, Rethman Dr, Port Shepstone, Shelly Beach, Shelly beach CBD, Margate, Murburg –Waterson street, Gamalakhe, St Michaels to Port Edward and Ezingolweni CBD). In-house staff is allocated to clean all these main roads. During weekend and public holidays an assistance from external service provider acquired. It must be noted that there is a need to conscientise public about bad habit of littering even when there are bins provided.

#### ***Garden Waste***

The accumulated plant matter from gardening activities which involve cutting or removing vegetation, i.e. cutting the lawn, weed removal, hedge trimming or pruning consisting of lawn clippings, leaf matter, wood and soil are collected through different transfer stations. Those stations include newly established, Hiberdene, New Bolton, Ugu fresh Produce Market, South Broom and Leisure Bay. Operation times are seven days a week from 7:30-1600. The Ugu fresh produce has been affected and vandalized during the recent riots and is not operational at the moment. Hiberdene transfer station has not been officially opened. Moreover, the municipality provides verge maintenance services to the entire municipal areas including tribal authorities. It also maintains public facilities such as crèches, sports field, halls including

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based groups benefiting from waste minimisation through collection and selling of recyclable material. Those groups are assisted by the Municipality, those groups are from KwaNzimakwe, Izingolweni and Murchison. This is a realisation and achievement of one of the goals in the National Waste Management Strategy 2011 which is the development of SMMEs through waste minimisation.

#### Landfill diversion achieved by role players in the Ray Nkonyeni Municipality

Aspect	Mass tons	Ref	Source
Tonnage over weigh bridge	45220 (from July 2020-June 2021)	A	Weighbridge data
Tonnage reclaimed	2,505.89 tons (June, 2020-July,2021)	B	Oatlands Landfill site (including scrap metal), Ravine Lane Recycling Facility, Trend recyclers, PI recyclers and Coastal Waste Services.
Total waste	45220	a	
Total recycled	2 505.89	b	
% diverted	5.5 %	e/d %	

*\*No waste treatment is undertaken in the municipality except for informal composting.*

#### **Waste Information System**

The Ray Nkonyeni Municipality does report onto the Waste Information System (WIS). Adjusting the volumes indicated are reflective of the Oatlands weighbridge data and recyclable waste from Ravine Lane, and privately operated recycling facilities which include Trend recyclers, PI recyclers and Coastal Waste Services. The waste types are listed only as general municipal waste that includes business waste and also recyclables tonnages.

#### **Education and awareness**

The municipality adopts a system wide perspective on waste education and awareness, recognizing that education and awareness take place in a range of formal, non-formal, informal social learning and technology enhanced learning environments. It also recognizes that many new forms of knowledge and learning can be made available through technology enhanced learning and outreach community awareness, and the concept of integrated waste management practices. The goal is to expand this to see effective involvement and buy in from the community resulting in reduced littering and more efficient waste collection and to establish a culture of compliance with regards to waste management. Currently there are public awareness campaigns promoting good waste management practices through- Media, Private sector (business), Community Based Organisations, Faith Based Organisations, Non-Governmental Organisations, schools and others. Internal training; 2. IWMP Road Shows; 3. Waste Management Awareness Campaigns; 4. Clean up programmes (litter and beach clean-ups); 5. School Environmental Waste Education Programme and Competitions; 6. Greenest Municipality Competition; 7. Adopt-a-spot programmes (currently with Informal Traders to expand to Businesses located in CBDs); 8;

**Capital Expenditure 2021-22: Waste Management & Cleansing Services**

R' 000

Capital Projects	2021-22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	13566	15576	9776	-39%	
ENERGY COMPUTER ASSETS	-	25	-	#DIV/0!	268
ENERGY COMPUTER ASSETS	-	-	-	#DIV/0!	269
Installation of new Streetlights	870	-	-	#DIV/0!	270
Meter replacement DBSA funded	2000	3840	3813	48%	271
Electricity Meter Replacement	-	-	-	#DIV/0!	272
Merlewood streerlights	261	-	-	#DIV/0!	273
Energy Efficiency DSM	3960	3960	3443	-15%	274
ENERGY MINI SUB STATION REPLACEMENT	-	-	-	#DIV/0!	275
BULK ELECTRICAL SUPPLY TO NEW DEVELOPMENTS (WITHIN DISTRIBUT	-	1275	644	100%	276
Cable Replacement DBSA funded	1000	1000	-	#DIV/0!	277
Inter switch replacements DBSA funded	1000	1450	1289	22%	278
ENERGY INTER SWITCHES REPLACEMENT	-	-	-	#DIV/0!	279
Mini sub replacement DBSA funded	1000	1250	587	-70%	280
MEMORIAL & REYNOLDS SW/STA REFURB & REPLACE SWITCHGEAR	3476	2776	-	#DIV/0!	150
<p><i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i></p>					

T 3.4.9

Employees: Cemeteries & Crematoriums (inc. Education & Waste Minimisation)					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	3	3	2	1	33%
TG. 4 - 8	7	8	7	1	13%
TG. 3	13	23	13	10	43%
<b>Total</b>	24	35	23	12	34%

### 3.4 Human Settlements

**Human Settlement could be defined as** \_: the totality of the human community - whether city, town or village - with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of human settlements consists of physical elements and services to which these elements provide the material support.

Over the years, this concept has developed further into a strategic framework for overall socio-economic development. The physical components of human settlements comprise of shelter (a house); basic services such as water and sanitation, electricity and refuse removal; security of land tenure rights; access to social facilities and services; economic development opportunities and improved amenity. Human settlements are the spatial dimension as well as the physical expression of economic and social activity. The creation of sustainable human settlements is inevitably an objective for social development. It defines and conditions the relationship between where people live, play and work on one hand, and how this occurs within the confines of the natural environment. It is one of the most visible and quantifiable indicators of the society's ability to meet one of its basic needs – shelter, and a pre-requisite for sustainable human development and economic growth.

In terms of the National Development Plan, by 2050 visible outcomes from effectively coordinated spatial planning systems will have transformed Human Settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.

By 2030 most South Africans will have affordable access to services and quality environment. New developments will break away from old patterns and significant progress is to be made in retrofitting existing settlements. In rural areas targeted investment and institutional reform will need to drive a revival of rural South Africa towards:

- Thus by 2030, measurable progress must be made towards breaking apartheid spatial patterns.
- That the majority of South Africans shall have access to adequate housing, affordable services in better living environment.
- Equitable and functional residential property market.

## **NATIONAL HOUSING NEEDS REGISTER**

The actual need for housing opportunities within the Municipal area falling within the income bands R0 – R22 000 plus can only be determined accurately once the National Housing Needs Register becomes fully operational within the Municipality and applicants registering their actual need following the Integrated Residential Programme. RNM is one of the Municipalities together with other Municipalities being piloted to roll out the Housing Needs Register. The Provincial Department of Human Settlements in the 2021/2022 financial year appointed a Service Provider to assist the Municipality in terms of establishing the needs register for Ray Nkonyeni Municipality. A workshop with all Ward Councillors will take place in the 2022/2023 financial year with a clear implementation programme.

## **2. INSTITUTIONAL ARRANGEMENTS**

### **3.1 Municipal Housing Accreditation**

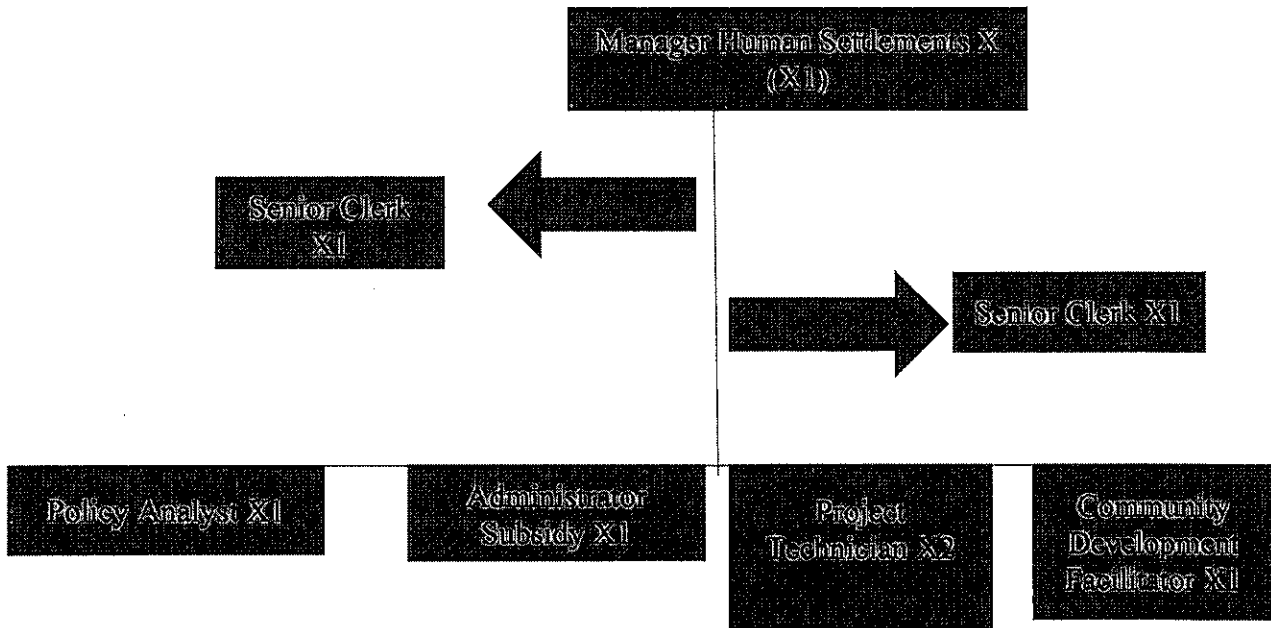
With regard to the National Accreditation Framework (2012), the Municipality is accredited in terms of level 1 housing function with a three-year Implementation Protocol Agreement which was concluded in October 2020 - ending 2023. The National Accreditation Framework (2017) is being revised by proposing a shift to a programmatic approach towards accreditation that responds to the redesign and complexity of National Housing Programmes.

The aim of the Municipality is to have a project pipeline to roll out housing projects to meet its housing need and ensure the creation of integrated, sustainable human settlement development. In terms of the Implementation Protocol agreement (level 1) concluded between the Provincial Department of Human Settlements and Ray Nkonyeni Municipality, Ray Nkonyeni Municipality is implementing the following housing programmes:

- Rural housing programme,
- Greenfield / Informal Settlement Upgrading Programme
- Finance Linked Individual Subsidy Programme,
- Housing Rectification Programme.
- Social Housing Programme

Ray Nkonyeni Municipality is also required to get involved on other human settlement activities, such as:

- Assistance of Military Veterans
  - Emergency Assistance (Sukumasakhe / Disaster related housing)
  - Community Residential Units
  - Catalytic Projects
  - Prevention of Land Invasions & emergence of new informal settlements.
  - Rental Information Office.
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#### 4. POLICY AND PLANNING

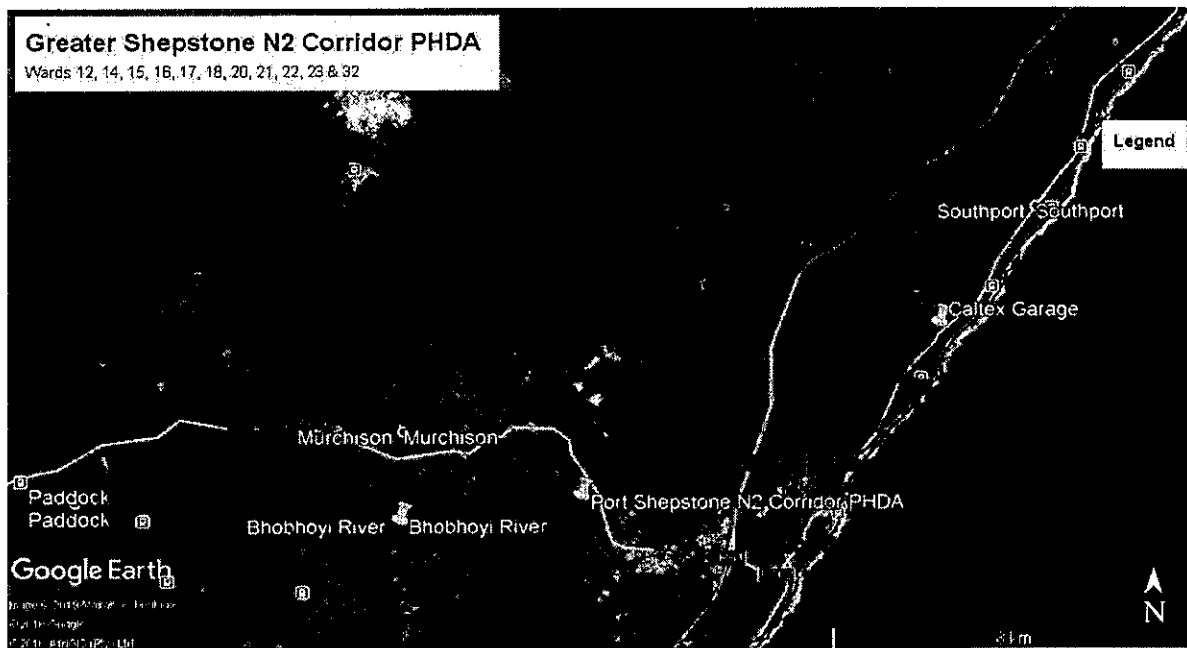
Ray Nkonyeni Municipality has both a duty and an obligation to undertake a developmentally oriented spatial plan which subscribes to the principles of spatial justice, sustainability, efficiency, resilience and good land use management and administration. In recognizing its duties and functions as stipulated in Section 9 of the Housing Act, Chapter 5 of the Municipal Systems Act (Act 32 of 2000) and Sections 5(1) and 21 of the Spatial Planning and Land Use Management Act, and the Municipality has adopted a Human Settlements Sector Plan which epitomizes its 2036 vision.

##### 4.1 MUNICIPAL HOUSING ALLOCATION POLICY FOR THE INTERGRATED HOUSING DEVELOPMENT PROGRAMME

The Municipality has an approved Housing Allocation Policy following the Integrated Residential Housing Programme. Its objective is to facilitate a fair, equitable, transparent, and inclusive selection of applicants leading to approval for all housing development projects aimed at creating sustainable human settlements. This is achieved through determining housing needs with accurate data for planning /budgetary purposes and meeting such needs (*housing needs register*), prioritize beneficiaries with special needs (*quota allocation*), *housing for Military Veterans* and a uniform and consistent approach when allocation housing opportunities that promotes good governance (*housing allocation committee*).

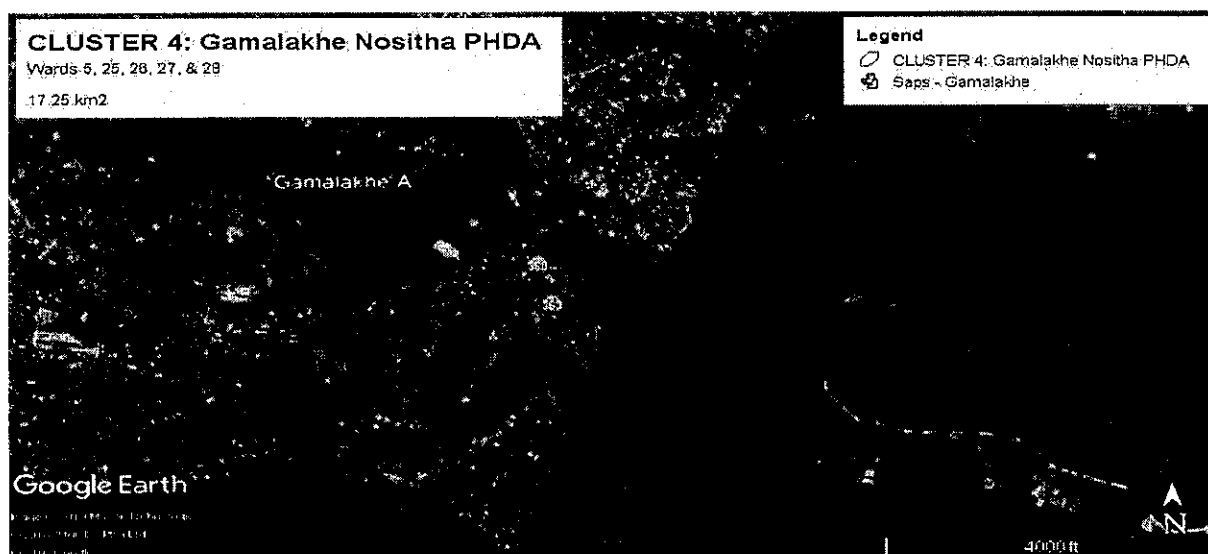
##### 4.2 MUNICIPAL SOCIAL HOUSING POLICY

Arising from the National Social Housing Policy, the Municipality has an approved Social Housing Policy to address rental housing provision to those earning between R3500 to R22 000 per month thereby identifying developable land, appointing Social Housing Institutions/ Delivery Agents and providing various municipal incentives.



b) Cluster 4: Gamalakhe Nositha

This area which starts at P200/Ray Nkonyeni road intersection towards Gamalakhe township. In Ward 26 to include Thembalihle, Mpovuza area towards Masimula area. In Ward 25 to include Masimula area. Wards 5, 27 and 28 areas included up till intersection of Oatlands and Nositha Road coming east towards P200. Oatlands Road and P200 intersection back to Ray Nkonyeni/P200 intersection.



c) Uvongo-Margate PHDA

This area is bounded on the East by the Provincial Road Marine Drive, Uvongo river on the North and using Masinenge west boundary as its North West and Western boundary and Westgate and Sea Slope Roads as its South West and South boundary. It includes Ward 19 and 3.

#### 4.5 CLIMATE CHANGE – CONSEQUENCES FOR HUMAN SETTLEMENTS

The Municipal area is diverse not just in terms of population and biodiversity, but also in terms of its human settlements. Urban rural and costal human settlements face environmental and social challenges. The projected impacts of climate change on settlements are complex and diverse.

##### Some key impacts on human settlements

Climate Change Phenomenon	Consequences for Human Settlements
Heat waves and drought	Increase water demand, water quality problems, increase risk of heat related mortality especially for the elderly, chronic sick for young and poor, reduction in quality of life for people without appropriate housing.
Intense precipitation events and severe storms	Adverse effects on quality of surface and ground water, contamination of water supply, Increase risk of death, injury, loss of property, and diseases. Displacement of families and migration to urban areas. Pressure on urban and rural infrastructure, disruption of water supplies including transportation.
Sea level rise and storm surges	Decrease in freshwater availability due to salt –water intrusion. Loss of property and livelihood, and challenges with risk cover to property (Insurance policy).

##### Impact on Urban Settlements

Increased risk of lack of water delivery as a result of increased demand because of higher temperatures and drying conditions. Increased population size in urban and peri-urban areas, leading to increased pressure on service delivery and competition for resources, as a result of migration from rural areas affected by climate change. Increased disruptions to transport infrastructure (roads, rails, bridges, airports,) as a result of extreme weather events. Increased risk of extreme weather events to already vulnerable informal settlements, that are often unplanned, and without extensive service or infrastructure.

##### Impact on Rural Settlements

Reduced productivity of subsistence farmlands as a result of rising temperatures, unreliable rainfall, and water scarcity. Increased vulnerability to water shortages because of increased evaporation, changes in rainfall, damage to infrastructure from floods and storm surges, and reduction in groundwater recharge. Reduced availability of natural resources on which many rural communities depend, because of diminished biodiversity in already degraded ecosystems. Physical isolation of rural communities as a result poor rural roads and increased flooding and erosion. Reduced food security, particularly of subsistence farmers, and resultant increase in malnutrition. Increased migration from rural settlements to urban and peri-urban settlements



## RENTAL HOUSING NEED / DEMAND

The Municipality determines its housing need for Social Rental Housing by means of the National Housing Needs Register or a Demand Survey. The implementation of this programme will be based on a clear understanding of the target market that needs rental accommodation.

## DEVELOPABLE LAND AND UNUSED BUILDINGS

The Municipality undertakes to identify vacant developable land or unused building within the approved Restructuring Zones and to be sold or leased following the conditions as per the Municipal Policy on the Management and Disposal of Immovable Properties to Social Housing Institutions or Housing Delivery Agents for Social Rental Housing.

## MUNICIPAL REBATES OR OTHER FORM OF INCENTIVIES

On vacant developable land being sold or leased to Social Housing Institutions or Housing Delivery Agents that the Municipality undertakes to provide rebates or other form of incentives to such Institutions, e.g. planning fees, building approval fees, inspection fees, and rates to ensure sustainability of the delivery Institutions.

## LAND DISPOSAL TO SOCIAL HOUSING INSTITUTIONS OR HOUSING DELIVERY AGENTS

The Municipality undertakes to dispose of its developable land within the Restructuring Zones to Social Housing Institutions or Housing Delivery Agents who are on the Municipal Data Base for Social Housing Institutions either through:

### FREEHOLD

Being outright transfer of ownership following the conditions of the Municipal Policy on the Management and Disposal of Immovable Properties, or

### LEASE HOLD

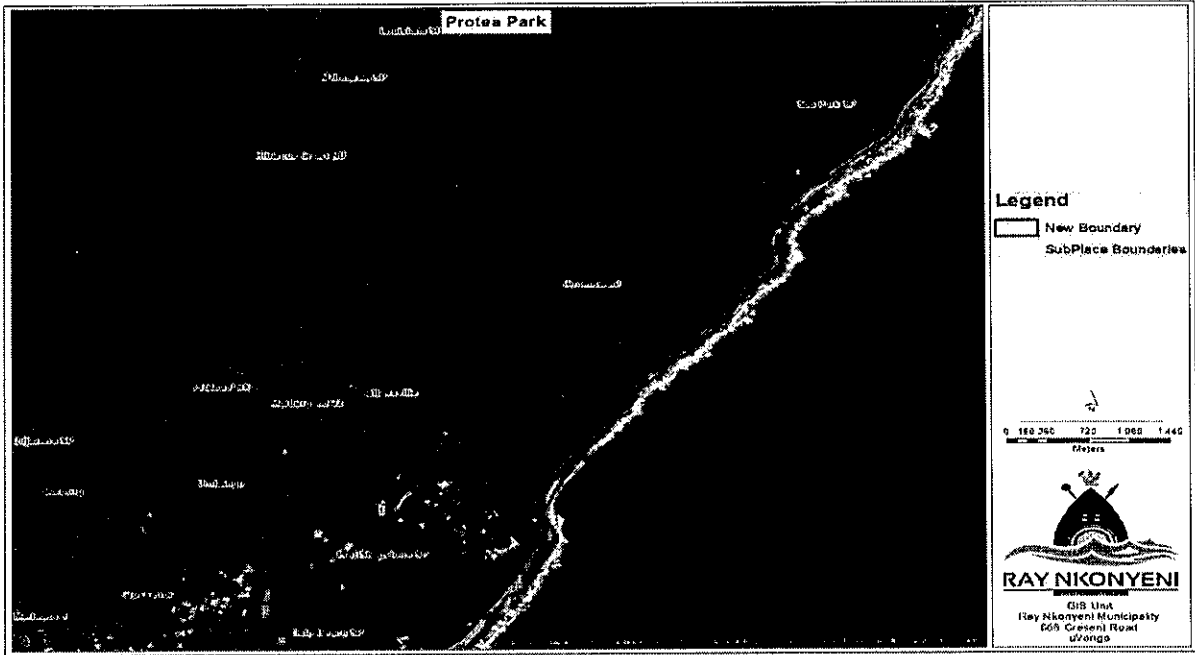
In compliance with Council's approved Policy on the Management and disposal of Immovable Properties on lease agreement of more than 9 years, that consideration should be given for long term lease of a minimum of 30 years for Social Housing Institutions or Housing Delivery Agent as per the requirements of the Social Housing Regulatory Authority, with prior written approval being obtain from the Municipal Council in the form of a resolution.

## PROVISION OF BULK INFRASTRUCTURE SERVICES FOR SOCIAL HOUSING DEVELOPMENT

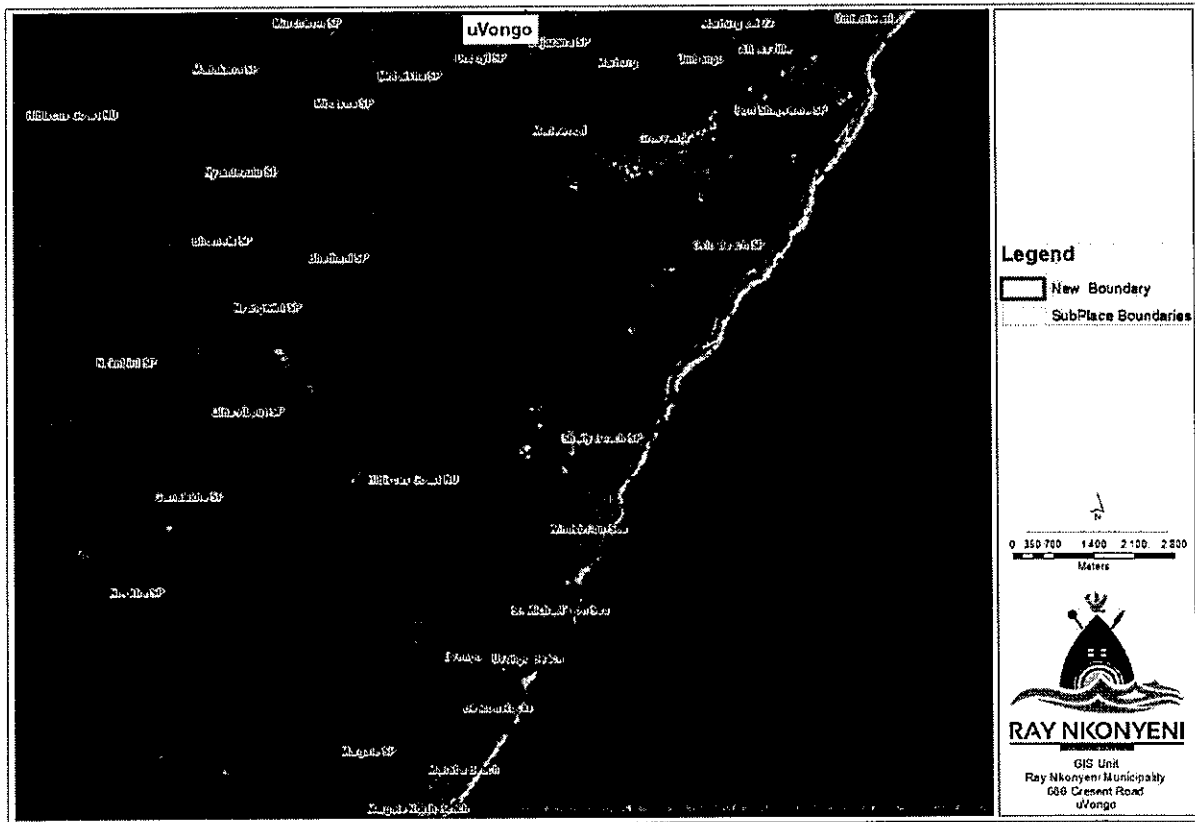
Ugu District Municipality is both the water services authority and provider within the Municipal area. That UGU District Municipality undertakes to provide bulk infrastructure services (water and sanitation) to the various land parcels identified for Social Rental Housing within the approved Restructuring Zones.

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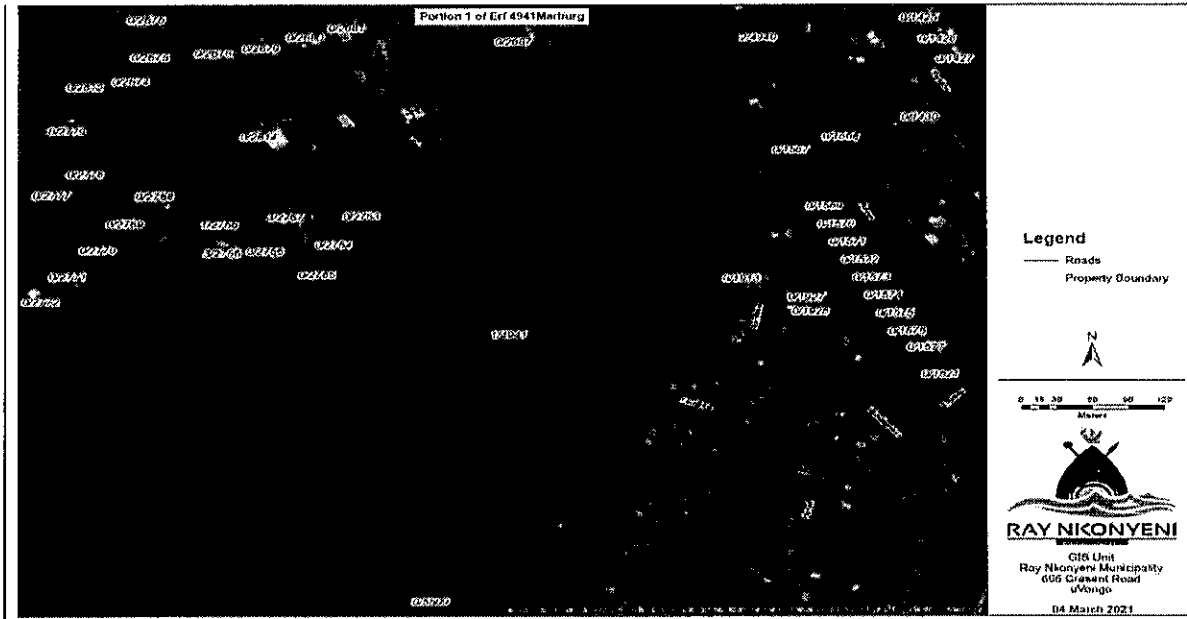
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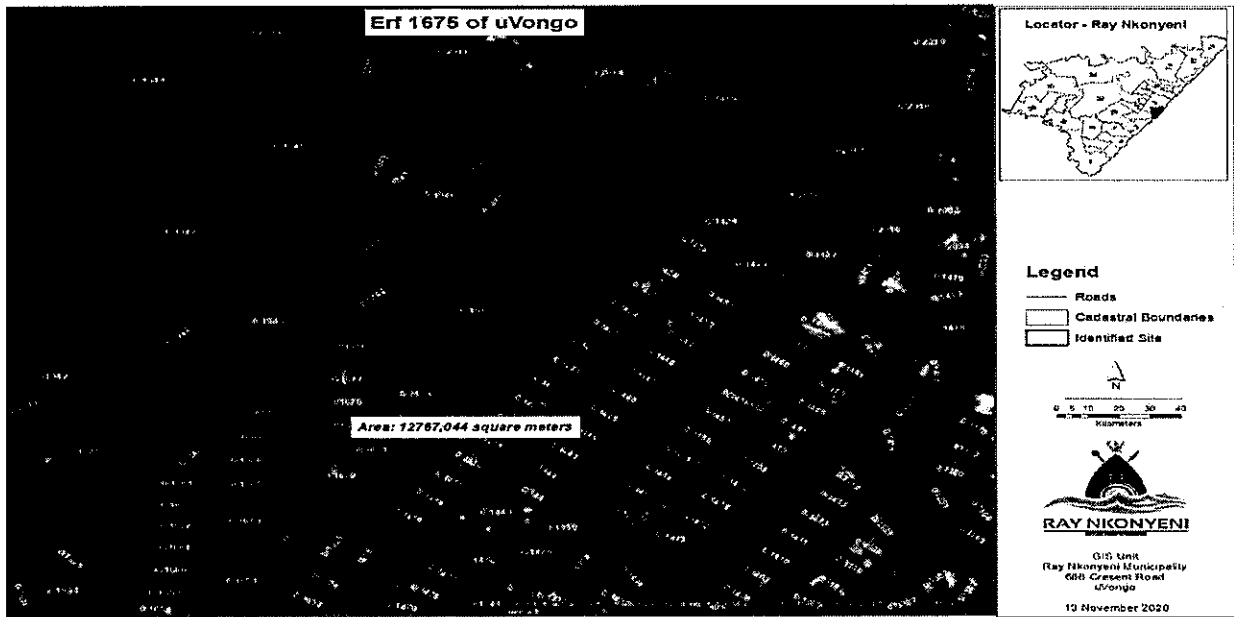
- Municipal Restructuring Zones (Protea Park)



- Municipal Restructuring Zones (Uvongo)



Map29- Social Rental Housing: Marburg site (Lot 29 of 4941)



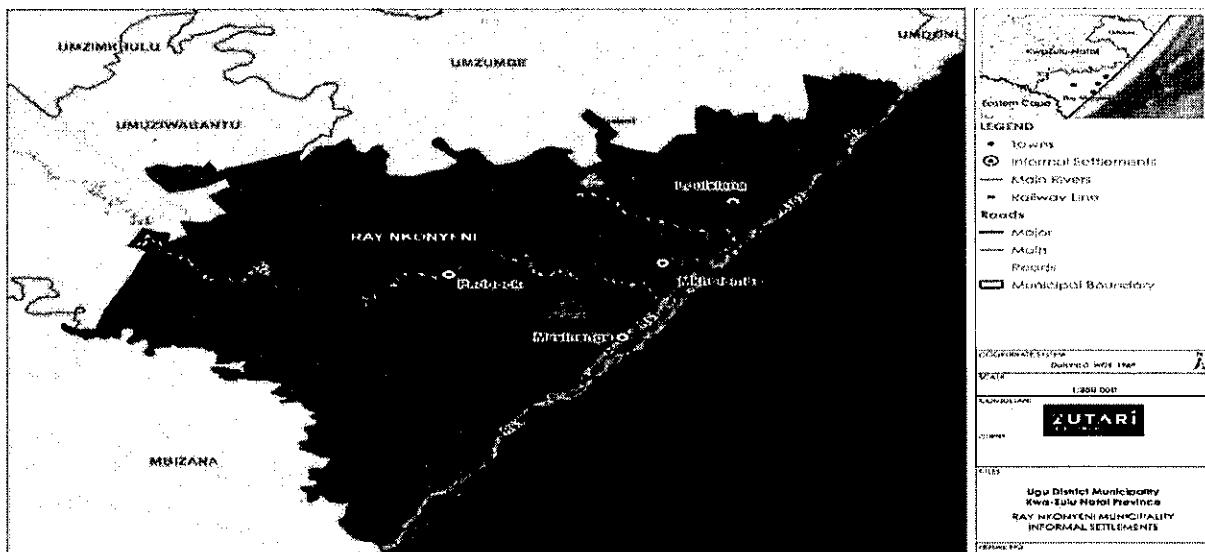
Social Rental Housing: (Uvongo 1675)

infrastructural services. Relocations may affect only a portion of settlements or the entire settlements and may be temporary (e.g. to a temporary relocation area) or permanent (i.e. to another green-fields project site). Whilst temporary relocations of the settlement may be inevitable, and permanent relocations of some residents might also be inevitable, the relocation of entire settlements, should be undertaken as a last resort and in special circumstances (e.g. material health and safety risks to residents) given the significant negative impact on residents typically flow from such wholesale relocations.

The table below outlines the informal settlements in the RNM, together with the total area and estimated number of structures. The actual number of structures was based on fieldwork exercise that was undertaken.

MUNICIPALITY	SETTLEMENT NAME	AREA (HA)	STRUCTURES (RFQ ESTIMATE)	STRUCTURES (ACTUAL)*
Ray Nkonyeni	Louisiana	7,60	190	416
	Masinenge	14,76	650	1 557
	Mkholombe	33,78	939	2 400
	Paddock	0,93	51	101
<b>SUBTOTAL</b>		<b>57,07</b>	<b>1 830</b>	<b>4 474</b>

\* Actual number of structures based on fieldwork.



MAP- location of informal settlements within RNM

In terms of the approach a set of principles for informal settlement upgrading was developed as part of the National Upgrading Settlement Programme (NUSP). These principles are aligned with the intent of

**Synthesis of Informal Settlement Categorisation and Associated Response**

SETTLEMENT NAME	CATEGORY	RESPONSE
<b>Louisiana</b>	B2	<ul style="list-style-type: none"> <li>• Site is too steep for in situ upgrade but no imminent safety threat necessitating relocation.</li> <li>• Provision of interim basic services with eventual relocation to suitable site.</li> <li>• Interim basic services upgrading plan and relocation strategy formulated.</li> </ul>
<b>Masinenge</b>	B1 and C	<ul style="list-style-type: none"> <li>• Some sections of the site are prone to flooding and would have to be relocated.</li> <li>• Approved layout plan for a portion of the site is already in place and construction of multi-storey units has already commenced.</li> <li>• Provision of interim basic services in developable areas as a precursor to eventual full upgrade.</li> <li>• Land for relocation of overflow households and those situated in flood prone areas is yet to be identified. A relocation strategy has been developed.</li> </ul>
<b>Mkholombe</b>	B1 and C	<ul style="list-style-type: none"> <li>• Large sections of the site are too steep for in situ upgrade or prone to flooding.</li> <li>• Approved layout plan for a portion of the site is already in place.</li> <li>• Provision of interim basic services in developable areas as a precursor to eventual full upgrade.</li> <li>• Land for relocation of overflow households and those situated in flood prone areas is yet to be identified. A relocation strategy has been developed.</li> </ul>
<b>Paddock</b>	B2	<ul style="list-style-type: none"> <li>• Site is isolated from urban fabric.</li> <li>• Provision of interim basic services with eventual relocation to suitable site.</li> <li>• Interim basic services upgrading plan formulated.</li> <li>• Land for relocation is yet to be identified. A relocation strategy has been developed.</li> </ul>

## Enabling Factors for Development – Water

### WATER

#### Current Situation

- The rivers within the region have sufficient surplus flow to cater for the water demands for the foreseeable future. Bulk water supply and reticulation infrastructure are under pressure due to growing demand. Pipe systems are old and in need of maintenance and upgrading

#### Bulk Infrastructure Requirements

- It is envisaged that bulk water supply and reticulation infrastructure will need to be upgraded to cater for the demand. Old pipe systems and increasing capacity of water treatment plants will require strengthening to meet future water demand.
- It is proposed that the following systems within RNM need strengthening:
  - Umzimkhulu water augmentation project;
  - Mtwalume bulk water project;
  - South Coast Bulk pipeline;
  - Umtamvuna bulk water project;
  - Port Edward and Ezingoleni; and
  - Rural Water Supply

#### Reticulation Options

<i>Short-term</i>	<i>Medium-Term</i>	<i>Long-Term</i>
Shared standpipes	<ul style="list-style-type: none"> <li>• Sites and services (with slower take-up)</li> <li>• Sites and services with valve restrictors</li> </ul>	Sites and services with conventional erf connections

## Enabling Factors for Development – Sewer

### SEWER

#### Current Situation

- There are several pump stations in the reticulated areas, whilst wastewater treatment plants are generally located in-land, off the coastal strip. Waterborne sanitation is largely confined to the coastal, densely populated areas of the Municipality. Inland and rural areas rely on rudimentary forms of sanitation such as Ventilated Improved Pits (VIPs)

#### Bulk Infrastructure Requirements

- It is envisaged that sewer infrastructure in the urban part of the Municipality will have to be upgraded to cater for an increasing urban population. Bulk network to be extended further inland where required and in line with the Municipality's desired future spatial form to serve the growing population

#### Reticulation Options

<i>Short-term</i>	<i>Medium-Term</i>	<i>Long-Term</i>
Alternative sanitation options to be considered (e.g.	Connect settlements to conventional waterborne	Connect all settlements as sewer outfalls and WWTW are upgraded

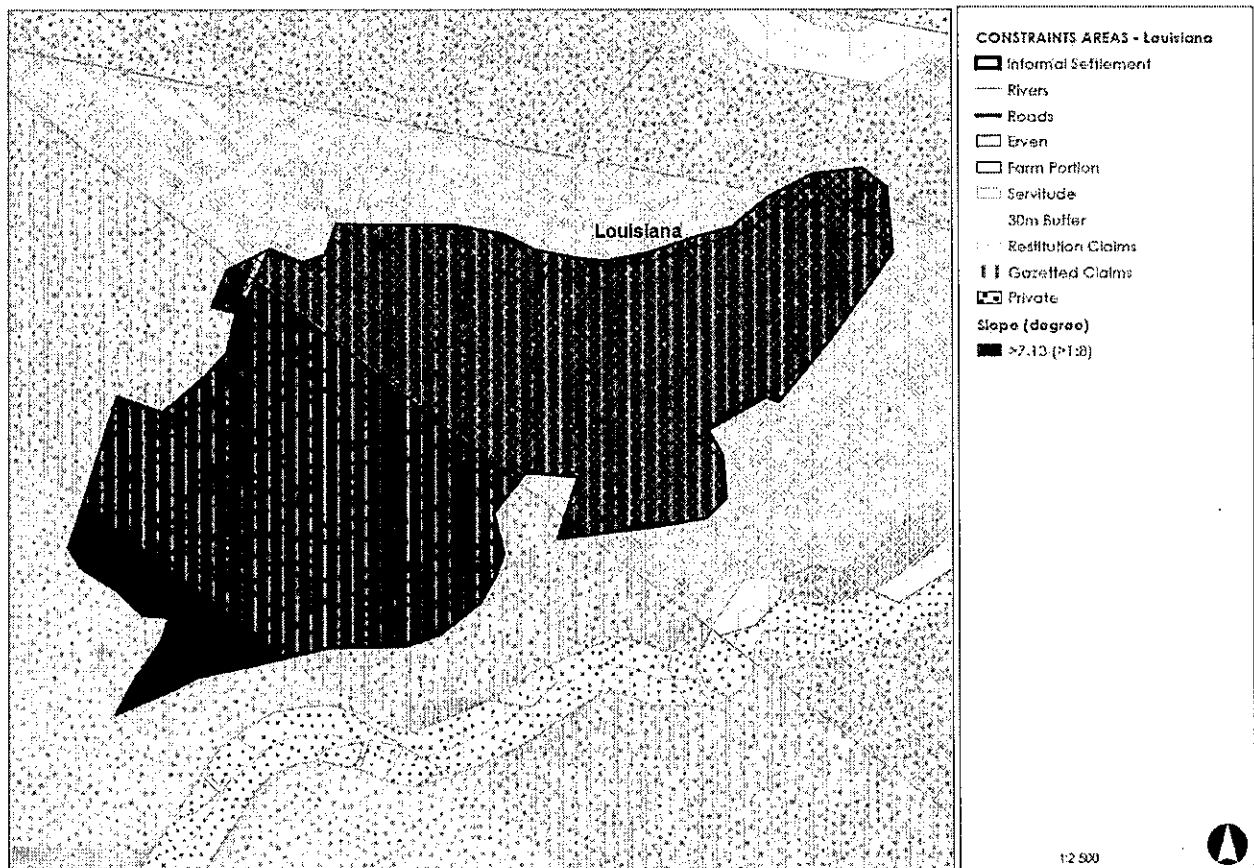
surrounding areas. This will would therefore require significant investment in both bulk and reticulation infrastructure to provide connectivity.

Based on the above, the Louisiana informal settlement has been categorised as B2. The development response entails the provision of emergency basic services as an immediate response with eventual relocation to site fit for human settlement development.

**B2**  
Interim basic services upgrading plan and relocation strategy to be formulated

### Site Constraints and Developable Areas

The following map depicts the site constraints detailed above, and provide clarity on why the Louisiana informal settlement is not fit for in-situ upgrading.



### Louisiana Informal Settlement Constrained Areas

The entire settlement is located on a very steep slope which exceeds a gradient of 1:8. While it is primarily due to the topography that the settlement is not viable for in-situ upgrading, a large portion of the settlement is located on privately owned land. Furthermore, a Gazetted land claim covers the entire extent of the settlement, while a restitution claim covers the eastern portion of the settlement. The constraints areas (areas not fit for development) comprise 76,049.69 m<sup>2</sup>, which is 100% of the overall settlement.

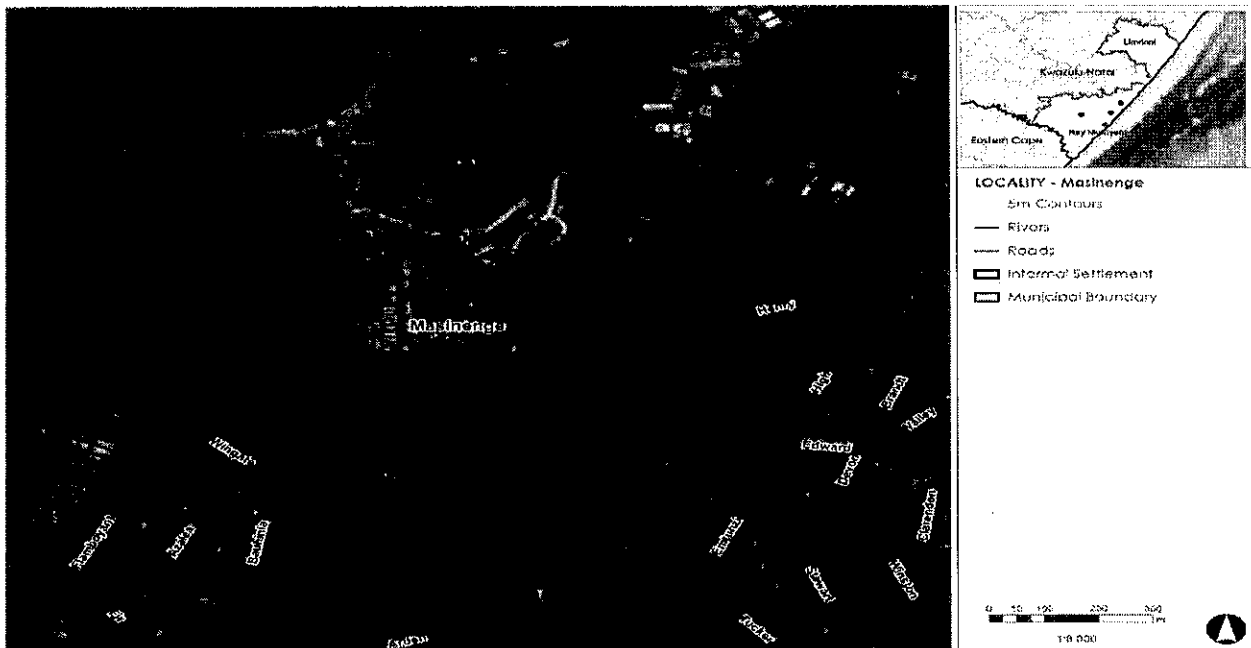
The following high-level relocation actions is being proposed for the overflow households from Louisiana settlement.

### Generic Relocation Strategy

PHASE	OUTCOMES	ACTIONS	RESPONSIBLE ENTITY
Phase 1: Land availability	Determination of area/extent of land required and appropriate infrastructure level of service to be provided	<ol style="list-style-type: none"> <li>1. Identify suitable land for human settlement development</li> <li>2. Conduct technical assessment of identified land (site feasibility)</li> <li>3. Produce proposed layout plan to determine yield</li> </ol>	RNM with support from Ugu DM and KZN-DoHS
Phase 2: Community engagement	Participatory planning process and identification of willing and qualifying beneficiaries	<ol style="list-style-type: none"> <li>1. Identify settlement leadership structures</li> <li>2. Establish project committee which includes community leadership structure</li> <li>3. Determine if residents are willing to relocate to identified land</li> <li>4. Determine number of beneficiaries to be relocated</li> </ol>	RNM with support from DHS and KZN-DoHS through NUSP
Phase 3: Relocation preparation/ development	Council approval to acquire/release land and securing of finance	<ol style="list-style-type: none"> <li>1. Identify suitable finance mechanism(s)</li> <li>2. Secure funding</li> <li>3. Commence land acquisition if needed</li> <li>4. Finalise layout plan in consultation with community</li> <li>5. Obtain statutory approvals (environmental and town planning)</li> <li>6. Develop contingency plans for residents that cannot be relocated</li> <li>7. Develop land in line with approved layout plan (including installation of services; transfer of stands;</li> </ol>	KZN-DoHS in collaboration with RNM, Ugu DM, Eskom through NUSP



## Masinenge Informal Settlement



**Updated Aerial Image of the Masinenge Informal Settlement**



**Settlement size:** 147,559.37 m<sup>2</sup> (14.76 ha)

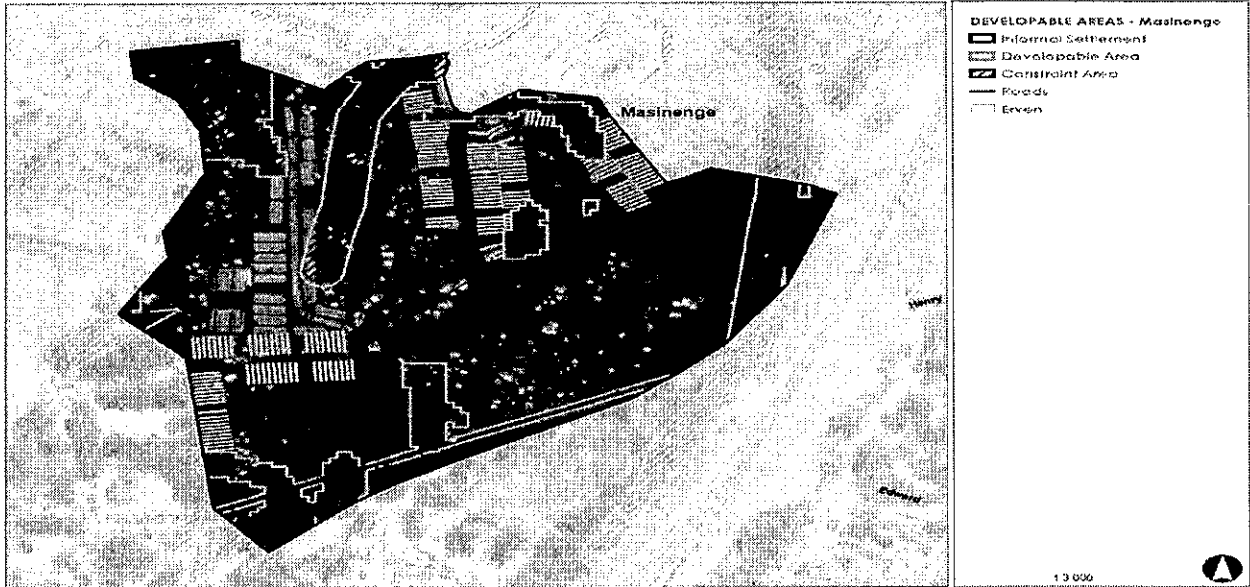


**Number of households:** 1 557

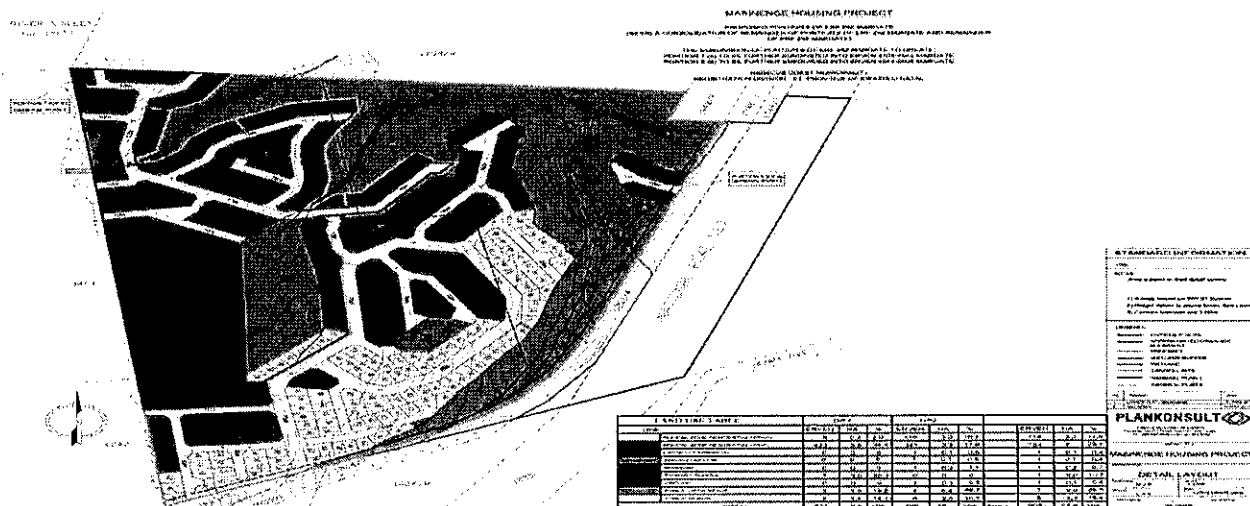
### Assessment and Categorisation Synthesis

The Masinenge informal settlement is located on a fairly gradual slope which results in areas of the settlement that are developable and areas of the settlement which are not developable. There is a watercourse to the north of the settlement and a small area of Irreplaceable Critical Biodiversity Area in the south of the settlement. The existence of the watercourse and the Irreplaceable Critical Biodiversity Area poses development restrictions. There is also a servitude which runs along the eastern boundary of the settlement which also poses further development restrictions. The settlement is located on land owned by the Department of Education and is to be transferred to the Municipality. The settlement is located directly adjacent to a serviced area, as well as ongoing housing projects, which allows for potential service connection. The existing formal road network surrounding the settlement will allow for access points to be easily upgraded. Due to the gradual slope and an informal road network found within the settlement boundary, the cost of providing link services, reticulation services and a road network will be relatively low. An approved layout plan exists for the Masinenge informal settlement.

Based on the above, the Masinenge informal settlement has been categorised as B1 and C. The development response entails the provision of interim basic services as a precursor to an eventual full upgrade in developable areas in line with the approved layout plan which is already in place, coupled with the urgent relocation of households from flood prone areas. If possible, these households should be accommodated within the upgraded Masinenge township. Alternatively, a suitable relocation site should be identified.



**Masinenge Informal Settlement Developable Areas**



**Approved layout plan for Masinenge**

**Development Need**

The approved in-situ upgrading layout plan provides for 882 stands . Construction of multi-storey top structures has commenced. The settlement experiences influx of informal structures in the project area. It is to be noted that not all households can be accommodated, and that relocation of the overflow households to an alternative location would be required. Alternative land is still to be identified.

Based on the enumeration recently completed, the settlement is home to 1 557 households. Based on the current layout, a total of 882 housing opportunities will become available. These are reserved for Masinenge residents only. The overflow of approx 675 households will have to be relocated. A relocation action plan and strategy is a requirement to support the need for partial relocation of the settlement.

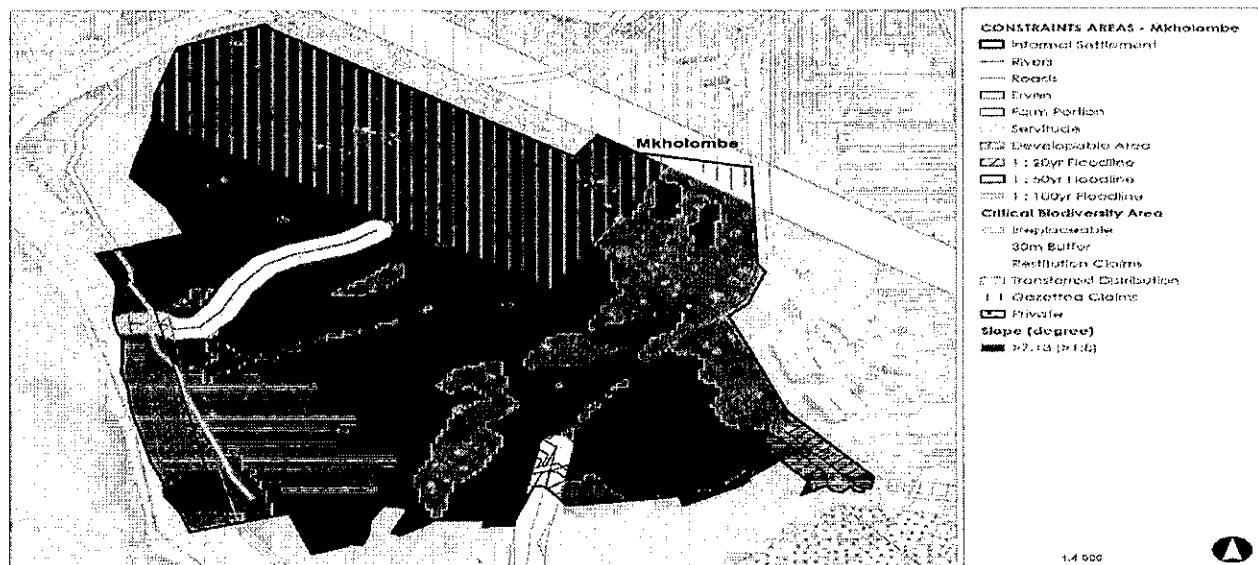
PHASE	OUTCOMES	ACTIONS	RESPONSIBLE ENTITY
		4. Determine number of beneficiaries to be relocated	
Phase 3: Relocation preparation/ development	Council approval to acquire/release land and securing of finance	<ol style="list-style-type: none"> <li>1. Identify suitable finance mechanism(s)</li> <li>2. Secure funding</li> <li>3. Commence land acquisition if needed</li> <li>4. Finalise layout plan in consultation with community</li> <li>5. Obtain statutory approvals (environmental and town planning)</li> <li>6. Develop contingency plans for residents that cannot be relocated</li> <li>7. Develop land in line with approved layout plan (including installation of services; transfer of stands; <i>optional development of top structures</i>)</li> </ol>	KZN-DoHS in collaboration with RNM, Ugu DM, Eskom through NUSP
Phase 4: Allocation of beneficiaries	Relocation of beneficiaries to new development	<ol style="list-style-type: none"> <li>1. Allocate stands/ houses to qualifying beneficiaries based on Housing Needs Register</li> <li>2. Provide relocation assistance (transportation, relocation kits (if applicable), social service support, sustenance)</li> <li>3. <i>Provide emergency assistance at transit site to households who cannot be moved to developed land</i></li> </ol>	RNM with support from KZN-DoHS
Phase 5: Risk mitigation	Ensure that invaded land/ settlement is not reoccupied	<ol style="list-style-type: none"> <li>1. Remove informal structure as soon as household is relocated</li> <li>2. Fence off land and install lighting and signage as a deterrent to re-occupation</li> <li>3. Activate land as per intended land use where feasible</li> </ol>	RNM

urgent relocation of households from flood prone areas. Where possible, relocated households should be accommodated within the settlement footprint.

<b>B1 and C</b>
Upgrading of developable areas in line with approved layout plan.
Relocation strategy to be developed for households situated on steep slopes and otherwise undevelopable land.

**Developable Areas and Site Constraints**

The following maps depict the site constraints of the Mkhholombe settlement as well as the areas that are fit for development.



**Mkhholombe Informal Settlement Constraints Areas**

It can be gathered that a very large part of the settlement is located on steep slopes that exceed a gradient of 1:8. Critical Biodiversity Areas further limit development in the south-western and far south-eastern extents of the settlement, while a servitude, two watercourses river tributaries (and associated 30m buffer areas) also restrict development.

Lastly, a Gazetted land claim covers the northern extent of the settlement, and a transferred distribution claim covers the northern and north-western portions of the settlement.

The constrained areas (areas not fit for development) comprise 285,651.52 m<sup>2</sup> – 85% of the overall settlement (which is 337,846.70 m<sup>2</sup> in extent). The map below outlines the portions of the settlement which are suitable for development.



## Approved Layout Plan for Mkhholombe

### Development Need

An approved layout is already in place which provides for partial in-situ upgrading. According to the planning report a concept layout plan was conditionally approved in 2004. A further plan was prepared and submitted in 2005, but the project was stopped until 2008 as a consequence of, inter alia, problems with the land assembly process which resulted in an amended plan which also included an inclusionary housing component. The intention was to sell erven for a market-related fee to cross-subsidise physical project infrastructure delivery and associated costs. This concept was rejected by Council and the plan was revised once again in 2009. During this revision the need existed to identify wetland areas and wetland buffers. A detailed geotechnical evaluation was carried out to substitute the previous desktop analysis, identifying unstable slopes and areas with soil conditions not conducive to low-income housing development. This is because special design considerations and construction methods (such as the use of raft foundations) are required.

The findings of the detailed geotechnical study and wetland identification process made it apparent that there are substantial constraints. Stands on the areas deemed developable had to be reduced in order to accommodate semi-detached dwellings (single or double storey).

Other preliminary studies completed include engineering services report, land audit report and planning report. It is to be noted that the Mkhholombe informal settlement is rapidly growing.

Based on the household survey data collected, the settlement is home to 2 400 households. If Mkhholombe households are only to be accommodated, the remaining 1 302 households will have to be relocated to suitable land.

## Generic Relocation Strategy

PHASE	OUTCOMES	ACTIONS	RESPONSIBLE ENTITY
Phase 1: Land availability	Determination of area/extent of land required and appropriate infrastructure level of service to be provided	<ol style="list-style-type: none"> <li>1. Identify suitable land for human settlement development</li> <li>2. Conduct technical assessment of identified land (site feasibility)</li> <li>3. Produce proposed layout plan to determine yield</li> </ol>	RNM with support from Ugu DM and KZN-DoHS
Phase 2: Community	Participatory planning process and identification of willing and qualifying beneficiaries	<ol style="list-style-type: none"> <li>1. Identify settlement leadership structures</li> <li>2. Establish project committee which includes community leadership structure</li> <li>3. Determine if residents are willing to relocate to identified land</li> <li>4. Determine number of beneficiaries to be relocated</li> </ol>	RNM with support from DHS and KZN-DoHS through NUSP
Phase 3: Relocation preparation/ development	Council approval to acquire/release land and securing of finance	<ol style="list-style-type: none"> <li>1. Identify suitable finance mechanism(s)</li> <li>2. Secure funding</li> <li>3. Commence land acquisition if needed</li> <li>4. Finalise layout plan in consultation with community</li> <li>5. Obtain statutory approvals (environmental and town planning)</li> <li>6. Develop contingency plans for residents that cannot be relocated</li> <li>7. Develop land in line with approved layout plan (including installation of services; transfer of stands; <i>optional development of top structures</i>)</li> </ol>	KZN-DoHS in collaboration with RNM, Ugu DM, Eskom through NUSP



Settlement size: 9,256.18 m<sup>2</sup> (0.93 ha)



Number of households: 101

### **Assessment and Categorisation Synthesis**

The Paddock informal settlement is located in the rural agricultural region of the RNM and has inadequate access to education, healthcare and community facilities. The settlement is located on land with a gradual slope and is not affected by any watercourses, floodlines or Critical Biodiversity Areas. There are also no servitudes affecting the settlement.

The settlement is located on land owned by Transnet Ltd which will necessitate a land acquisition process. From an access perspective, the settlement will require road link infrastructure to be upgraded, and although connectivity is possible, the design requirements of the N2 connection would need to be catered for.

There is no existing potable water or sewer network within close proximity, and the settlement is isolated from any existing electricity network. With no existing electrical network in the area, connectivity would be onerously expensive and significant investment would be required to bring potable water and sanitation to the settlement.

Based on the above, the Paddock informal settlement has been categorised as B2. Since there is no imminent danger, the development response entails the provision of interim basic services and eventual relocation to a well-located site closer to social amenities and where bulk services are available.

<b>B2</b>
Interim basic services and long term relocation. Relocation strategy to be formulated.

### **Paddock Informal Settlement Constraints Areas**

The greatest challenge is the settlement's isolated location, and the resultant lack of nearby engineering infrastructure and social amenities. The settlement is located outside the municipal urban edge, indicating that the provision of future services is unlikely

### **Development Need**

A relocation strategy is required for the entire Paddock settlement. Suitable land has to be identified and secured, it is proposed that interim basic services be installed.

### **Minimum level of service standards**

Potable water: A maximum of 150 people per water point for communal water provision according to the CSIR Red Book (2019). The responsible department will be Ugu District Department of Water and Sanitation.

## Generic Relocation Strategy

PHASE	OUTCOMES	ACTIONS	RESPONSIBLE ENTITY
Phase 1: Land availability	Determination of area/extent of land required and appropriate infrastructure level of service to be provided	<ol style="list-style-type: none"> <li>1. Identify suitable land for human settlement development</li> <li>2. Conduct technical assessment of identified land (site feasibility)</li> <li>3. Produce proposed layout plan to determine yield</li> </ol>	RNM with support from Ugu DM and KZN-DoHS
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Phase 3: Relocation preparation/ development	Council approval to acquire/release land and securing of finance	<ol style="list-style-type: none"> <li>1. Identify suitable finance mechanism(s)</li> <li>2. Secure funding</li> <li>3. Commence land acquisition if needed</li> <li>4. Finalise layout plan in consultation with community</li> <li>5. Obtain statutory approvals (environmental and town planning)</li> <li>6. Develop contingency plans for residents that cannot be relocated</li> <li>7. Develop land in line with approved layout plan (including installation of services; transfer of stands; <i>optional development of top structures</i>)</li> </ol>	KZN-DoHS in collaboration with RNM, Ugu DM, Eskom through NUSP
Phase 4: Allocation of beneficiaries	Relocation of beneficiaries to new development	<ol style="list-style-type: none"> <li>1. Allocate stands/ houses to qualifying beneficiaries based on Housing Needs Register</li> <li>2. Provide relocation assistance (transportation, relocation kits (if</li> </ol>	RNM with support from KZN-DoHS



## 5. HUMAN SETTLEMENT PROGRAMMES AND PROJECTS- HOUSING SUPPLY

### Number of projects in terms of the different housing programmes

PROGRAMMES	TOTAL NUMBER OF PROJECTS	STAGES
Rural Housing Programme	22 projects	8- Completed 9- Planning stage 5- Implementation stage
Informal Settlement Upgrading	4 projects	1-Completed 2-Planning stage 1- implementation stage
Greenfield Housing Programme	2 projects	1- Planning stage 1- Implementation stage
Social Housing Programme	3 projects	3 - Planning stage
Social Housing / Financed linked individual Subsidy Programme (FLIPS/Gap market)	2 projects	2- Planning stage
Rectification Programme	1 project	1- Implementation stage
Title Deed Restoraton Programme	3 project	3- Implementation stage
Integrated Residential Development Programme /other	3 land parcel	Conceptual stage- Identified land parcels for further development
Institutional Subsidy Programme (Old age home upgrading)	1 project	Under planning / Implmentation stage

### Housing Opportunities provided within the Municipality

PROGRAMMES	SITES SERVICED	UNITS ALREADY CONSTRUCTED	UNITS UNDER CONSTRUCTION	UNITS UNDER PLANNING
Rural Housing Programme	0	11362	295	7500
Informal Settlement Upgrading	569	719	727	1060
Greenfield Housing	2705	1436	91	1098
Rectification Programme	0	269	231	0
Social Housing Programme (rental)	0	0	0	2424
Social Housing / Financed linked individual Subsidy Programme (FLIPS/Gap market), IRDP	0	0	0	612
Institutional Subsidy Programme	0	0	0	220 (upgrade old age home)
<b>Total</b>	<b>3274</b>	<b>13 786</b>	<b>1344</b>	<b>12914</b>

								Also to undertake TIA within the 2022/2023 , with the sourcing of Municipal funding.
Greenfield Housing Programme (Urban)	Bhobhoyi Phase 1	20	3	711	711	699	699	711- sites serviced 699- top structures built. To initiate title deed process for 711sites. Addressing funding shortfall with PDoHS. Submission of a report to the PDoHS October 2021. Awaiting feedback.
Greenfield Housing Programme	KwaNzimakwe (PHP) KwaLatshoda	1	7	1 813	1813	600	600	1813 sites serviced. 600- top structures built. Remaining units cannot be built due to bulk sanitation challenges /road expansion (R61). To initiate title deed process (600 sites) PDoHS Addressing budget challenges with the PDoHS. Report to the PDoHS in Oct 2021. Awaiting for feedback.

PROJECTS IN CONSTRUCTION PHASE								
PROGRAMME	PROJECT	WARD	CLUSTER	PROJECT SIZE	PLANNING DELIVERABLES			STATUS
					SERVICE SITES	TOP STRUCTURE	TITLE DEED	
Informal settlement upgrading (urban)	Masinenge (urban)	3	4	882	882	882	882	Provision of internal services ongoing. 206 top structures completed to date. Previous contractor services terminated. PDoHS took over the project and appointed an Implementing Agent. Contractor is on site. Anticipated completion of the project between 2023-2024

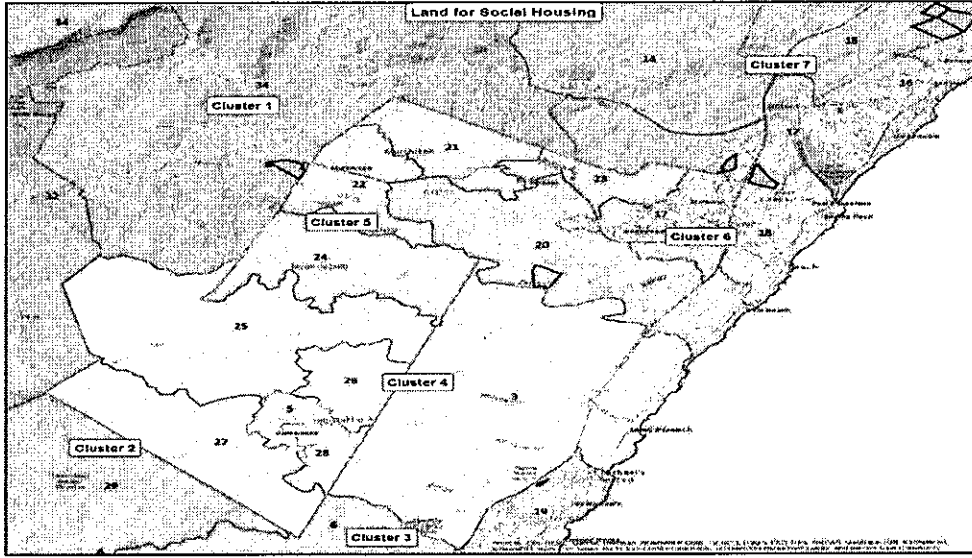
Rural Housing Programme	KwanZimakwe Phase 2	1,10 and 11	2 and 3	500	Phased	Planning phase – Awaiting funding approval from the PDoHS
Rural Housing Programme	KwaNyuswa Phase 2 - Bloese	35	1	1000	Phase 1 (500 units) Phase 2 (500 units)	Implementing Agent appointed. Tranche 1 agreement was concluded Sept 2020 and detailed planning activities have been concluded.
Rural Housing Programme	Mthimude Phase 2- Hlomodlini /Bhosiki	35	1	1000	Phase 1 (500 units) Phase 2 (500 units)	Implementing Agent appointed. Project is to be phased (500 units). Tranche 2 application submitted to the PDoHS. Also awaiting finalisation of the Development Rights Agreement (RNM /Ingonyama Trust Board
Rural Housing Programme	Mthimude Phase 2- Shibe	35	1	1000	Phase 1 (500 units) Phase 2 (500 units)	Implementing Agent appointed. Project is to be phased (500 units). Tranche 2 application submitted to the PDoHS. Also awaiting finalisation of the Development Rights Agreement (RNM /Ingonyama Trust Board
Rural Housing Programme	Vukuzithathe Phase 3- Ngcawusheni / Bdlazi	30	1	1000	Phase 1 (500 units) Phase 2 (500 units)	Implementing Agent appointed. Tranche 1 activities completed. Tranche 2 application is with the PDoHS. Awaiting approval.
Rural Housing Programme	Vukuzithathe Phase 3- Bandlana /Shobashobane	30,31 and 33	1	1000	Phase 1 (500 units) Phase 2 (500 units)	Implementing Agent appointed. Project is to be phased (500 units). Tranche 1 planning activities are complete. To finalise Development Rights agreement and Tranche 2 application to the PDoHS
Informal Settlement Upgrading	Paddock (transnet Ltd)	31	1	60	60	In terms of the National- USDP programme detailed studies have been carried out in the 2021/2022 financial year.
Greenfield housing programme	Merlewood middle income housing	17	2	187	187	Provision of mixed income housing opportunities with different housing typologies and densities. Still under planning.
Greenfield housing programme	Bhobhoyi Phase 2	20	6	1098	1098	Project implementation stalled. Awaiting bulk infrastructure provision by Ugu District Municipality. Planning funds approved by the PDoHS Detailed Planning studies have been carried (NUSP) in the 2021/2022 financial year.
Greenfield housing Programme	Lots7 Abersville	12	7	40	40	Challenges with local community and land ownership. Project is on hold due to landowners challenges with beneficiary community
IRDP- Mixed Income Housing	Marburg settlement (Portion 1 of Lot 7-5344)- Mr Frik Pieterse)	20	6	144	144	Provision of mixed income housing with 20 sites reserved for Military Veteran. Land parcel to be transferred to RNM in the 2022/2023 financial year for development purposes.
FLIP/ Social Housing /individual subsidy programme	Disposal of Council owned Serviced Sites in various areas (Marburg/ White City)	12,17 and 18	6 & 7	612	612	Provision of mixed income housing opportunities with different housing typologies and densities. Municipal Council has appointed an Implementing to do detailed planning with project implementation. IA has submitted Activity Plan. Bulk Infrastructure challenges by UGU District Municipality.
IRDP Mixed income Housing	Portion 15 (of 17) Portion 16 (of7)and the remainder of 7 of the farm Success no 7108	22	5	281	281	Provision of mixed income housing opportunities with different housing typologies and densities. Land was acquired by the PDoHS for the Municipality. Land is in ownership of the

Informal Settlement Upgrading Programme conversion from  
Informal dwellings to formal housing.



Insitu Upgrading: Low Income Housing Provision (High Density Option)





- Legend**
- Wards
  - Cluster 1
  - Cluster 2
  - Cluster 3
  - Cluster 4
  - Cluster 5
  - Cluster 6
  - Cluster 7
  - Land for Social Housing



**RAY NKONYENI**  
Municipality  
City Link  
Ray Nkonyeni Municipality  
666 Tloane Road  
Mthatha

Financial Performance 2021-22: Human Settlements					R'000
Details	2021-22				
	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	78015	81238	46634	-67%	
Expenditure:					
Employees	14107	14127	14489	3%	
Repairs and Maintenance	-	-	-		
Other	387	14600	316	-23%	
<b>Total Operational Expenditure</b>	14494	28728	14804	2%	
<b>Net Operational Expenditure</b>	63521	52510	31830	-100%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.5.5

Capital Expenditure 2021-22: Human Settlements						R' 000
Capital Projects	2021-22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	-	140	115	100%		
HOD's Office Computer Equipment	-	50	44	100%		
	-	90	71	100%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.5.6

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Cost of construction/Maintenance			
R/meter			
Year	Storm-water Measures		
	New	Upgraded	Maintained
2021-22	R109,980	R510.00	R1860

Employees: Road & Waste Water (Storm-Water Drainage) Services					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	12	12	12	0	0%
TG. 4 - 8	41	42	41	1	2%
TG. 3	45	119	45	74	62%
<b>Total</b>	<b>99</b>	<b>174</b>	<b>99</b>	<b>75</b>	<b>43%</b>

- The formulation of spatial planning plans which include but not limited to the following:-
  - Various Precinct plans
  - Local area plans
  - Container Policy
  - Telecommunications Policy

Detail	Applications for Land Use Development									
	Planning application received		Determination made in year of receipt		Determination made in following year		Applications withdrawn		Applications outstanding at year end	
	2020-21	2021-22	2020-21	2021-22	2021-22	2022-23	2020-21	2021-22	2020-21	2021-22
Rezoning & Special Consent	02	10	00	00	00	00	00	00	02	10
Special Consent	18	28	06	06	00	00	02	02	10	20
<b>Rezoning</b>	09	18	01	03	00	00	00	01	06	14
Applications relating to restrictions of land	10	08	07	02	02	00	00	00	01	06
Rezoning, Consolidation, Subdivision, Alteration & Consent	14	27	04	00	00	00	03	00	07	27
Subdivision & Consolidation	11	20	03	07	00	00	01	00	07	13
Written Consents	26	34	17	12	00	00	02	01	07	21
Relaxations	44	48	20	27	13	00	01	01	10	20
Applications for development outside Scheme Area	01	01	00		00	00	00	00	01	01
Encroachments	01	01	00	00	00	00	00	00	01	01
Appeals	04	03	02	0	0	00	01	00	01	03



### 3.7 Local Economic Development and Tourism

#### INTRODUCTION

The Constitution of the Republic of South Africa bestows to Ray Nkonyeni Municipality the responsibility to promote social and economic development within its area of jurisdiction. It thus requires the municipality to structure and manage its administration, budgeting and planning processes in a manner that gives priority to the basic needs of the community and promotes the social and economic development of its area. The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) mandates local government to promote social and economic development in areas of their jurisdiction. This mandate is outlined further in the White Paper on Local Government (March 1998) which introduces a notion of 'developmental local government' and identifies local economic development as one of the critical outcomes and key performance areas for this sphere government.

To implement the afore-mentioned mandate, the Ray Nkonyeni Municipality established the Department of Development Planning Services, and within this broader department, there are six (6) operational units that focusses on implementation. Such units are made up of Local Economic Development, Building Control, Town Planning, Environmental Management & Signage Control, Investments Programme and the Margate Airport. However, local economic development as a programme rests within the Local Economic Development Unit, with the afore-mentioned sister units providing support and guidance on areas of their expertise. Local Economic Development is further broken down into four (4) sub-units or portfolios, namely Poverty Alleviation Initiatives, SMME & Cooperatives Development, Tourism & Events and Business Regulations, Intelligence & Research. Further, although not placed within the Local Economic Development Unit, there is also an EPWP programme, which is placed in the Office of the Head of Department – Community Services. The EPWP sub-unit oversees the implementation of both incentive-grant funded projects and projects funded internally, which contributes to job creation within the municipality. Over and above projects and programmes that are being implemented by such sub-units, the department is also tasked with facilitating key and catalytic projects, which are managed by the Investments Programme Unit

#### **Key programmes and projects implemented within the specified portfolios in 2021/2022**

##### **3.1.1 Poverty Alleviation Initiatives**

- Rural-based emerging farmer support - assistance with tools & equipment, focussing mainly on emerging small-holder farmers
  - Facilitation of One Home One Garden programme in line with KZN Poverty Eradication Master Plan;
  - Facilitation of Community Garden Programme, targeting community gardens across the municipality;
  - Small scale fishermen & women support in line with national policy for Small Scale Fishing;
  - Facilitation of the Thusong Centre programme within Ray Nkonyeni Municipality. Currently, there are five centres, namely KwaXolo, KwaNzimakwe, KwaMadlala, Bhomela and Oshabeni centres.
  
  - Facilitation and participation in the KZN Fish Processing and satellite cold storage facilities project, which is a project that is led by KZN Department of Economic Development, Tourism & Environmental Affairs, which seeks to establish fish processing sites & further provide cold storage facilities for a couple of fishing cooperatives located within Ray Nkonyeni Municipality.
  - Through the Poverty Alleviation Portfolio, the municipality has also entered into a working partnership in the form of MOU with University of KwaZulu-Natal, whose main objective is to facilitate agricultural development in various rural communities within Ray Nkonyeni Municipality.
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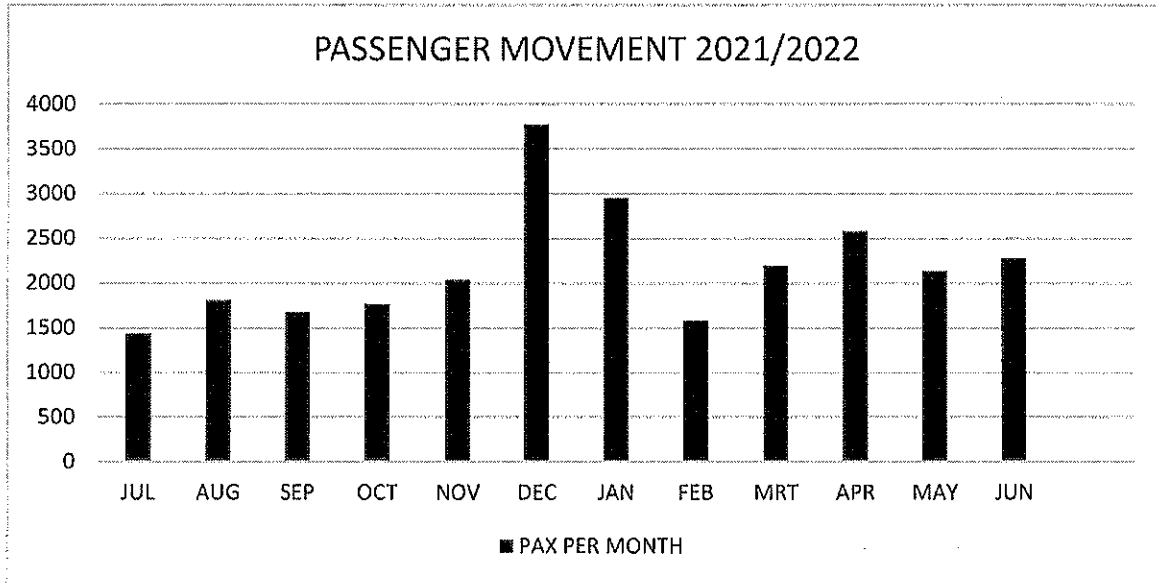
Further, during the said period the municipality had an in-principle agreement with the KZN Film Commission, which should be formalised in the form of a Memorandum of Understanding during 2022/2023. The idea behind partnering with KZN Film Commission is to promote and market RNM as a favourable destination when it comes to filming. Already, a number of films, most notable the "Kandasamys" was filmed in Ramsgate & surrounding areas. The film went on to receive national and international recognition. It is further envisaged that the partnership between RNM and KZN Film Commission will ensure that local talent is exposed and enhanced, and thus potential for industry growth and job creation.

Also, during the said period & in an effort to try and provide markets for crafters and designers, the department partnered with Shelly Centre. The centre made available a shop, which allowed a total of ten (10) crafters and designers to showcase their fashion and craft artefacts at no cost to designers.

### **Business regulations, research & business intelligence**

Business regulations, research & business intelligence as a sub-programme within Local Economic Development mainly focusses on the following:

- Informal Economy management and support, which focusses mainly on processing of permits for various informal trading activities. Linked to that, is also the facilitation of support for the sector, which includes, but not limited to, facilitation of trading and storage infrastructure and facilitation of information and general capacity building for informal traders. To achieve this, the department works closely with twelve (12) Informal Trading Area Committees as well as the Ray Nkonyeni Informal Traders Chamber, which is made up of all Chairpersons of various informal trading area committees. During the 2021/2022 financial year the department facilitated the approval of new informal trading stalls, which is a project that is funded by KZN Department of Cooperative Governance & Traditional Affairs. KZN COGTA invested an amount of R8 million towards the construction of the stalls. Target areas are Hibberdene, Izingolweni and St. Michaels. A total of 115 informal traders are set to be the direct beneficiaries of these facilities. Further, during the same period KZN Department of Economic Development, Tourism and Environmental Affairs approved funding to the tune of R817 000-00, which was set aside to assist the informal traders that suffered during the service delivery riots in Izingolweni. A total of forty (40) informal traders and five (05) SMMEs were the direct beneficiaries of the funding.
  - Formal business licensing programme in line with Businesses Act & its regulations as well as the Ray Nkonyeni Municipality Business Licensing Policy. To execute this delegated mandate, the department works very closely with other sister departments, who provide valuable comments in the value chain of processing business licensing applications. During 2021/2022 financial year the department processed a total of three hundred and fifty (350) business license applications, which included new applications as well as business license renewals.
  - Apart from issuing business licenses, the department also conducted business licensing awareness sessions. The purpose of the sessions are to empower, whilst also guide the potential applicants on the applicable processes when it comes to lodging applications.
  - Further, during the 2021/2022 the department facilitated the participation of RNM in the PASP programme (Pilot Administrative Simplification Programme), which is a programme that is led by the National Department of Small Business Development. In essence, the programme seeks to identify and reduce red tape in various key municipal units. The following Units participated in the PASP programme – Local Economic Development, Building Control, Town Planning, Law Enforcement, ICT, Supply Chain Management, Expenditure Unit and Customer Care.
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Margate Airport strives for constant improvement in the services offered, not only to the passengers but also to the general aviation public.

<b>Employees: Local Economic Development Services (incl LED, Aviations and Technology Hub)</b>					
<b>TASK GRADE</b>	<b>2020/2021</b>	<b>2021/2022</b>			
	<b>Employees No.</b>	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (Fulltime equivalents) No.</b>	<b>Vacancies (as a % of total posts) %</b>
TG. 14 - 16	3	3	3	0	0%
TG. 9 - 13	4	14	4	10	71%
TG. 4 - 8	5	16	6	10	63%
TG. 3	6	3	3	0	0%
<b>Total</b>	<b>18</b>	<b>36</b>	<b>16</b>	<b>20</b>	<b>56%</b>

## Museums galleries

Port Shepstone Cultural history /maritime museum conducted oral history to promote time travel and heritage awareness programmes . Document untold local history in partnership with Provincial Museum services and twinning association. Museums conducted outreach programmes to fourteen (14) schools.Hosted heritage day and International museum day.

The Margate Art gallery museum has created a platform for the local artists to showcase and exhibit their art works .Held three (3) visual art exhibitions. Created interest amongst our youth that visual art and performing arts can be taken as a serious career path. On-going residential art classes at Margate Museum to empower vulnerable children with artistic skills. Hosted Inkundla theatre festival and other youth art programmes in various genres to promote social cohesion.

Employees: Arts & Culture (libraries, museums, galleries, community facilities)					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	28	35	30	5	14%
TG. 4 - 8	34	36	34	2	6%
TG. 3	16	27	15	12	44%
<b>Total</b>	<b>79</b>	<b>99</b>	<b>80</b>	<b>19</b>	<b>19%</b>

Capital Expenditure 2021-22: Libraries; Arts and Culture						R' 000
Capital Projects	2021-22					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	268	208	200	-34%		
LAPTOT & 4G WIFI ROUTER	-	10	-	#DIV/0!		
MUSEUMS COMPUTER ASSETS	300	300	288	-4%		
FURNITURE & OFFICE EQUIPMENT-MODULAR LIBRARY	-	42	31	100%		
MACHINERY & EQUIPMENT MODULAR LIBRARY	-	22	-	#DIV/0!		
Machinery and Equipment (100)	500	500	119	-321%		
LIBRARY DRIVEWAY	-	200	185	100%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						

T 3.12.6

## **1.) Water Safety**

Approximately 11 years ago the former Hibiscus Coast Municipality now called the Ray Nkonyeni Municipality outsourced its Lifesaving functions to private companies who provide/ train and manage Lifeguards. The service was recently advertised as the three (3) contract with Tower 13 Lifeguard Services had come to an end. The new Tender specified that the RNM was going to set up a panel of Lifeguard Service providers to create more opportunities for emerging companies to compete. The Tender was split into three (3) sections. Main and Blue Flag beaches, Seasonal beaches and swimming pools. Three service providers were eventually appointed and they are Emthonjaneni PTY LTD, Mzantsi Facilitators and Magmar Consultants. There are 10 main beaches and 10 seasonal beaches which stretch over an area of 72 kilometres from Hibberdene in the north to Port Edward in the south. The three (3) service providers employ the services of locally based youth and continually train and empower them to work either fulltime or seasonally on the various beaches.

In the Tenders awarded to the three (3) service providers a value added clause was written into their tenders which states that they have to plough back into the community during their 3 year contracts. This service to the community need not be monetary by nature but must be made up of educational programs aimed at the upliftment of the community. They are also required to visit rural schools on a monthly basis and offer water safety talks using Lifeguards in their employ to host these programs. The service providers allow Lifeguards in their employ to register for various extra mural courses which they may want to pursue in the future and financially assist them to partake in the courses. In this way they empower their own staff to improve their qualifications whilst being employed. The decision to further ones studies is left entirely up to the individuals to partake in.

The three (3) service providers employ 25 permanent Lifeguards on a 3 year basis which is the extent of the contract and during school holidays this number increases to approximately 90 additional temporary lifeguards to assist the permanent staff. The temporary Lifeguards are all local and are members of either of the 2 Lifesaving Clubs operating in the RNM. Most of the temporary staff are still scholars and this opportunity allows them to earn money during their vacation.

## **2.) Blue Flag Campaign**

The Internationally renowned Blue Flag campaign was introduced into SA approximately 20 years ago by the Department Agriculture and Environmental Affairs. SA was the first country outside of Europe to be granted permission to partake and fly Blue Flags on specific beaches which comply with all the required international Blue Flag criteria of which there are approximately 32. The Ray Nkonyeni Municipality joined the campaign a year after it was introduced by DAEA and the following year had Margate Beach declared a Blue Flag beach. The RNM is the second longest local authority in SA participating in the campaign and is second only to Nelson Mandela Bay Metro Council.

After the establishment of the BF campaign in SA, DAEA relinquished control of it to an NGO known as the Wildlife and Environmental Society of South Africa WESSA. The RNM has had such a good working relationship with the BF coordinator from WESSA that some of the SA criteria adopted with regards to Lifeguard requirements was based on communications between WESSA and the RNM Aquatic Safety section.

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Financial Performance 2021-22: Arts & Culture					R'000
Details	2021-22				
	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	14979	15025	14754	-2%	
Expenditure:					
Employees	20900	21160	23892	13%	
Repairs and Maintenance	169	299	204	17%	
Other	4896	5115	3188	-54%	
<b>Total Operational Expenditure</b>	25966	26 574	27 284	5%	
<b>Net Operational Expenditure</b>	(10987)	(11549)	(12529)	12%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.12.5					

### 3.3 Special Programmes (Child care, Aged care and Social Programmes)

Introduction
<p>There is a need to ensure that our communities are cared for and that support is given to those who are vulnerable in our communities. This unit within the municipality seeks to ensure that senior citizens, people living with disabilities, vulnerable children, farmworkers, and those people affected by HIV/Aids receive the necessary support to be able to cope in their communities.</p> <p>Their programmes also focus on women and men empowerment which assists in providing life skills training that ensure that these men and women can sustain themselves through their own labour.</p> <p>There are also programmes targeting awareness around women and child abuse which ensures that communities are well informed and empowered regarding their rights and how to act in such instances of abuse.</p>

Projects:
<p><b>Childcare:</b></p> <ul style="list-style-type: none"> <li>• Back to school campaign, 10 schools benefited.</li> <li>• Dress a school child campaign; 440 school children benefited from the programme. 23 Schools benefited</li> <li>• Sanitary dignity campaign programme, 23 schools supported with sanitary towels</li> </ul>
<p><b>Aged care:</b></p> <ul style="list-style-type: none"> <li>• Provision of Walking device in a form of walking sticks to 36 wards, 15 per ward.</li> </ul>
<p><b>HIV/Aids Programmes:</b></p> <ul style="list-style-type: none"> <li>• 4 Local Aids council meeting held, one meeting per quarter</li> </ul>
<p><b>Gender Programmes:</b></p> <ul style="list-style-type: none"> <li>• 12 women in business supported with funding to purchase Equipment/ material to sustain their business</li> </ul>

## Component E: Environmental Management & Signage Control

### 3.4 Environmental Management (pollution control, biodiversity, landscape and coastal protection)

#### **Introduction:**

The Ray Nkonyeni Municipality contains several ecosystems, both aquatic (fresh water and marine) and terrestrial (grasslands, forests). Fresh water aquatic ecosystems include several rivers and associated with these rivers is a significant number of wetland habitats. The municipality has a priority to conserve these ecosystems, not leaving aside dune and seashore environments as well as several estuaries where the rivers enter the Indian Ocean.

#### **Environmental Compliance and Monitoring**

The Ray Nkonyeni Municipality has a responsibility of ensuring compliance with Environmental Legislation. Environmental audits are conducted continuously, and good partnerships formed with other stakeholders such as Department of Economic Development, Tourism and Environmental Affairs (EDTEA); Department of Transport (DOT), Department of Water Affairs (DWA) and other relevant Departments.

Over the past year, there has also been constant monitoring at Margate beach, Nkongweni Lagoon as well as Ramsgate Beach, IBilahlolo Estuary. Monitoring has been done because of the ongoing issues which are being experienced at Margate and Ramsgate Beach (which are some of RNM's main socio- economic hubs). Audit reports and monthly reports submitted monthly contain detailed information.

The section also conducts site inspections based on the Town Planning applications and Building plans received for scrutiny.

#### **Environmental education and awareness**

The Municipality has always hosted annual arbour day initiatives which entails the planting of trees, giving away seedlings and awareness initiatives to schools and communities. This initiative could not be held as per the normal practice due to Covid 19 Regulations. The Municipality working with the Department of Forestry as well as EDTEA managed to give away trees to schools and drive greening initiatives within the RNM.

#### **Sector Plans**

The Municipality has a legal obligation to have certain plans in place in order to ensure compliance with some pieces of Legislation.

##### **Nkongweni Estuarine Management Plan:**

As previously stated, that the Ray Nkonyeni has faced challenges regarding the damage caused at Margate Beach due to water cutting through or along the bank of the beach affecting municipal infrastructure. This has necessitated the municipality to seek remedial measures must be in line with EIA regulations, 2010. The National Department of Environmental Affairs has since funded and undertook the Development of the Nkongweni Estuarine Management Plan. This plan is meant to be a long-term intervention measure which will address the historic issues at Margate Beach and

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Financial Performance 2021-22: Environmental Management & Signage Control				
R'000				
Details	2021-22			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	109	90	87	-25%
Expenditure:				
Employees	209	142	105	-99%
Repairs and Maintenance	128	152	100	-28%
Other	2415	1250	1152	-110%
<b>Total Operational Expenditure</b>	<b>2752</b>	<b>1544</b>	<b>1357</b>	<b>-103%</b>
<b>Net Operational Expenditure</b>	<b>2643</b>	<b>1454</b>	<b>1270</b>	<b>-108%</b>
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>				
T 3.15.5				

Employees: Environmental Management & Signage Control					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	4	5	4	1	20%
TG. 4 - 8	1	1	1	0	0%
TG. 3	0	0	0	0	
<b>Total</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14%</b>

- Services provided are :-
  - Application for Learner Licence Test and issue thereof
  - Application Driving Licence Test and issue thereof
  - Renewal of Driving Licence credit card
  - Conversion of Foreign Driving Licence

#### **4.PUBLIC TRANSPORT & ADMINISTRATION**

Manager: Superintendent R.W. Robinson

Physical Address: No. 3 Alexandra Road, Margate

Contact: 072 084 3128

Email: [Robbie.Robinson@mm.gov.za](mailto:Robbie.Robinson@mm.gov.za)

- Services Rendered are as follows:-
  - Receives traffic fines payments
  - Assists with representations on fines
  - Assists with applications for disable parking discs
  - Assists with taxis permits.
  - Deals with Outstanding Warrants of Arrests on Traffic Fines
  - Serves Summones that have not been paid
  - Assists with general traffic fine & taxi permit queries
  - Prepare Court Rolls for the Port Shepstone, Ramsgate, Umzumbi and Izingolweni courts
  - NB: Cashiers in Port Shepstone (Old Post Office Building)
  - NB: Cashiers in Margate Treasury Office

#### **5.FIRE, RESCUE & DISASTER**

Manager: Fire Chief Mr Selwyn Naidoo

Physical Address: Oslo Beach Fire Station, 23 Alesund Road, Oslo Beach

Contact Number: 039 - 688 2095 / 082 418 2830

Station Commander - Pravesh Ramchander – 039-688 2131/2098/2110

Sea Slopes Fire Station

Fire Crew Margate 039-312 8416/7

Emergency Number: 039-682 5555

Control Room works 24 hours & Firefighters work 24 hours

Services provided are:-

- Emergency Services
- Fire Rescue
- Disaster
- Control Room – reporting of incidents/accidents

#### 4. Fire & Disaster Management

##### Introduction

The section is responsible for ensuring that the Municipality is properly equipped to respond to instances of fire and disaster. The section monitors the Municipality's disaster management plan and ensures that it is reviewed constantly. The section has introduced a 24 hour shift system which has seen response times improve greatly as staff no longer responds from their homes to emergencies.

The section is also responsible for inspections regarding fire safety at business premises etc. these are conducted on a daily basis and also it is involved in on-going basic awareness programmes including programmes for informal dwelling fires.

Employees: Fire & Disaster Management					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	39	41	40	1	2%
TG. 4 - 8	14	27	14	13	48%
TG. 3	1	1	1	0	0%
<b>Total</b>	55	70	56	14	20%

Financial Performance 2021-22: Disaster Management					R'000
Details	2021-22				
	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	–	168	86	100%	
<b>Expenditure:</b>					
Fire fighters	19 919	20 369	22 854	13%	
Other employees	120	120	–	#DIV/0!	
Repairs and Maintenance	48 031	37 828	35 143	-37%	
Other	68071	58 318	57 997	-17%	
<b>Total Operational Expenditure</b>	(68071)	(58150)	(57 911)	-18%	
<b>Net Operational Expenditure</b>	68 071	58 318	57 997	-17%	

*Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.*

T 3.21.5

Employees: MLB & DLTC					
TASK GRADE	2020/2021	2021/2022			
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.	Vacancies (as a % of total posts) %
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	7	7	7	0	0%
TG. 4 - 8	21	29	20	9	31%
TG. 3	1	4	1	3	75%
<b>Total</b>	<b>30</b>	<b>41</b>	<b>29</b>	<b>12</b>	<b>29%</b>

## Component G: Sport and Recreation

### 6. Sport and Recreation

The municipality through its Youth Development office has ensured that sports activities are part of the culture in our surrounding community. The municipality has ensured that it maintains its good relationship with the Ugu District Department of Sports and Recreation. The municipality itself also encourages communities to be involved in sports event as this leads to healthy lifestyle programmes within communities.

The municipality has supported the Department of Sports and Recreation in ensuring that sports development programmes are facilitated within local communities. The youth development unit has launched the sports federation in 2017 and it is still functional despite the challenges caused by the pandemic. Sports activities were stricken out of the municipalities budget in 2019 due to cost containment measures. However, the youth unit in partnership with DSR has developed a good relation in ensuring sport activities are continued without funding from the municipality. Sporting activities were further restricted for the year 2020 due to Covid-19 restrictions bur later resumed when restrictions were eased.

The municipality supports of local leagues. We have partnered with the Department of sports and recreation in hosting youth month sporting activities in June 2022. The RNM Youth month sporting events are the annual events that takes place in June. The main purpose of the games is to encourage the youth to participate in sports activities and to honour all fallen heroes who lost their lives during the times of struggle. These events have been hosted by the municipality for more than a decade successfully. The youth day commemoration also serves as a platform to communicate with the youth and to showcase the talent that we have. All June 2022 sporting events that were planned to take place were successfully conducted. The events include the Beach games that took place at Port Shepstone beach on 18 June, Cluster games held at Shobeni sports ground on 16 June, Cluster game at Thokothe Sports ground on 25 June and cluster games held on 26 June 2022 at Bhambayi sports field

The Special Programmes unit has ensured that we promote healthy lifestyle programmes amongst our elderly by hosting of the Golden games and also the hosting of the sports day for the disabled members of our community has encouraged inclusive and participatory activities for all members of the community.

The Department is responsible for some key functions that assist council carry out its duties, there are 2 Caucus secretaries who assist councillors administratively. Izimbizo (Public Meetings) are facilitated through the Speaker's office which reports to the Head of this Department, the Special Programmes unit which assists in ensuring support is given to vulnerable members of our community also reports under this Department.

The Integrated Development plan, and performance management functions are duties of this Department that requires immense public engagements to ensure that the Municipality is planning and reporting based on community needs. The Department therefore ensures the accountability of the Municipality to the community and continues to find ways of improving its services which will lead to better service delivery.

The Youth Development unit is responsible for facilitating projects that assist in youth participation within the municipality. The unit oversees the hosting of the annual youth summit which assists in public consultation of youth structures and NGOs. The unit has assisted in reviving the local youth councils, and this structure is responsible for ensuring that consultation on youth matters is conducted. Business seminars are hosted by the unit which help empower and motivate youth who are small business owners/entrepreneurs. The unit helped launch the "Queen of high schools" beauty pageant which has gained major traction in empowering high school girls through the life skills and mentoring programmes they get to be a part of. Unemployed youth are targeted through training sessions on life skills and leadership programmes. Career guidance EXPOs and counselling for high school pupils are conducted in partnership with Department of Education, Eskom, SAICA and other tertiary institutions. The unit also facilitates the Mayoral registration fee programme which assists students who are financially disadvantaged to afford registration at tertiary institutions. The unit also plays a major role in sports development amongst the youth within the local wards and helped launch the sports federation within the municipal area.

The Customer Care and Stakeholder Relations plays a pivotal role in ensuring that the Municipality enhances its customer care focus, these are some of the tasks the section is responsible for:

- Switchboard operations;
- Collating telephone calls and instrument costs;
- Compiling of database on all complaints received from the community regarding service delivery;
- Distribution of complaints to the relevant departments; and
- Responding to complainants once feedback has been received from relevant departments.

The Municipality through this section launched its Customer Services Charter and has seen increased positive feedback from the community.

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## 8. Financial Services (Treasury)

The municipality's financial services office is made up of the following units:

**Budget Office:** Responsible for preparing the budget and related policies. This section has also ensured that the Municipality's Annual Financial Statements are prepared in-house with vast improvement over the past 3 years and this is evident in the Unqualified opinion (with other matters) expressed by the Auditor General's office during the past financial year audits and the current year's audit.

**Expenditure Management:** Responsible for monitoring payments made to service providers, ensuring that controls exist regarding the municipality's contract management and that all payments made by the municipality have followed the proper control process.

**Procurement:** Responsible for monitoring controls over the Supply chain management process and ensuring that controls exist to mitigate against any risks that might affect the supply chain processes. The unit oversees procurement process from minor purchase order, mini tenders to open bid tenders and reports on the system in place to Provincial and National Treasury as stipulated in the MFMA.

**Assets Management:** Responsible for monitoring and maintenance of all the municipal assets and safekeeping of all assets. Performing physical verification of assets and ensuring that the municipality maintains a GRAP compliant assets register.

**Revenue:** Responsible for revenue collection, the process of updating the valuation roll, billing services, providing assistance to ratepayers regarding accounts queries. Outstanding debt is still a concern for the municipality therefore one of our main priorities is to continue being focused on debt collection. To improve on this endeavour the municipality went on tender to appoint a panel of attorneys to assist with certain cases where our own Credit Control Section has been unable to collect. The target was set to achieve at least **83%** of what was billed during the year and by the end of the financial year we actually achieved a collection rate of **93%**.

The second General Valuation Roll came into effect on 1 July 2020 and is valid to 30 June 2021. The contracts of the Valuation Appeal Board members, as established by the MEC, ended in December 2013 and a new board was established and commenced with hearing the appeals lodged with the municipality in the new financial year.

Electricity losses still present a major challenge to the municipality so in the new-year the municipality proposes to conduct a meter audit with the intention to identify where the losses are emanating from and work on measures to reduce these losses.

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Capital Expenditure 2021-22: Financial Services (Treasury)					R' 000
Capital Projects	2021-22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	935	970	793	-18%	
MSCOA Reporting Tool/System	400	–	–	#DIV/0!	272
Budget and Treasury: Computer Assets	25	105	94	73%	273
REVENUE COMPUTER ASSETS	100	305	290	65%	274
SUPPLY CHAIN COMPUTER ASSETS	100	100	86	-17%	275
EXPENDITURE COMPUTER ASSETS	80	205	154	48%	276
ASSET MANAGEMENT COMPUTER ASSETS	35	95	71	50%	277
REVENUE FURNITURE AND EQUIPMENT	30	–	–	#DIV/0!	278
EXPENDITURE FURNITURE AND EQUIPMENT	40	60	46	13%	279
Furniture and Equipment	60	60	33	-79%	280
BUDGET AND TREASURY FURNITURE AND EQUIPMENT	20	20	–	#DIV/0!	150
ASSET MANAGEMENT FURNITURE AND EQUIPMENT	25	–	–	#DIV/0!	320
SCM: Furniture and Office Equipment	20	20	19	-5%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.25.6

9. Legal Services, Human Resources, Skills development, Fleet Management and Estates administration

**Legal Services:** The unit is responsible for all legal administration involving the municipality, reviewing of by-laws and ensuring that the municipality keeps abreast of the latest legal developments

**Human Resources:** The unit is responsible for all matter of recruitment, labour relations, and ensuring that the municipality is sourcing out and employing the necessary skilled labour in order to meet its objectives as per the Integrated Development Plan.

**Human Resources Development:** The section assists in ensuring that employees receive the necessary training in order to carry out duties assigned to them and also give employees an opportunity to enhance

Capital Expenditure 2021 - 22: Corporate Services					R' 000
Capital Projects	2021 - 22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	55	981	589	91%	
MANAGEMENT TRAINING COMPUTER ASSETS	-	250	-	#DIV/0!	
ADMINISTRATIVE AND CORPORATE SUPPORT CUMPUTER ASSETS	-	260	222	100%	
Corporate Service Generator	-	266	266	100%	
ADMIN AND CORP MANAGEMENT SERVICES FURNITURE AND EQUIPMENT	-	150	101	100%	
Corp blinds	55	55	-	#DIV/0!	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.26.6

## 10. Information and Communication Technology (ICT) Services

### Introduction

RNM Communication and Information Technology Provide access to information users and network services.

RNM ICT responsible for provision of the following:

- User Access and termination control
- IT Security Management
- Management of email/internet security
- Server Maintenance and software installations
- Management of licensing
- Management of UPS throughout the municipality
- ETMS support
- Cloud services Microsoft Office 365
- Virtual Data Centers
- Printing solutions
- Virtual Meetings

During the financial year, the ICT unit completed the following milestones:

- Upgraded Antivirus to latest version
- Upgraded Backup software to latest version.
- IT BCP implemented.
- Resolved all AG queries.



Capital Expenditure 2021 - 22: Information Technology Services					R' 000
Capital Projects	2021 - 22				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	–	475	255	100%	
IT Server	–	475	255	100%	280
				#DIV/0!	150
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.27.6

## 11.Meetings, Administration and Registry services

### Introduction

During the period under review, the Meetings and Administration Section comprised of three functional units which rendered support service to Council and the administrative units of the Municipality as follows:

#### **Meetings unit:**

Preparation and distribution of agendas;  
Minuteing of meetings;  
Circulation of action sheets and resolution monitoring list;and  
Preparations for Executive Committee; Council, portfolio committee; sub-committee and bid committee meetings

#### **Printings and registry unit:**

Photocopying of agendas etc.;;  
Recording of postage – incoming and outgoing;  
Documenting and circulating of internal mail;  
Filing of resolutions: Bid Committees/Exco/Council/PFC/MPAC/Audit/Revenue and Debt Management/LLF  
Courier Service;  
Rendering administrative assistance to directorates/councillors/public;  
Opening and recording of tender documents; and  
Provision of courier and postage services

#### **Administration:**

Procurement  
Promulgation of notices and bylaws in KZN Provincial Gazette;  
Publishing of notices in local and national newspapers;  
Updating of Council's bylaws and Policy database;

		Minor ailments for the month of May 2021  Consulted 2 employees on Minor ailments for the month of June 2021		minor ailments for the month of November 2021  Consulted with 1 employee on minor ailments for the month December 2021	
<b>Referrals</b>	Two employees were referred on the month of January 2021  Three employees were referred on the month of February 2021	Four referrals on the month of May 2021  One referral on the month of June 2021	Forty-three referrals on the month of September 2021	Four referrals on the month October 2021  Two referrals on the month November 2021  One referral on the month December 2021	Two referrals on the month February 2022
<b>Awareness campaigns</b>	On the 15 <sup>th</sup> of January 2021 Conducted in service training for compliance officers on Covid 19 level 3 regulations.  Conducted awareness campaign on Covid_19 vaccination on the month of March 2021	EVDS workshop conducted for the health and safety rep month of May 2021  EDVS registration on COVID_19 phase 2 vaccination from 17 <sup>th</sup> to 21 May 2021  Conducted Health and wellness screening Roadshow for all essential	On the 11 <sup>th</sup> of August 2021, the section conducted a Health awareness campaign on sexual harassment on the workplace via Teams.  The section conducted a Health awareness campaign on the 18 <sup>th</sup> of	The section conducted a Health awareness campaign on the 18 <sup>th</sup> of November 2021.	Awareness campaign were conducted on the 16 <sup>th</sup> and 18 <sup>th</sup> February 2022

<b>EAP Workshops</b>	EAP Financial management workshop was conducted on the month of March 2021  Healthy lifestyle awareness was conducted on the month of March 2021	EAP Financial management workshop was conducted from the 17 <sup>th</sup> to 21 <sup>st</sup> of May 2021  Healthy lifestyle awareness was conducted from the 17 <sup>th</sup> to 21 <sup>st</sup> of May 2021	EAP Financial management workshop was conducted on the 18 <sup>th</sup> of November 2021	EAP Financial management workshop was conducted on the 18 <sup>th</sup> of November 2021	EAP workshops were conducted on the 16 <sup>th</sup> and 18 <sup>th</sup> February 2022.
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<b>Employees: Employee Wellness &amp; Labour Relations</b>					
<b>TASK GRADE</b>	<b>2020/2021</b>		<b>2021/2022</b>		
	<b>Employees No.</b>	<b>Posts No.</b>	<b>Employees No.</b>	<b>Vacancies (Fulltime equivalents) No.</b>	<b>Vacancies (as a % of total posts) %</b>
TG. 14 - 16	1	1	1	0	0%
TG. 9 - 13	4	4	4	0	0%
TG. 4 - 8	1	1	1	0	0%
TG. 3	0	0	0	0	
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0%</b>

Project ID	Project Name	Project Description	Project Status	Project Type	Project Start	Project End	Project Manager	Project Sponsor	Project Budget	Project Risk	Project Complexity	Project Impact	Project Location	Project Stakeholders	Project Deliverables	Project Milestones	Project Risks	Project Challenges	Project Success			
																				Project Lead	Project Team	Project Budget
1	Project A	Project A Description	Completed	Strategic	2020-01-01	2020-12-31	John Doe	ABC Corp	\$1,000,000	Low	Medium	High	USA	Internal	Project A Deliverables	2020-03-15	2020-06-01	2020-09-15	2020-12-31	On Track	Minor Delays	95%
2	Project B	Project B Description	In Progress	Operational	2021-01-01	2021-12-31	Jane Smith	DEF Corp	\$500,000	Medium	High	Medium	USA	External	Project B Deliverables	2021-03-01	2021-06-15	2021-09-30	2021-12-31	At Risk	Budget Overrun	80%
3	Project C	Project C Description	On Hold	Strategic	2022-01-01	2022-12-31	Mike Johnson	GHI Corp	\$2,000,000	High	Very High	Very High	USA	Internal	Project C Deliverables	2022-03-01	2022-06-01	2022-09-01	2022-12-31	Cancelled	Resource Shortage	0%
4	Project D	Project D Description	Completed	Operational	2020-01-01	2020-12-31	Sarah Lee	JKL Corp	\$750,000	Low	Medium	Medium	USA	Internal	Project D Deliverables	2020-03-15	2020-06-01	2020-09-15	2020-12-31	On Track	Minor Delays	90%
5	Project E	Project E Description	In Progress	Strategic	2021-01-01	2021-12-31	David Kim	MNO Corp	\$1,500,000	Medium	High	High	USA	External	Project E Deliverables	2021-03-01	2021-06-15	2021-09-30	2021-12-31	At Risk	Scope Creep	75%
6	Project F	Project F Description	On Hold	Operational	2022-01-01	2022-12-31	Emily White	PQR Corp	\$900,000	High	Very High	Very High	USA	Internal	Project F Deliverables	2022-03-01	2022-06-01	2022-09-01	2022-12-31	Cancelled	Resource Shortage	0%
7	Project G	Project G Description	Completed	Strategic	2020-01-01	2020-12-31	Chris Brown	STU Corp	\$1,200,000	Low	Medium	Medium	USA	Internal	Project G Deliverables	2020-03-15	2020-06-01	2020-09-15	2020-12-31	On Track	Minor Delays	92%
8	Project H	Project H Description	In Progress	Operational	2021-01-01	2021-12-31	Alex Green	VWX Corp	\$600,000	Medium	High	Medium	USA	External	Project H Deliverables	2021-03-01	2021-06-15	2021-09-30	2021-12-31	At Risk	Budget Overrun	78%
9	Project I	Project I Description	On Hold	Strategic	2022-01-01	2022-12-31	Olivia Black	YZA Corp	\$1,800,000	High	Very High	Very High	USA	Internal	Project I Deliverables	2022-03-01	2022-06-01	2022-09-01	2022-12-31	Cancelled	Resource Shortage	0%
10	Project J	Project J Description	Completed	Operational	2020-01-01	2020-12-31	Noah Gray	BCD Corp	\$850,000	Low	Medium	Medium	USA	Internal	Project J Deliverables	2020-03-15	2020-06-01	2020-09-15	2020-12-31	On Track	Minor Delays	88%

Project Name	Project Description	Project Status	Project Start Date	Project End Date	Project Manager	Project Sponsor	Project Budget	Project Risk	Project Complexity	Project Location	Project Outcome
Project A	Development of new software	Completed	2022-01-01	2022-03-31	John Doe	John Doe	\$1,000,000	Low	Medium	USA	Successful launch of new software
Project B	Infrastructure upgrade	In Progress	2022-02-15	2022-06-30	Jane Smith	Jane Smith	\$2,500,000	Medium	High	USA	Partial completion of infrastructure upgrade
Project C	Market research	Completed	2022-03-01	2022-03-31	Mike Johnson	Mike Johnson	\$500,000	Low	Low	USA	Final report and recommendations
Project D	Customer service improvement	In Progress	2022-04-01	2022-07-31	Sarah Lee	Sarah Lee	\$750,000	Medium	Medium	USA	Implementation of new customer service platform
Project E	Product development	Completed	2022-05-01	2022-08-31	David Kim	David Kim	\$1,200,000	Low	Medium	USA	Successful launch of new product
Project F	Operational efficiency	In Progress	2022-06-01	2022-09-30	Emily White	Emily White	\$900,000	Medium	Medium	USA	Implementation of new operational procedures
Project G	IT system migration	Completed	2022-07-01	2022-10-31	Chris Brown	Chris Brown	\$1,800,000	High	High	USA	Successful migration of IT systems
Project H	Marketing campaign	Completed	2022-08-01	2022-11-30	Alex Green	Alex Green	\$600,000	Low	Low	USA	Successful completion of marketing campaign
Project I	Supply chain optimization	In Progress	2022-09-01	2023-01-31	Mia Black	Mia Black	\$1,100,000	Medium	Medium	USA	Implementation of new supply chain processes
Project J	Employee training	Completed	2022-10-01	2022-12-31	Noah Gray	Noah Gray	\$400,000	Low	Low	USA	Successful completion of employee training
Project K	Website redesign	In Progress	2022-11-01	2023-02-28	Liam Blue	Liam Blue	\$800,000	Medium	Medium	USA	Implementation of new website design
Project L	Compliance audit	Completed	2022-12-01	2022-12-31	Olivia Purple	Olivia Purple	\$300,000	Low	Low	USA	Successful completion of compliance audit

Project Name	Project Description	Project Status	Project Start Date	Project End Date	Project Budget	Project Actual Cost	Project Variance	Project Risk	Project Complexity	Project Location	Project Team	Project Manager	Project Sponsor	Project Stakeholders	Project Deliverables	Project Metrics
Project A	Project A Description	Completed	2022-01-01	2022-03-31	\$1,000,000	\$950,000	\$50,000	Low	Medium	New York	John Doe	Jane Smith	ABC Corp	XYZ Inc	Project A Deliverables	95%
Project B	Project B Description	In Progress	2022-04-01	2022-06-30	\$2,000,000	\$1,800,000	\$200,000	Medium	High	Los Angeles	Mike Johnson	Sarah Lee	DEF Corp	GHI Corp	Project B Deliverables	80%
Project C	Project C Description	On Hold	2022-07-01	2022-09-30	\$500,000	\$500,000	\$0	High	Low	Chicago	David Brown	Emily White	JKL Corp	MNO Corp	Project C Deliverables	0%
Project D	Project D Description	Completed	2022-10-01	2022-12-31	\$3,000,000	\$2,900,000	\$100,000	Low	Medium	San Francisco	Robert Green	Laura Black	PQR Corp	STU Corp	Project D Deliverables	98%
Project E	Project E Description	In Progress	2023-01-01	2023-03-31	\$1,500,000	\$1,400,000	\$100,000	Medium	High	London	James Wilson	Olivia Taylor	VWX Corp	YZA Corp	Project E Deliverables	75%
Project F	Project F Description	On Hold	2023-04-01	2023-06-30	\$800,000	\$800,000	\$0	High	Low	Paris	Benjamin Clark	Sophia Lewis	BCD Corp	EFG Corp	Project F Deliverables	0%
Project G	Project G Description	Completed	2023-07-01	2023-09-30	\$2,500,000	\$2,400,000	\$100,000	Low	Medium	Stockholm	Andreas Eriksson	Emma Johansson	HIJ Corp	KLM Corp	Project G Deliverables	99%
Project H	Project H Description	In Progress	2023-10-01	2023-12-31	\$1,200,000	\$1,100,000	\$100,000	Medium	High	Oslo	Per Andersen	Ingrid Solberg	NOP Corp	QRS Corp	Project H Deliverables	70%
Project I	Project I Description	On Hold	2024-01-01	2024-03-31	\$600,000	\$600,000	\$0	High	Low	Berlin	Klaus Müller	Lena Schmidt	TUV Corp	WXY Corp	Project I Deliverables	0%
Project J	Project J Description	Completed	2024-04-01	2024-06-30	\$400,000	\$390,000	\$10,000	Low	Medium	Munich	Thomas Weber	Sarah Klein	XYZ Corp	ABC Corp	Project J Deliverables	97%
Project K	Project K Description	In Progress	2024-07-01	2024-09-30	\$900,000	\$850,000	\$50,000	Medium	High	Frankfurt	Michael Hoffmann	Kristin Richter	DEF Corp	GHI Corp	Project K Deliverables	78%
Project L	Project L Description	On Hold	2024-10-01	2024-12-31	\$700,000	\$700,000	\$0	High	Low	Hamburg	Anna Meyer	Benjamin Klein	JKL Corp	MNO Corp	Project L Deliverables	0%
Project M	Project M Description	Completed	2025-01-01	2025-03-31	\$1,100,000	\$1,050,000	\$50,000	Low	Medium	Köln	Stefan Fischer	Julia Bauer	PQR Corp	STU Corp	Project M Deliverables	96%
Project N	Project N Description	In Progress	2025-04-01	2025-06-30	\$1,800,000	\$1,700,000	\$100,000	Medium	High	Düsseldorf	Christian Koch	Isabella Wagner	VWX Corp	YZA Corp	Project N Deliverables	72%
Project O	Project O Description	On Hold	2025-07-01	2025-09-30	\$550,000	\$550,000	\$0	High	Low	Dortmund	Markus Schulz	Sarah Huber	BCD Corp	EFG Corp	Project O Deliverables	0%
Project P	Project P Description	Completed	2025-10-01	2025-12-31	\$3,500,000	\$3,400,000	\$100,000	Low	Medium	Essen	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project P Deliverables	98%
Project Q	Project Q Description	In Progress	2026-01-01	2026-03-31	\$1,300,000	\$1,200,000	\$100,000	Medium	High	Leipzig	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project Q Deliverables	75%
Project R	Project R Description	On Hold	2026-04-01	2026-06-30	\$850,000	\$850,000	\$0	High	Low	Bielefeld	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project R Deliverables	0%
Project S	Project S Description	Completed	2026-07-01	2026-09-30	\$2,200,000	\$2,100,000	\$100,000	Low	Medium	Münster	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project S Deliverables	97%
Project T	Project T Description	In Progress	2026-10-01	2026-12-31	\$1,600,000	\$1,500,000	\$100,000	Medium	High	Osnabrück	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project T Deliverables	73%
Project U	Project U Description	On Hold	2027-01-01	2027-03-31	\$650,000	\$650,000	\$0	High	Low	Regensburg	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project U Deliverables	0%
Project V	Project V Description	Completed	2027-04-01	2027-06-30	\$450,000	\$440,000	\$10,000	Low	Medium	Salzbourg	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project V Deliverables	96%
Project W	Project W Description	In Progress	2027-07-01	2027-09-30	\$950,000	\$900,000	\$50,000	Medium	High	Worms	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project W Deliverables	76%
Project X	Project X Description	On Hold	2027-10-01	2027-12-31	\$750,000	\$750,000	\$0	High	Low	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project X Deliverables	0%
Project Y	Project Y Description	Completed	2028-01-01	2028-03-31	\$1,400,000	\$1,350,000	\$50,000	Low	Medium	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project Y Deliverables	98%
Project Z	Project Z Description	In Progress	2028-04-01	2028-06-30	\$1,900,000	\$1,800,000	\$100,000	Medium	High	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project Z Deliverables	74%
Project AA	Project AA Description	On Hold	2028-07-01	2028-09-30	\$580,000	\$580,000	\$0	High	Low	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AA Deliverables	0%
Project AB	Project AB Description	Completed	2028-10-01	2028-12-31	\$3,800,000	\$3,700,000	\$100,000	Low	Medium	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project AB Deliverables	99%
Project AC	Project AC Description	In Progress	2029-01-01	2029-03-31	\$1,700,000	\$1,600,000	\$100,000	Medium	High	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project AC Deliverables	77%
Project AD	Project AD Description	On Hold	2029-04-01	2029-06-30	\$800,000	\$800,000	\$0	High	Low	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project AD Deliverables	0%
Project AE	Project AE Description	Completed	2029-07-01	2029-09-30	\$2,600,000	\$2,500,000	\$100,000	Low	Medium	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project AE Deliverables	97%
Project AF	Project AF Description	In Progress	2029-10-01	2029-12-31	\$1,500,000	\$1,400,000	\$100,000	Medium	High	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AF Deliverables	75%
Project AG	Project AG Description	On Hold	2030-01-01	2030-03-31	\$680,000	\$680,000	\$0	High	Low	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project AG Deliverables	0%
Project AH	Project AH Description	Completed	2030-04-01	2030-06-30	\$480,000	\$470,000	\$10,000	Low	Medium	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project AH Deliverables	98%
Project AI	Project AI Description	In Progress	2030-07-01	2030-09-30	\$980,000	\$930,000	\$50,000	Medium	High	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project AI Deliverables	78%
Project AJ	Project AJ Description	On Hold	2030-10-01	2030-12-31	\$780,000	\$780,000	\$0	High	Low	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project AJ Deliverables	0%
Project AK	Project AK Description	Completed	2031-01-01	2031-03-31	\$1,600,000	\$1,550,000	\$50,000	Low	Medium	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AK Deliverables	96%
Project AL	Project AL Description	In Progress	2031-04-01	2031-06-30	\$2,100,000	\$2,000,000	\$100,000	Medium	High	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project AL Deliverables	76%
Project AM	Project AM Description	On Hold	2031-07-01	2031-09-30	\$600,000	\$600,000	\$0	High	Low	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project AM Deliverables	0%
Project AN	Project AN Description	Completed	2031-10-01	2031-12-31	\$400,000	\$390,000	\$10,000	Low	Medium	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project AN Deliverables	97%
Project AO	Project AO Description	In Progress	2032-01-01	2032-03-31	\$1,000,000	\$950,000	\$50,000	Medium	High	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project AO Deliverables	79%
Project AP	Project AP Description	On Hold	2032-04-01	2032-06-30	\$850,000	\$850,000	\$0	High	Low	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AP Deliverables	0%
Project AQ	Project AQ Description	Completed	2032-07-01	2032-09-30	\$2,800,000	\$2,700,000	\$100,000	Low	Medium	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project AQ Deliverables	98%
Project AR	Project AR Description	In Progress	2032-10-01	2032-12-31	\$1,800,000	\$1,700,000	\$100,000	Medium	High	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project AR Deliverables	77%
Project AS	Project AS Description	On Hold	2033-01-01	2033-03-31	\$700,000	\$700,000	\$0	High	Low	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project AS Deliverables	0%
Project AT	Project AT Description	Completed	2033-04-01	2033-06-30	\$500,000	\$490,000	\$10,000	Low	Medium	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project AT Deliverables	97%
Project AU	Project AU Description	In Progress	2033-07-01	2033-09-30	\$1,100,000	\$1,050,000	\$50,000	Medium	High	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AU Deliverables	78%
Project AV	Project AV Description	On Hold	2033-10-01	2033-12-31	\$900,000	\$900,000	\$0	High	Low	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project AV Deliverables	0%
Project AW	Project AW Description	Completed	2034-01-01	2034-03-31	\$1,300,000	\$1,250,000	\$50,000	Low	Medium	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project AW Deliverables	96%
Project AX	Project AX Description	In Progress	2034-04-01	2034-06-30	\$1,900,000	\$1,800,000	\$100,000	Medium	High	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project AX Deliverables	77%
Project AY	Project AY Description	On Hold	2034-07-01	2034-09-30	\$650,000	\$650,000	\$0	High	Low	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project AY Deliverables	0%
Project AZ	Project AZ Description	Completed	2034-10-01	2034-12-31	\$450,000	\$440,000	\$10,000	Low	Medium	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project AZ Deliverables	97%
Project BA	Project BA Description	In Progress	2035-01-01	2035-03-31	\$1,050,000	\$1,000,000	\$50,000	Medium	High	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project BA Deliverables	79%
Project BB	Project BB Description	On Hold	2035-04-01	2035-06-30	\$850,000	\$850,000	\$0	High	Low	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project BB Deliverables	0%
Project BC	Project BC Description	Completed	2035-07-01	2035-09-30	\$2,900,000	\$2,800,000	\$100,000	Low	Medium	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project BC Deliverables	98%
Project BD	Project BD Description	In Progress	2035-10-01	2035-12-31	\$1,950,000	\$1,850,000	\$100,000	Medium	High	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project BD Deliverables	78%
Project BE	Project BE Description	On Hold	2036-01-01	2036-03-31	\$750,000	\$750,000	\$0	High	Low	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project BE Deliverables	0%
Project BF	Project BF Description	Completed	2036-04-01	2036-06-30	\$550,000	\$540,000	\$10,000	Low	Medium	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project BF Deliverables	97%
Project BG	Project BG Description	In Progress	2036-07-01	2036-09-30	\$1,150,000	\$1,100,000	\$50,000	Medium	High	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project BG Deliverables	79%
Project BH	Project BH Description	On Hold	2036-10-01	2036-12-31	\$950,000	\$950,000	\$0	High	Low	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project BH Deliverables	0%
Project BI	Project BI Description	Completed	2037-01-01	2037-03-31	\$1,350,000	\$1,300,000	\$50,000	Low	Medium	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project BI Deliverables	96%
Project BJ	Project BJ Description	In Progress	2037-04-01	2037-06-30	\$1,950,000	\$1,850,000	\$100,000	Medium	High	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project BJ Deliverables	78%
Project BK	Project BK Description	On Hold	2037-07-01	2037-09-30	\$680,000	\$680,000	\$0	High	Low	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project BK Deliverables	0%
Project BL	Project BL Description	Completed	2037-10-01	2037-12-31	\$480,000	\$470,000	\$10,000	Low	Medium	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project BL Deliverables	97%
Project BM	Project BM Description	In Progress	2038-01-01	2038-03-31	\$1,080,000	\$1,030,000	\$50,000	Medium	High	Wuppertal	Markus Schulz	Sarah Huber	DEF Corp	GHI Corp	Project BM Deliverables	79%
Project BN	Project BN Description	On Hold	2038-04-01	2038-06-30	\$880,000	\$880,000	\$0	High	Low	Wuppertal	Frank Neumann	Lena Meyer	HIJ Corp	KLM Corp	Project BN Deliverables	0%
Project BO	Project BO Description	Completed	2038-07-01	2038-09-30	\$3,000,000	\$2,900,000	\$100,000	Low	Medium	Wuppertal	Timon Richter	Sarah Klein	NOP Corp	QRS Corp	Project BO Deliverables	98%
Project BP	Project BP Description	In Progress	2038-10-01	2038-12-31	\$2,000,000	\$1,900,000	\$100,000	Medium	High	Wuppertal	Anna Müller	Benjamin Klein	TUV Corp	WXY Corp	Project BP Deliverables	79%
Project BQ	Project BQ Description	On Hold	2039-01-01	2039-03-31	\$780,000	\$780,000	\$0	High	Low	Wuppertal	Christian Koch	Isabella Wagner	XYZ Corp	ABC Corp	Project BQ Deliverables	0

Project Name	Project Description	Start Date	End Date	Phase	Status	Progress (%)	Budget (M)	Actual (M)	Variance (M)	Owner	Responsible Party	Reporting Unit	Notes
Project A	Phase 1: Planning and Design	2023-01-01	2023-03-31	Phase 1	Completed	100%	5.0	5.0	0.0	John Doe	John Doe	Department A	Phase 1 completed on time and within budget.
Project B	Phase 2: Construction	2023-04-01	2023-06-30	Phase 2	In Progress	75%	10.0	10.5	-0.5	Jane Smith	Jane Smith	Department B	Construction progress is 75%, slightly over budget.
Project C	Phase 3: Testing and Commissioning	2023-07-01	2023-09-30	Phase 3	Planned	0%	5.0	0.0	5.0	Mike Johnson	Mike Johnson	Department C	Testing and commissioning phase has not yet started.
Project D	Phase 4: Final Review and Handover	2023-10-01	2023-12-31	Phase 4	Planned	0%	5.0	0.0	5.0	Sarah Lee	Sarah Lee	Department D	Final review and handover phase is planned for Q4.
Project E	Phase 5: Post-Project Evaluation	2024-01-01	2024-03-31	Phase 5	Planned	0%	2.0	0.0	2.0	David King	David King	Department E	Post-project evaluation phase is planned for early 2024.







Project Category	Project Name	Project Description	Project Status	Project Manager	Project Start Date	Project End Date	Project Budget	Project Funding	Project Location	Project Type	Project Outcome	Project Impact	Project Risk	Project Notes
Health Care	Project A	Construction of a new hospital wing	Completed	John Doe	2018	2020	\$10M	Federal	USA	Health Care	Increased patient capacity	Improved patient care	Low	Project completed ahead of schedule
Health Care	Project B	Renovation of existing hospital building	In Progress	Jane Smith	2019	2021	\$8M	State	USA	Health Care	Modernized facilities	Enhanced patient experience	Medium	Minor delays due to weather
Health Care	Project C	Implementation of a new medical device	Completed	Mike Johnson	2017	2018	\$5M	Private	USA	Health Care	Improved diagnostic accuracy	Reduced patient wait times	Low	Successful launch and adoption
Health Care	Project D	Development of a new medical device	In Progress	Sarah Lee	2020	2022	\$12M	Private	USA	Health Care	Advanced diagnostic capabilities	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project E	Implementation of a new medical device	Completed	David Kim	2019	2020	\$7M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Smooth transition to clinical use
Health Care	Project F	Development of a new medical device	In Progress	Emily White	2021	2023	\$9M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer
Health Care	Project G	Implementation of a new medical device	Completed	Robert Brown	2018	2019	\$6M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project H	Development of a new medical device	In Progress	Laura Green	2020	2022	\$11M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project I	Implementation of a new medical device	Completed	Kevin Black	2017	2018	\$4M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project J	Development of a new medical device	In Progress	Nicole Gray	2021	2023	\$10M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer
Health Care	Project K	Implementation of a new medical device	Completed	Christopher Blue	2019	2020	\$8M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project L	Development of a new medical device	In Progress	Amanda Yellow	2020	2022	\$9M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project M	Implementation of a new medical device	Completed	Matthew Purple	2018	2019	\$7M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project N	Development of a new medical device	In Progress	Stephanie Pink	2021	2023	\$11M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer
Health Care	Project O	Implementation of a new medical device	Completed	Jonathan Orange	2017	2018	\$5M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project P	Development of a new medical device	In Progress	Karen Red	2020	2022	\$10M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project Q	Implementation of a new medical device	Completed	Gregory Green	2019	2020	\$8M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project R	Development of a new medical device	In Progress	Heather Blue	2021	2023	\$9M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer
Health Care	Project S	Implementation of a new medical device	Completed	Timothy Purple	2018	2019	\$7M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project T	Development of a new medical device	In Progress	Michelle Yellow	2020	2022	\$10M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project U	Implementation of a new medical device	Completed	Brandon Orange	2017	2018	\$6M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project V	Development of a new medical device	In Progress	Samantha Red	2021	2023	\$11M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer
Health Care	Project W	Implementation of a new medical device	Completed	Benjamin Green	2019	2020	\$9M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project X	Development of a new medical device	In Progress	Victoria Blue	2020	2022	\$10M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Key milestones achieved
Health Care	Project Y	Implementation of a new medical device	Completed	Patrick Purple	2018	2019	\$8M	Private	USA	Health Care	Improved patient safety	Enhanced patient care	Low	Successful launch and adoption
Health Care	Project Z	Development of a new medical device	In Progress	Christina Yellow	2021	2023	\$9M	Private	USA	Health Care	Advanced patient monitoring	Streamlined patient care	Medium	Strong partnership with manufacturer

**Vacancy Rate: 2021 - 2022**

Designations	Total approved posts	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00%
CFO	1	0	0,00%
Other S57 Managers (excluding Finance posts)	6	0	0,00%
Management levels 14-16 (Including Senior Town Planners and excluding Finance posts)	40	2	5,00%
Management levels: 14-16 (Finance posts)	6	0	0,00%
Skilled Supervision: 9 - 13	257	48	18,68%
Semi-skilled: levels : 4 - 7	427	152	35,60%
Unskilled: Levels: 0 - 3	335	181	54,03%
<b>Totals</b>	<b>1073</b>	<b>383</b>	<b>35,69%</b>

**Turn-over Rate**

Details	Total employees at the beginning of Financial year	Terminations during the Financial year	Turn-over Rate
	No.	No.	
2021/2022	1066	44	4,13%

**Financial Competency Development: Progress Report**

<b>Description</b>	<b>(A) Total number of officials employed by municipality</b>	<b>(B) Total number of officials employed by municipal entities</b>	<b>Consolidated: Total A &amp; B</b>	<b>Consolidated: Competency assessments completed for A &amp; B</b>	<b>Consolidated: Total number of officials whose performance agreements comply with regulation 16</b>	<b>Consolidated: Total number of officials that meet prescribed competency levels</b>
<b>Financial Officials</b>						
<b>Accounting Officer</b>	1	0	1	1	1	1
<b>Chief Financial Officer</b>	1	0	1	1	1	1
<b>Head of Department</b>	6	0	6	6	6	6
<b>Any other financial officials</b>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>	0	0	0	0	0	0
<b>SCM Managers</b>	1	0	1	1	1	1
<b>Total</b>	<b>9</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

**Skills Development Expenditure**

R

Management Level	Gender	Employees in Post as at 30 June 2022	Original Budget and Actual Expenditure on Skills Development 2021-22					
			Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget
<b>MM &amp; S57</b>	Male	6	120000	0	120000	40000	240000	40000
	Female	2	40000	30000	20000	0	60000	30000
<b>Councillors, senior officials and managers</b>	Male	61	100000	0	100000	24330	200000	-
	Female	43	100000	0	100000	0	200000	-
<b>Technicians and associate Professionals</b>	Male	41	70000	43391	-	-	70000	43391
	Female	19	30000	57854	-	-	30000	57854
<b>Professionals</b>	Male	23	40000	36980	70000	0	110000	36980
	Female	39	40000	24550	90000	11000	130000	31550
<b>Sub total</b>	Male	131	330000	52081	290000	64330	420000	120371
	Female	103	210000	112404	21000	11000	240000	119404
<b>Total</b>		<b>226</b>	<b>540000</b>	<b>164485</b>	<b>500000</b>	<b>75330</b>	<b>660000</b>	<b>239775</b>

The Covid-19 pandemic impacted on the training programmes that were supposed to be offered.

## 5.1.1 Financial Performance of Operational Services

KZN216 Ray Nkonyeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue - Functional</b>										
Governance and administration		702 315	737 020	730 655	20 048	751 003	730 655	11 428	2%	730 655
Executive and council		267 278	233 214	233 214	937	234 071	233 214	857	0%	233 214
Finance and administration		495 036	503 815	506 441	19 110	517 012	506 441	10 571	2%	506 441
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		72 145	94 146	90 633	8 510	65 105	90 633	(31 438)	-33%	90 633
Community and social services		14 724	16 085	15 181	1 836	16 338	15 181	1 157	8%	15 181
Sport and recreation		42	46	46	1	63	46	17	37%	46
Public safety		418	-	168	7	86	168	(82)	-49%	168
Housing		56 961	78 015	81 238	6 666	48 708	81 238	(32 530)	-40%	81 238
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		116 717	177 432	207 282	54 725	200 250	207 282	(7 023)	-3%	207 282
Planning and development		97 076	139 304	172 810	39 699	156 851	172 810	(15 959)	-9%	172 810
Road transport		29 206	37 579	34 098	14 988	42 998	34 098	8 899	26%	34 098
Environmental protection		435	349	374	38	411	374	37	10%	374
Trading services		206 813	254 310	253 668	14 801	230 855	253 668	(22 813)	-9%	253 668
Energy sources		142 122	175 039	175 422	13 729	162 773	175 422	(12 649)	-7%	175 422
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		64 691	79 279	78 246	1 072	68 081	78 246	(10 165)	-13%	78 246
Other	4	7 928	6 980	6 912	74	1 106	6 912	(5 748)	-83%	6 912
<b>Total Revenue - Functional</b>	<b>2</b>	<b>1 105 917</b>	<b>1 200 906</b>	<b>1 304 151</b>	<b>98 158</b>	<b>1 248 557</b>	<b>1 304 151</b>	<b>(55 593)</b>	<b>-4%</b>	<b>1 304 151</b>
<b>Expenditure - Functional</b>										
Governance and administration		308 184	405 085	429 317	111 488	442 851	429 317	13 334	3%	429 317
Executive and council		119 933	55 516	44 101	3 913	41 241	44 101	(2 860)	-6%	44 101
Finance and administration		223 968	320 170	354 482	102 376	360 223	354 482	14 741	4%	354 482
Internal audit		24 282	29 379	30 734	5 177	32 197	30 734	1 453	5%	30 734
Community and public safety		138 323	175 002	178 782	13 957	150 781	178 782	(26 000)	-15%	178 782
Community and social services		30 674	33 027	33 615	3 636	34 743	33 615	1 128	3%	33 615
Sport and recreation		4 714	5 016	4 926	545	5 037	4 926	111	2%	4 926
Public safety		35 193	47 418	45 376	5 935	50 559	45 376	5 184	11%	45 376
Housing		67 742	90 232	92 866	3 841	60 442	92 866	(32 424)	-35%	92 866
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		192 700	203 087	209 030	25 678	210 874	209 030	1 835	1%	209 030
Planning and development		36 003	45 381	46 692	5 243	43 238	46 692	(3 454)	-7%	46 692
Road transport		140 304	133 496	136 223	17 573	142 373	136 223	6 150	5%	136 223
Environmental protection		16 458	24 190	26 124	2 862	25 264	26 124	(960)	-3%	26 124
Trading services		301 688	328 084	332 457	40 321	317 742	332 457	(14 715)	-4%	332 457
Energy sources		131 308	151 016	152 150	31 488	154 214	152 150	2 064	1%	152 150
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		170 560	175 668	180 307	17 832	163 528	180 307	(16 779)	-9%	180 307
Other		2 447	6 303	4 824	377	3 015	4 824	(1 809)	-38%	4 824
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>1 003 587</b>	<b>1 116 811</b>	<b>1 152 419</b>	<b>200 798</b>	<b>1 125 083</b>	<b>1 152 419</b>	<b>(27 356)</b>	<b>-2%</b>	<b>1 152 419</b>
<b>Surplus (Deficit) for the year</b>		<b>102 330</b>	<b>153 095</b>	<b>151 731</b>	<b>(102 640)</b>	<b>123 474</b>	<b>151 731</b>	<b>(28 237)</b>	<b>-18%</b>	<b>151 731</b>

## Component B: Spending Against Capital Budget

### 5.3 Capital Expenditure

<b>Capital Projects</b>		<b>R' 000</b>
<b>Details</b>	<b>2021-22</b>	
Original Budget	136 944	
Adjustment Budget	158 653	
Actual	153 088	

### 5.4 Sources of Finance

<b>Financial Overview: 2021-22</b>			
<b>R'000</b>			
<b>Details</b>	<b>2021-22</b>		
	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
Income:			
Grants	403 152	437 565	415 748
Taxes, Levies and tariffs	713 905	713 972	679 419
Other	152 849	152 614	153 390
<b>Sub Total</b>	<b>1 269 906</b>	<b>1 304 151</b>	<b>1 248 557</b>
Less: Expenditure	1 116 811	1 152 419	1 125 063
Net Total	153 095	151 731	123 494
<i>Note: surplus/(defecit)</i>			

**Capital Expenditure of 5 largest projects**

R' 000

Name of Project	Current 2021-22			Variance 2021-22	
	Budget	Adjustment	Actual	Variance from original	Adjustments Budget
Road Reseals	4 348	9 037	8 518	49%	-6%
LOUISIANA RING ROAD (WARD 15)	6 522	16 994	16 993	62%	0%
Mvuzane Road and Vehicular Bridge Ward 14	3 478	3 837	3 837	9%	0%
Kwasithole Pedestrian Bridge (Ward 21)	2 609	5 905	5 905	56%	0%
ROADS URBAN STORMWATER	3 043	3 041	3 041	0%	0%
Road Reseals					
Objective of Project	To provide community with Proper roads				
Delays	None				
Future Challenges	None				
Anticipated citizen Benefits	None				
LOUISIANA RING ROAD (WARD 15)					
Objective of Project	To provide community with Proper roads				
Delays	None				
Future Challenges	None				
Anticipated citizen Benefits	None				
Mvuzane Road and Vehicular Bridge Ward 14					
Objective of Project	To provide community with Proper roads				
Delays	None				
Future Challenges	None				
Anticipated citizen Benefits	None				
Kwasithole Pedestrian Bridge (Ward 21)					
Objective of Project	To provide community with Proper roads				
Delays	None				
Future Challenges	None				
Anticipated citizen Benefits	None				
ROADS URBAN STORMWATER					
Objective of Project	To provide community with Proper roads				
Delays	None				
Future Challenges	None				
Anticipated citizen Benefits	None				



## 5.7 Borrowings and Investments

DBSA loan

### Component D: Other Financial Matters

## 5.8 GRAP Compliance

The municipality has been fully compliant with regards to GRAP reporting. The financial statements have been prepared to be in line with GRAP

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Auditor-General of South Africa  
Ray Nkonyeni Municipality  
Audit report for the year ended  
30 June 2022

# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Ray Nkonyeni Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Ray Nkonyeni Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ray Nkonyeni Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (DoRA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality, at and for the year ended 30 June 2022.

### **Material debt impairments**

8. As disclosed in note 10 to the financial statements, the municipality recognised an allowance for impairment of R152,01 million (2020-21: R126,12 million) on consumer debtors as the recoverability of these amounts was doubtful.

### **Other matter**

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure note**

10. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

**Introduction and scope**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the selected development priority, KPA 2 – Service Delivery, presented in the municipality's annual performance report for the year ended 30 June 2022.
18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priority.

**Other matter**

20. I draw attention to the matter below.

**Achievement of planned targets**

21. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### **Other information**

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### **Internal control deficiencies**

28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

## Other reports

29. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
30. The fraud allegations that were suspected at the former Ezingoleni Municipality (which later merged with Hibiscus Coast Municipality to form Ray Nkonyeni Municipality) were investigated and certain aspects were concluded by the Directorate for Priority Crime Investigations (Hawks). The criminal case against the former Ezingoleni Municipal Manager has been set down for trial on 1 - 3 December 2022 at the Specialised Commercial Crimes Court in Durban. However, there were other outstanding matters and further investigations which was still in progress at the date of this report.

AUDITOR-GENERAL

Pietermaritzburg

30 November 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Ray Nkonyeni Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and



other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Appendixes

### Appendix A: Ray Nkonyeni Municipality Councillors & Council Attendance

Council Member	Full Time/Part Time FT/PT	Committees Allocated	Ward and Party Represented	% attendance	% leave of absence	% absenteeism
BOOYSEN YL	PT	DEVELOPMENT PLANNING AND SERVICES COMMITTEE	DA	93%	7%	0%
BOYLAND HG	FT	DEVELOPMENT PLANNING AND SERVICES COMMITTEE	ANC	86%	7%	7%
BRAUTESETH PA	PT	GOVERNANCE AND SPECIAL PROGRAMME	DA	93%	7%	0%
BREEDT SM	PT	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/COMMUNITY SERVICES	DA	79%	14%	7%
CANCA LN	PT	TECHNICAL SERVICE	DA	71%	21%	7%
CEBISA NP	PT	PUBLIC SAFETY	DA	100%	0%	0%
CELE DB	PT	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ PUBLIC SAFETY	WARD 08-ANC	57%	36%	7%
CELE MI	PT	COMMUNITY SERVICES	WARD 27-ANC	57%	7%	7%
CELE NN	PT	GOVERNANCE AND SPECIAL PROGRAMME	DA	93%	7%	0%
CELE TB	PT	CORPORATE SERVICES	WARD 23-ANC	79%	21%	0%
CELE TM	FT	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	ANC	21%	71%	7%
CHETTY S	FT	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE/ CORPORATE SERVICES	ANC	86%	14%	0%
CIYI GPN	PT	PUBLIC SAFETY/FINANCE	PR ANC	0%	86%	14%
DAMAS ATP	PT	COMMUNITY SERVICES/ LOCAL AIDS COUNCIL	PR- IFP	79%	21%	0%
DANCA NJ	PT	PUBLIC SAFETY	PR-ANC	64%	14%	21%
DHLAMINI N	PT	DEVELOPMENT PLANNING AND SERVICES COMMITTEE	WARD 11-ANC	71%	29%	0%
DLAMINI CM	PT	CORPORATE SERVICES	PR -IFP	71%	14%	14%
DLAMALALA SA	FT	TECHNICAL SERVICES	PR- ANC	93%	0%	7%
GARBADE LA	PT	MUNICIPAL PUBLIC ACCOUNTS	WARD 12-DA	79%	0%	0%
GUMBI RP	PT	MUNICIPAL PUBLIC ACCOUNTS	WARD 05-ANC	93%	0%	7%

Council Member	Full Time/Part Time FT/PT	Committees Allocated	Ward and Party Represented	% attendance	% leave of absence	% absenteeism
NTOMBELA BP	PT	FINANCE	7 ANC	93%	7%	0%
NXESI S	PT	FINANCE	PR AIC	86%	14%	0%
NYAWOSE BD	PT	GOVERNANCE AND SPECIAL PROGRAMME	33 ANC	71%	29%	0%
NYAWOSE HS	PT	PUBLIC SAFETY	25 ANC	71%	29%	0%
NYEMBEZI RS	PT	TECHNICAL SERVICE	9 ANC	57%	36%	7%
NYULEKA N	PT	GOVERNANCE AND SPECIAL PROGRAMME	15 ANC	93%	0%	7%
RAJARAM A	PT	CORPORATE SERVICES	17 DA	100%	14%	0%
RAWLINS D	FT	PUBLIC SAFETY	18 DA	79%	21%	0%
ROBBETZE R	PT	PLANNING	VF	86%	7%	7%
SHINGA CS	PT	CORPORATE SERVICES	EFF	71%	29%	7%
SHINGA KR	PT	MPAC	ANC	57%	29%	14%
SMITH S	PT	GOVERNANCE AND SPECIAL PROGRAMME	ANC	100%	0%	0%
VANDA LS *	PT	CORPORATE SERVICES		79%	21%	0%
WATSON DI	PT	PLANNING	PR DA	86%	14%	0%
ZULU CT	PT	TECHNICAL SERVICE	ANC	93%	7%	0%

Council Member	Full Time/Part Time FT/PT	Ward and Party Represented	% attendance	% leave of absence	% absenteeism
MQWEBU NCP (Mayor)	FT	ANC	80%	20%	0%
NAIR Y (Deputy Mayor)	FT	ANC	87%	13%	0%
LUBANYANA MT	FT	ANC	67%	33%	0%
BOYLAND HG	FT	ANC	93%	7%	0%
DLAMALALA SA	FT	ANC	87%	7%	7%
MPISI MA	FT	ANC	100%	0%	0%
NTANZA VL	FT	ANC	93%	7%	0%
NDWALANE WS	FT	DA	93%	7%	0%
RAWLINS D	FT	DA	80%	20%	0%
NDOVELA JS	FT	IFP	73%	73%	13%
NJOKO DH - Ex- Officio	FT	ANC	87%	13%	0%
CHETTY S (Chief Whip)	FT	ANC			

Legend:
* Deceased
^^ Resigned

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
<b>Development Planning Services Portfolio Committee</b>	<p>The object of the Development Planning and Portfolio Committee is to assist the Executive Committee to:-</p> <ul style="list-style-type: none"> <li>Promote social and economic development;</li> <li>Encourage the involvement of the community of the entire municipality and its community organisations, bodies and institutions in the matters of local government;</li> <li>Participate in National Development Programmes and Provincial Development Programmes;</li> <li>Promote tourism development;</li> <li>To promote local economy through technology innovation;</li> <li>To ensure that the rural areas, having suffered a historical backlog in service provision, are adequately catered for in the municipal governance and administration of the municipality.</li> <li>To promote job creation through infrastructure development, tourism development and the expanded public works programme;</li> <li>Encourage the involvement of the community of the entire municipality and its community organisations, bodies and institutions in the matters of local government;</li> <li>Promote the implementation of the Integrated Development Plan (IDP).</li> <li>Administering the development planning of the area of jurisdiction of the municipality in such a way that it: -</li> <li>Ensures the provision of services to communities in a sustainable manner;</li> <li>Promotes social and economic development; and</li> <li>Promotes a safe and healthy environment in a manner consistent with the Integrated Development Plan.</li> <li>Administering the compilation and approval of the Integrated Development Plan and strategic planning exercises.</li> <li>Administering the compilation and approval of the Integrated Development Plan and strategic planning exercises.</li> <li>Administering building control within the municipal area.</li> <li>Ensuring that governmental discretions exercised by the municipality:</li> <li>are democratic, consistent and accountable; and</li> <li>encourage the involvement of the community of the municipality and its community organisations in the matters of the municipality.</li> </ul>
<b>Events Co-ordinating Committee</b>	<p>The objectives of the Events Coordinating Committee are, but not limited to, assist the Council on the following:</p> <ul style="list-style-type: none"> <li>Receiving and processing applications for events in all Council's properties;</li> <li>Approving or disapproving the aforementioned applications in accordance with a system which is fair, equitable and transparent and generally promotes local economic development and tourism in the area of jurisdiction of the Ray Nkonyeni Municipality;</li> </ul>

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
<b>Governance Portfolio Committee</b>	<p>The object of the Governance and Special Programmes Portfolio Committee is to assist the Executive Committee by advising the Executive Committee on: -</p> <ul style="list-style-type: none"> <li>To ensure that adequate, effective and efficient Mayoral and Executive support and communication service;</li> <li>To ensure that the IDP is developed within statutory provisions;</li> <li>To ensure implementation of an effective OPMS;</li> <li>To ensure a credible Annual Report for every financial year is compiled;</li> <li>To ensure visible participation and alignment to district vision and goals;</li> <li>To ensure the promotion of a culture of participatory democracy and social cohesion;</li> <li>To ensure Municipal Transformation and Organisational Development;</li> <li>To ensure a fraud and corruption free organisation is built;</li> <li>To ensure a conducive work environment to enable increased staff productivity;</li> <li>To ensure improved accountability and clean administration;</li> <li>To ensure improved municipal branding and image through effective communication;</li> <li>To ensure alleviation against multi-dimensional impact of HIV &amp; AIDS in the communities &amp; contributing towards curbing new infections;</li> <li>To ensure that ECD institutions are run effectively;</li> <li>To ensure provision of care &amp; empowerment of the disabled;</li> <li>To ensure provision of care &amp; healthy living of the senior citizens;</li> <li>To ensure provision of care &amp; healthy living of the senior citizens;</li> <li>To provide support towards improved quality of education and lives of learners;</li> <li>To ensure well informed communities, who are empowered and aware of their rights;</li> <li>To ensure that the values and principles set out in Section 195 of the Constitution are promoted throughout the municipal administration.</li> </ul>
<b>Grants in Aid</b>	<p>The object of the Grants- in- aids Sub-committee is to consider the grants in aids applications received and ensure that the criteria set out has been adhered to.</p>
<b>HIV &amp; AIDS co-ordinating forum</b>	<p>The main purpose of the council is to coordinate all the HIV &amp; AIDS endeavours of the Ray Nkonyeni Municipality (RNM)</p>

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
	<p>does so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.</p> <p>The provision of Technical Services to the community of the municipality in a sustainable manner by overseeing Technical, human and settlements and infrastructure development and administration.</p>
<b>Youth</b>	<p>To assist Council to formulate a Youth Policy for the Ray Nkonyeni Municipality;</p> <p>To provide a forum for the coordination of all youth related activities within the RNM area;</p> <p>To develop an appropriate strategy that will enable the municipality to meet its policy commitments and legal obligations to the youth</p>
<b>Women's Caucus</b>	<p>Lobby the municipality to develop, promote and implement gender policies and thereafter monitor and evaluate the impact of these policies;</p> <p>Oversee that there are optimal women participation on the IDP and budget processes since they are gender sensitive;</p> <p>Advise and lobby for municipal interventions to enhance economic growth of women;</p> <p>Monitor that the municipality reaches its employment equity targets at all levels of decision making;</p> <p>Create public awareness about government policies and programmes aimed at the advancement of women and children's rights and the rights of the aged;</p> <p>Advocate and commission research on the impact of gender policies on women and children (girl) at the community level</p>

<b>Third Tier Structure</b>		
<b>Department</b>	<b>Title</b>	<b>Details</b>
<b>Strategic Planning &amp; Governance</b>	Manager: Mayoralty and Communications	Mr SM April
	Manager: Stakeholder Relations & Customer Care	Mr XP Dlangalala
	Senior Manager: Strategic Planning	Ms Z Ndabezitha
	Manager: Youth Development	Ms S Ngwabe
	Manager: Speaker's Office	Ms TTW Mbili
	Manager: Special Programmes	Ms TZ Khumalo
	Manager: Performance Monitoring & Evaluation	Mr N Bhengu
<b>Treasury</b>	Manager: Budget & Reporting	MS SE Qwabe
	Manager: Revenue	Mr RS Dlamini
	Manager: Expenditure	Mr NP Nondlekazi
	Manager: Supply Chain Management	Mr N Mavundla
	Manager: Assets Management	Mr V Gqoboka

#### Appendix D: Municipal Functions

<b>Powers &amp; Functions (List)</b>	<b>Status in performing the power and function)</b>	<b>Service Provider /municipality performing these Powers and Functions</b>
Air pollution	S	Ugu District Municipality
Building Regulations	Y	RNM
Child Care facilities	S	Ugu District Municipality
Electricity Reticulation	S	Eskom
Fire prevention and control	Y	RNM
Local Tourism	S	Ugu & Tourism Assoc
Municipal Airports	S	HCM & service Provider
Municipal Planning	Y	RNM
Municipal Health Services	X	Ugu District Municipality
Municipal Public Transport	X	Ugu District Municipality
Harbors and Ferries	Y	RNM
Storm Water Management	S	Ugu District Municipality
Trading Regulations	S	Ugu District Municipality
Water and Sanitation	X	Ugu District Municipality
Beaches and amusement parks	Y	RNM

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Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
Ward 04	Sithembiso Msele Louis Boshoff Scott Kvalsvig Cllr Bhekani David Chiliza Gloria Zonke Ngwane Agnes Tholakele Diezi Simangele Lushaba Essa Xolo Njabulo Ngwabe Nozipho Lubanyana Defries Lushaba	YES	05	02	05	
Ward 05	Cllr Rodney Phumlani Gumbi Lindokuhle Nzama Nonhlanhla Mbhele Ntombizandile Zoko Alwande Mbatha Phillip Gamede Zintle Talatala Makhosazane Langeni Hloniphile Ndllovu	YES	05	02	05	

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Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
	Gugu cwera Zwelonke Andries Jama					
Ward 9	Cllr Sinqobile Mngomezulu Hlengiwe Diezi Dumisani Ngcungama Joyce Mlambo Bhekani Ncane Leon de Janer Sondliwa Alfred Bixi	YES	03	02	04	
Ward 10	Cllr Mduzuzi Silangwe Ntozakhe Balekwa Sbusiso Thobani Mqadi Zwelisha Mjoja Tholakele Ignatia Ncane Sbonelo L. Mbokazi Judy Happiness Mpisane Sporo Ngeleka	YES	04	02	03	

Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
Ward 13	Cllr Tessa Perryman Pierre Joubert Bernice Dannhauser Sthembiso Cele Ibrahim Shaik Lindani Duma Nokuzola Nonzanga Musa Majola Glenda Snyman Elliot Mkhandi	YES	04	02	04	
Ward 14	Cllr Malunga D. Sabelo Madlala Mxolisi Mkhize Ntombikhona Gugu Madlala Thabo Sishi Ngcobo Nomusa Russel Madlala Doctor Malunga Shinga M. Bathandwa	YES	04	02	04	
Ward 15	Cllr Ngwane J Sifundo Zandile Mvuna Nelisiwe Mkhize Zinhle Qwabe Siindile Promise Hlengwa	YES	04	02	04	

Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
Ward 19	Lazola Mpongoma Priyen Chetty Cllr George Henderson John Henry Helmand Victoria Botha Barry/Barend Smit Michelle Mole Herbst Carina Ernest Booyesen Coetzee Gehards	YES	04	02	03	
Ward 20	Cllr Xolani Gasa Goodone Vusi Shibe Simphiwe Sima Jeffrey Gumede Buzile Ngoyo Steven Sentsburg Bigshot Jerome Mthwane Kareem Coetze Obed Vusumuzi Mlambo	YES	04	02	04	
Ward 21	Cllr Koli Musawenkosi Pius Nkabane Sibusiso Cwele Thandi Luthuli Nhlanhla Nyawuza Zanele Ndimeni Zinhle Nolwandle Khawula Handsome Nkosinathi	YES	04	02	04	

Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
	Nkosinamandla Sihle Ndelela Nkosinathi Mzindle Lindiwe Mbili					
Ward 25	Cllr Hoffrey Simosakhe Nyawose Mthokozisi Lekhona Mhlakwana Buyisile Msomi Nozipho Linda Thobekile Khawula Thandokuhle Majola Sihle Mzindle Sakhile Khuzwayo Lindelani Mkhize Mlungiselwa Shazi Sfiso M. Mavundla	YES	04	02	04	
Ward 26	Cllr Musawenkosi Israel Ngcobo Khanyile Sinenhlanhla Francis N. Mbhele Xolisile Mavundla Thandazile Nkomo Thabile Kawula Sithule Nyawo Nonsikelelo Sincadu	YES	04	02	02	

Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
Ward 29	Cllr Steven Sima Zoleka Precious Ngcongco Fundile Jula Fredrick Ngoko Phumlani Tutshini Lucky Nhlanhla Ndovela Theminkosi Victor Mpangele Sonwabile Phehlukwayo	YES	04	02	02	
Ward 30	Cllr Sifiso Advocate Ngcece Lungi Masoka Philani Perfect Danca Lwazi Andries Nqakazi Makabongwe Nyawose Clementia Jabuile Cele Nontuthuzelo Cele Ntombifuthi Zulu Thembokwakhe Cele Wakhowakhe Mfeka Lindiwe Gambushe	YES	04	02	04	

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Functionality of Ward Committees						
Ward Number	Name of Ward Cllr & Elected ward committee members	Committee established (Yes/No)	Number of quarterly committee meetings held during the year	Number of quarterly reports submitted to speakers office on time	Number of quarterly public meetings held during the year (1 per quarter)	
Ward 33	Cllr Bonginkosi Dennis Nyawose Mduduzi Goodman Cele Khethiwe Mvundla Mduduzi Nyawose Fano Simon Cele Ncamisile Cele Nombuso Dlomo	YES	04	02	03	
Ward 34	Cllr Khulekani Maxwell Nzama Scelo Innocent Ngcobo Cosmos Khawula Philani Mbariwa Msawakhe Dladla Khulekani Gumede Bongekile Khukhuse Bancane Cwele Ningi Vlakazi Daniel Sbonelo Nzama Bakhetile Zindela Thabani Xolo	YES	04	02	03	

## Appendix F: Disclosure of interest

The Municipality has in place a system that requires that councillors and officials complete declaration of interest forms when they join the municipality, thereafter they are requested to ensure that they keep this information updated on an annual basis dependant on whether there are any changes to what the municipality has on record.

These forms are readily available and allows the municipality to monitor conflicts of interest that may arise during its operations. The municipality also maintains the declarations of interest as a standing item on all its meetings to allow councillors and officials to avoid conflict of interest on any matters arising from the meeting. The Municipal Manager supported by Council also issued a directive which forbids municipal officials from registering companies on the municipal database so as to avoid audit queries regarding trading with employees.



<b>CLUSTER 3</b>												
ST MICHAEL MARKET STALLS	19	No	N/A	0	Tributary of Success Projects	N/A	Project on tender award stage	0	Market Stalls	R0.00	R3,000,000.00	R0.00
Mcadodo to Thundeza Pedestrian Bridge	11	Yes	Oct-21	1	Zingezethu Trading and Projects	Satisfactory		7	IUDG	R2,000,000.00	R3,688,501.00	R3,324,900.13
REHABILITATION OF MARGATE AIRPORT	6	Yes	Mar-22	1	Vumesa (PTY) LTD	Satisfactory			Margate Airport	R3,450,000.00	R3,450,000.00	R11,497,474.66
NIJKENI CONCRETE ROAD WARD 1	1	Yes	Nov-21	500m	Rwayiza Building Suppliers	Satisfactory		5	IUDG	R1,000,000.00	R1,156,256.00	R1,156,276.24
CONCRETING OF MKANTI ROAD WARD 10 (PHASE 2)	10	Yes	Sep-21	400M	Ithwini Plant Hire	Satisfactory		6	IUDG	R1,000,000.00	R1,326,020.00	R1,326,019.92
<b>CLUSTER 4</b>												
IZOTSHA MEMORIAL PARK CREMATORIUM		on hold	N/A	0	PGA Consulting	Satisfactory			Housing Grant	R0.00	R0.00	7,000,000.00
NKULU COMMUNITY HALL IN WARD 25	25	No	N/A	0	Manyobo Group jv Lungaphi (PTY) LTD	N/A	Project on tender award stage	0	IUDG	R1,000,000.00	R867,504.00	0.00
Chibini Concrete Road	26	Yes	Mar-22	1	Gasela Plant Hire	Satisfactory		14	IUDG	R2,500,000.00	R4,651,748.00	5,874,249.06
MLONGWANA COMBO COURT REFURBISHMENT	5	Yes	Jun-22	1	Vezokuncono jv ZHU Holdings	Satisfactory			IUDG	R330,000.00	R837,198.00	739,220.00
MSIKABA VEHICULAR BRIDGE	25	Yes	May-22	1	Sphithi Trading jv Mzansi Women	Satisfactory		8	IUDG	R2,500,000.00	R3,934,430.00	6,963,267.47
BHAMBAYI CONCRETE ROAD WARD 27	27	Yes	Nov-21	400	RDC Building and Plumbers	Satisfactory		6	IUDG	R1,000,000.00	R1,151,315.00	1,151,314.86
<b>CLUSTER 5</b>												

SUGERMILL ROAD PEDESTRIAN BRIDGE	12	No	N/A	0	Mthwane Projects (PTY) LTD	N/A	Project on tender award stage	0	IUDG	R2,000,000.00	R603,430.00	R0.00
HIBBERDEN MARKET STALLS		No	N/A	0	Intathakusa Projects 11/07	N/A	Project on tender award stage	0	Market Stalls	R0.00	R4,000,000.00	R0.00
<b>MUNICIPAL WIDE PROJECTS</b>												
MARBURG MOTOR MECHANICAL WORKSHOP	17	Yes	Mar-22	1	ZSZ Projects JV High Point Trading	Satisfactory		24	GBS Grant	R11,668,206.00	R11,668,206.00	R19,133,449.78
URBAN STORMWATER (INTERNALLY FUNDED)	Various	Yes	Jun-22	139m	Different Service Providers	Satisfactory		7	Internal	R3,500,000.00	R3,850,002.00	R6,500,925.39
RURAL STORMWATER (IUDG FUNDED)	Various	Yes	Jun-22	250M	Different Service Providers	Satisfactory		6	IUDG	R2,000,000.00	R1,919,280.00	R1,861,852.62
INFILLS IN VARIOUS WARDS (Ward 20, 21 & 22)	Various	Yes	Jun-22	341	Different Service Providers	Satisfactory		10	INEP	R9,600,000.00	R8,040,000.00	R6,890,370.84
COGTA ELECTRIFICATION	Various	In Progress	N/A	0	BTMN Engineers	Good		8	COGTA Electrification	R6,000,000.00	R6,000,000.00	R5,215,189.39
INSTALLATION OF OUTDOOR GYM AND EQUIPMENT	Various	Yes	Jun-22	1	Thembamina Trading	Satisfactory		5	IUDG	R500,000.00	R588,985.00	R607,197.70
ROAD RESEALS	Various	Yes	Jun-22	7	Different Service Providers	Satisfactory		6	IUDG	R4,500,000.00	R5,089,783.00	R8,823,387.40
INSTALLATION OF WATER TANKS WITHIN RNM	Various	Yes	Jun-22	18	Different Service Providers	Satisfactory		15	Internal	R2,500,000.00	R2,000,000.00	R2,119,852.50



FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
	<p>after they have been reviewed by the financial experts for adequate review of the financial statements and supporting documentation.</p> <p>Adequate preparation and review by of the following year end procedures: -            Depreciation,            Fixed Asset register,            Debtors impairment calculation,            Write-off of debtors,            accruals,            Irregular expenditure and other provisions calculated at year end.</p>	13 August 2021	<p>Manager: Budget &amp; Reporting</p> <p>Manager: Internal Audit &amp; Risk Management</p> <p>Manager: Assets</p> <p>Manager: Revenue</p> <p>Manager: Expenditure</p>	<p>reviews and discussion have been held. Registers and schedules supporting the AFS have been reviewed and submitted to AG. Irregular expenditure has been quantified, presented to council for noting. The prior year IE has been investigated by IA and tabled to MPAC and Council for writeoff where applicable.</p>
3.	<p>Develop SCM compliance check list to be reviewed by manager Risk and Compliance.</p> <p>SCM Regulations Awareness Campaigns</p>	30 April 2021  30 June 2021	<p>Manager: Supply Chain Management /Manager: Internal Audit &amp; Risk Management</p> <p>Manager: Supply Chain Management</p>	<p>Done.</p> <p>Done.</p>

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
		<p>(read TOU meters); begin to replace old faulty metres; Manager: Electricity to submit report to Audit process committee of estimates more than 3 months and</p> <p>- <b>billing for electricity but, not for rates:</b> Electricity accounts were incorrectly opened. Management will identify errors that the electricity accounts belongs to and bill accordingly.</p>		<p>Manager: Electricity</p>	<p>Done.</p>
7.	<p>Statutory receivables note 10 incorrectly disclosed.</p>	<p>Financial statements to be submitted to internal audit two week prior to the due date after they have been reviewed by the financial experts for adequate review of the financial statements and supporting documentation.</p>	<p>13 August 2021</p>	<p>CFO  Manager: Budget &amp; Reporting  Manager: Internal Audit &amp; Risk Management</p>	<p>Finalised, reviewed before submission to AG.</p>
8.	<p>Differences identified on statement of changes in net assets.</p>	<p>Financial statements to be submitted to internal audit two week prior to the due date after they have been reviewed by the financial experts for adequate review of the financial statements and supporting documentation.</p>	<p>13 August 2021</p>	<p>CFO  Manager: Budget &amp; Reporting  Manager: Internal Audit &amp; Risk Management</p>	<p>Finalised, reviewed before submission to AG.</p>

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
12.	Limitation of scope on the information requested relating to receivables.	The listing was submitted and audited by AG. This finding is cleared.	N/A	CFO	Done.
13.	Accruals incorrectly accounted for in financial statements.	Financial statements to be submitted to internal audit two week prior to the due date after they have been reviewed by the financial experts for adequate review of the financial statements and supporting documentation.  CFO to adequately review year end procedures  Perform monthly reconciliations	13 August 2021	CFO  Manager: Budget & Reporting  Manager: Internal Audit & Risk Management	Finalised, reviewed before submission to AG.
14.	Finance costs recognized does not agree to finance cost in financial statements.	Financial statements to be submitted to internal audit two week prior to the due date after they have been reviewed by the financial experts for adequate review of the financial statements and supporting documentation.	13 August 2021	CFO  Manager: Budget & Reporting  Manager: Internal Audit & Risk Management	Finalised, reviewed before submission to AG.

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
18.	Poor contract management.	<p>Management must ensure that no payments for contracts are made after the contracts has expired with no approval of extension.</p> <ul style="list-style-type: none"> <li>- Enquire from Munsoft about the contract management module</li> </ul> <p>Management must review and monitor compliance with applicable laws and regulations in a timely manner relating to contract management.</p>	30 April 2021	Manager: Supply Chain Management	<p>Done.</p> <ul style="list-style-type: none"> <li>- New time lines have been given to mitigate issues of poor contract management.</li> <li>- Reports submitted to portfolio and oversight committee.</li> </ul>
19.	Payments not made within 30 days.	<p>Management must implement controls to ensure all payments are made within 30 days to ensure compliance with the MFMA.</p> <p>Internal Audit &amp; Risk Management section must adequately monitor the MFMA compliance register.</p>	Monthly	<p>Manager: Expenditure</p> <p>Manager: Internal Audit &amp; Risk Management</p>	<p>Actioned and continuously being monitored.</p> <p>Non-Compliance reported at Corp Manco.</p>
20.	Awards made to spouses and parents in service of the state not disclosed in AFS.	<p>Management should analyse the population and identify all winning providers who are either a spouse, child or parent of a person in the service of the state, or has been in the</p>	N/A	Manager: Supply Chain Management	AFS adjusted, disclosed and audited by AG.

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
		Include MFMA circular requirements in the compliance register to be monitored on a regular basis.			
23.	SCM policy non-compliant with Municipal Supply Chain Management Regulations.	Management should perform a detailed review and amend the SCM policy to be compliant with the SCM municipal regulations.	N/A	Manager: Supply Chain Management	The policy was updated and adopted by Council in November 2020. The finding was resolved.
24.	Rotation Audit Committee Members.	Audit Committee Members should not be contracted continuously for a period exceeding six years. After serving continuously for six years, a cooling off period of two years should be allowed before appointing the same member to the same audit committee.	N/A	Acting Manager: Internal Audit & Risk Management	The Audit Committee is a shared service and appointments are done directly by the Ugu District Municipality. Ms. Elliot's contract expired on the 31st of December 2020 and a new Audit Committee Member has since been appointed.
25.	No business case documented for the Trafman system implementation.	Going forward management will develop business cases for new systems implemented. Business case to be prepared in a standard format to be obtained from IT.	31 May 2021	HOD: Public Safety/ Acting Manager: IT	Done. Business case for the Trafman system was documented and presented to the ICT Steering Committee. Going forward for every new system procured a business case will be required



FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
the NMS – Bret system had not been adequately signed off.				The SLA was signed.
29. Munsoft Monthly Service Activity Reports for Ray Nkonyeni Municipality not adequately completed.	Documenting of monitoring on activity report. IT will set up quarterly meetings with Munsoft together with Treasury management.	30 April 2021	IT and Treasury Management	Done. Munsoft sends a quarterly report of all tickets logged. Service tickets from Munsoft reviewed by treasury management and signed off on a quarterly basis. Meeting with Munsoft representative was held in May 2021.
30. Microsoft Exchange is running on an outdated Microsoft Windows Server operating system.	The Exchange server was one of the primary domain controllers and poses a high risk if decommissioned at the present time. Once additional licensing has been purchased the server will be decommissioned. Until such time the current finding will be added to the risk register and monitored.	01 April 2021	Acting Manager: IT	Done. IT budgeted for more O365 licenses and received a quote from Service provider for 100 licenses to be procured in July and will then upgrade the server with the remaining accounts to resolve the non-compliance issue.

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
32.	<p>Inadequate management of the firewall.</p>	<p>The IT department is the process of deploying new firewall. The new firewall has the required standards as per AG requirements.</p> <p>The issue of a failover firewall will be resolved as secondary firewall is to be commissioned in Margate.</p> <p>The firewall procedural manual will be updated detailing the change management procedures.</p> <p>The firewall rule expiry details will be updated in the rule description as per AG recommendation.</p>	15 April 2021	Acting Manager: IT	<p>Done.</p> <p>New firewall deployed meets AG requirements (Password is set to not expire) there's a screen shot as evidence.</p> <p>New firewall has password complexity feature but didn't have "no expiry" feature.</p> <p>Solution: IT used AD accounts to access the firewall to comply with password expiry requirement as AD passwords are forced to expire after 30 days.</p>
33.	<p>User Account Management Procedure omits some required information.</p>	<p>The UAM policy will be updated to include details of required restrictions on administrator accounts and the turnaround times for user account management requests.</p>	30 June 2021	Acting Manager: IT	<p>Done.</p> <p>UAM policy reviewed and updated.</p>

	FINDING	CORRECTIVE ACTION	TIMEFRAME	RESPONSIBLE MANAGER	PROGRESS/STATUS
					Quote received to perform upgrade to the VIP system. - Awaiting approval from MM.
36.	Duplicate user accounts identified on the Munsoft system.	IT Department will liaise with Munsoft to rectify reporting. Duplicate users have been deactivated.	Immediately and ongoing	Acting Manager: IT/Systems Administrator	Done. - Engaged Munsoft to adding surname to the user. - Only 2 people from IT are authorized to create user accounts to eliminate errors.
37.	Munsoft, VIP and NMS – BRET system generated change logs not available.	VIP findings will be moved to the risk register until the issues are resolved.	01 April 2021	Acting Manager: IT	Done.

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Appendix J: Audit Committee Recommendations

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<p>THURSDAY, 26 AUGUST 2021, SPECIAL MEETING</p>	<p>PROGRESS ON THE IMPLEMENTATION OF THE CORRECTIVE ACTION PLAN TO ADDRESS ISSUES RAISED BY INTERNAL AUDIT 2020 - 2021 (10/2/1/1) (J/OMM/IA193082021)</p> <p><b>IA104/08/2021</b></p> <p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 24 August 2021, submitted by the Manager: Internal Audit and Risk Management, regarding the Corrective Action Plans to Address issues raised by Internal Audit for the 2020 – 2021 financial year, be and is hereby received and noted; and</li> <li>2. THAT those matters that are not fully addressed will remain on the tracking list and reported upon to the Audit Committee until they are closed.</li> </ol>	<p>Yes</p>
<p>THURSDAY, 26 AUGUST 2021, SPECIAL MEETING</p>	<p>REPORT ON CONTINGENT LIABILITY REGISTER (DCS24082021)</p> <p><b>IA105/08/2021</b></p> <p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 24 August 2021, submitted by the Head of Department Corporate Services, regarding the Contingent Liability Register dealt with by the Legal and Compliance Section, be and is hereby received and noted.</li> </ol>	<p>Yes</p>

<p>THURSDAY, 26 AUGUST 2021, SPECIAL MEETING</p>	<p>PROGRESS ON THE IMPLEMENTATION OF THE CORRECTIVE ACTION PLAN TO ADDRESS ISSUES RAISED IN THE 2019 – 2020 AUDIT REPORT (10/2/1/1) (J/OMM/IA192082021)</p> <p><b>IA107/08/2021</b></p> <p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 23 August 2021 submitted by the Manager Internal Audit and Risk Management, regarding the Progress on the implementation of the corrective action plan to address issues raised in the 2019 – 2020 audit report, be and is hereby received and noted; and</li> <li>2. THAT it be noted that the municipality has achieved 76% of the findings, 21% are still in progress and 3% is not yet achieved and that the matters still in progress were tied with the finalisation of the financial statements and would be concluded when the final version was issued.</li> </ol>	<p>Yes</p>
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<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>REPORT ON COMPLIANCE REGISTER (9/1/21/5) (J/OMM/IA213012022)</p> <p><b>IA105/01/2022</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 10 January 2022, submitted by the Manager: Internal Audit and Risk Management, regarding the Compliance Register for September to November 2021, be and is hereby received and noted;</li> <li>2. THAT it be noted that the compliance register is monthly monitored by the Internal Audit and Risk Management Unit and report to the Corporate Management Committee;</li> <li>3. THAT it be noted that the municipality has had some instances of non-compliance with some reporting requirements during September 2021; and</li> <li>4. THAT the Compliance register for December 2021, be submitted to the next meeting.</li> </ol>	
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<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>TREASURY SECTION 52 (D) &amp; 71 (1) REPORT FOR PERIOD ENDING 31 DECEMBER 2021 (10/1/21) (CFO0102022)</p> <p><b>IA108/10/2021</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report for the period ending 31 December 2021, submitted by the Chief Financial Officer, regarding the Treasury Section 52 (D) &amp; 71 (1) Report for period ending 31 December 2021, be and is hereby received and noted;</li> <li>2. THAT the Quarterly Budget Statement Section 52 (d) report for quarter 1, period ending 31 December 2021 was noted; and</li> <li>3. THAT the Monthly Budget Statement Section 71 (1) report for M06, period ending 31 December 2021, be and is hereby received and noted.</li> </ol>	
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<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>DEVIATIONS FROM THE SUPPLY CHAIN MANAGEMENT POLICY FOR OCTOBER TO DECEMBER 2021 (8/1/P) (CFO0082022)</p> <p><b>IA110/10/2021</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report for the period ending 10 January 2022, submitted by the Chief Financial Officer, regarding the Deviations from the Supply Chain Management Policy for October to December 2021, be and are received and noted;</li> <li>2. THAT the deviations for the month of October to December 2021 amounting to R 756 944.83 was noted;</li> <li>3. THAT it be noted that the Head of Departments ensure that deviations are minimized / eliminated;</li> <li>4. THAT deviation forms be completed to support reasons as per section 36(a) and (b) of the Municipal Finance Management Act (MFMA) 2003; and</li> <li>5. THAT all deviation forms be supported by the Chief Financial Officer or the delegated authority.</li> </ol>	<p>Yes</p>
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<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>IRREGULAR EXPENDITURE FOR OCTOBER – DECEMBER 2021 (8/1/P) (CFO0072022)</p>
<p>IA112/10/2021</p>	<p><b>RESOLVED</b></p>
<p>1. THAT the report for the period ending 10 January 2022, submitted by the Chief Financial Officer, regarding the Irregular Expenditure for October – December 2021, be and is hereby received and noted;</p> <p>2. THAT it be noted that there was no Irregular Expenditure incurred for October to December 2021</p>	

<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>ASSET MANAGEMENT REPORT FOR DECEMBER 2021 (7/1/1) (CFO0032022)</p> <p><b>IA114/10/2021</b></p> <p><b>RESOLVED</b></p> <p>1. THAT the report for the period ending 10 January 2022, submitted by the Chief Financial Officer, regarding the Asset Management report for December 2021, be and is hereby received and noted; and</p> <p>2. THAT the Repairs and Maintenance expenditure relating to Assets for the quarter, be included on the report.</p>	<p>Yes</p>
<p>FRIDAY, 21 JANUARY 2022, SPECIAL MEETING</p>	<p>REPORT ON CONTINGENT LIABILITY REGISTER AS AT DECEMBER 2021 (9/1/2/5) (DCS0012022)</p> <p><b>IA115/10/2021</b></p> <p><b>RESOLVED</b></p> <p>THAT the report for the period ending 10 January 2022, submitted by the Acting Head of Department Corporate Services, regarding the Contingent Liability Register as of December 2021, be and is hereby received and noted.</p>	<p>Yes</p>



FRIDAY, 6 MAY  
2022, ORDINARY  
MEETING

RISK MANAGEMENT PROGRESS REPORT FOR QUARTER 3  
(220042022) ("J"/OMM/IA 220042022)

Yes

IA104/05/2022

RESOLVED

1. THAT the report dated 26 April 2022, submitted by the Manager: Internal Audit and Risk Management, regarding the Risk Management progress report for Quarter three (3), be and is hereby received and noted;
2. THAT it be noted that the monitoring process of following-up on implementation of action plans/mitigation measures was done with management on all action plans that were due;
3. THAT it be noted that where the department has not responded, it is indicated as a "no response" on the register;
4. THAT it be noted that continuous monitoring and follow-up on the implementation of risk mitigation measures will be done as and when they are due; and
5. THAT the report on the alignment of the Risk Management processes with respect to the 2022/2023 financial year, be presented by the Internal Audit detailing the alignment with the IDP, SDBIP, Performance Management Agreements of section 54 and 56 Managers, Procurement Plan, and the Asset Management Plan.

<p>FRIDAY, 6 MAY 2022, ORDINARY MEETING</p>	<p>PROGRESS REPORT ANNUAL AUDIT PLAN 2021 - 2022 AS AT APRIL 2022 (10/2/1/1) ("J"/OMM/IA - 222042022)</p> <p><b>IA106/05/2022</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 28 April 2022, submitted by the Manager: Internal Audit and Risk Management, regarding the progress report on the Annual Audit Plan 2021 - 2022, be and is hereby received and noted;</li> <li>2. THAT a Special Audit Committee meeting be held to address outstanding Internal Audit reports before the end of the 2021/2022 financial year; and</li> <li>3. THAT a closeout report regarding the annual head count and payroll verification process, be submitted to the next Audit Committee meeting.</li> </ol>	<p>Yes</p>
<p>FRIDAY, 6 MAY 2022, ORDINARY MEETING</p>	<p>2020/2021 CORRECTIVE ACTION PLAN (10/1/2/5) (CFO1452022)</p> <p><b>IA107/05/2022</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report dated 13 April 2022, submitted by the Chief Financial Officer, regarding the 2020/2021 Corrective Action Plan, be and is hereby received and noted; and</li> <li>2. THAT the user Department was commended on outstanding work.</li> </ol>	<p>Yes</p>

	<p>3.10 Revenue Collection Strategy;  3.11 Preferential Procurement Policy Council;  3.12 SCM Policy;  3.13 Funding and Reserve Policy;  3.14 Investment Policy; and  3.15 S &amp; T Payment Policy.</p>	
<p>FRIDAY, 6 MAY  2022, ORDINARY  MEETING</p>	<p>TREASURY SECTION 52(d) &amp; 71(1) REPORT AS OF 31 MARCH 2022 (10/1/2/5) (CFO1392022)</p> <p><b>IA109/05/2022 RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. THAT the report for the period ending 31 March 2022, submitted by the Chief Financial Officer, regarding the Quarter three (3) Budget Statement Section 52 (d) report for the period ending 31 March 2022, be and is hereby received and noted;</li> <li>2. THAT the Monthly Budget Statement Section 71 (1) report for M07, for the period ending 31 January 2022, be and is hereby received and noted;</li> <li>3. THAT the Monthly Budget Statement Section 71 (1) report for M08, for the period ending 28 February 2022, be and is hereby received and noted;</li> <li>4. THAT the Monthly Budget Statement Section 71 (1) report for M09, for the period ending 31 March 2022, be and is hereby received, and noted; and</li> <li>5. THAT the Department was commended on their outstanding work.</li> </ol>	<p>Yes</p>

<p>FRIDAY, 6 MAY 2022, ORDINARY MEETING</p>	<p>FRUITLESS WASTEFUL EXPENDITURE REGISTERS – JANUARY, FEBRUARY &amp; MARCH 2022 (6/1/1) (CFO1362022)</p> <p><b>IA111/05/2022</b>                      <b>RESOLVED</b></p> <p>1. THAT the report dated 11 April 2022, submitted by the Chief Financial Officer, regarding Fruitless and Wasteful Expenditure Register for January, February &amp; March 2022, be and is hereby received and noted;</p> <p>2. THAT it be noted that the Fruitless and Wasteful Expenditure for January, February &amp; March 2022 amounted to R 3 101,95 as follows: -</p> <table data-bbox="702 1276 821 1780"> <tr> <td>January</td> <td>: R 2514,27;</td> </tr> <tr> <td>February</td> <td>: R 43,49; and</td> </tr> <tr> <td>March</td> <td>: R 544,19.</td> </tr> </table> <p>3. THAT it be noted that where interest was charged because of late allocation, Ray Nkonyeni Municipality continuously engages with the relevant institutions (Ugu, ESKOM etc.) to reverse the interest.</p>	January	: R 2514,27;	February	: R 43,49; and	March	: R 544,19.	<p>Yes</p>
January	: R 2514,27;							
February	: R 43,49; and							
March	: R 544,19.							



<p>FRIDAY, 6 MAY 2022, ORDINARY MEETING</p>	<p>OVERTIME REPORT FOR THE MONTHS : JANUARY, FEBRUARY AND MARCH 2022 (5/5/1/2021) (CFO1352022)</p> <p><b>IA1113/05/2022</b>                      <b>RESOLVED</b></p> <p>1. THAT the report dated 11 April 2022, submitted by the Chief Financial Officer, regarding the Overtime report for the month of January, February &amp; March 2022, be and is hereby received and noted;</p> <p>2. THAT the overtime report for January, February and March 2022 was as follows: -</p> <table border="0"> <tr> <td>REPORT</td> <td>JANUARY</td> <td>FEBRUARY</td> <td>MARCH</td> </tr> <tr> <td>Overtime</td> <td>R3 573 373.34</td> <td>R1 098 584.65</td> <td>R 888 927.08</td> </tr> <tr> <td>standby allowance</td> <td>R563 468.57</td> <td>R765 149.39</td> <td>R330 118.15</td> </tr> <tr> <td>nightshift allowance</td> <td>R132 216.55</td> <td>R124 334.62</td> <td>R105 323.58</td> </tr> </table> <p>3. THAT it be noted that the Overtime report, be removed as a standing item from the Audit Committee agenda and be included in a concise manner as part of the Section 52 (d) report.</p>	REPORT	JANUARY	FEBRUARY	MARCH	Overtime	R3 573 373.34	R1 098 584.65	R 888 927.08	standby allowance	R563 468.57	R765 149.39	R330 118.15	nightshift allowance	R132 216.55	R124 334.62	R105 323.58	<p>Yes</p>
REPORT	JANUARY	FEBRUARY	MARCH															
Overtime	R3 573 373.34	R1 098 584.65	R 888 927.08															
standby allowance	R563 468.57	R765 149.39	R330 118.15															
nightshift allowance	R132 216.55	R124 334.62	R105 323.58															

FRIDAY, 6 MAY 2022, ORDINARY MEETING	<p>REPORT ON CONTINGENT LIABILITY REGISTER AS AT MARCH 2022 (9/1/2/5) (DCS12042022)</p> <p><b>IA116/05/2022</b>                      <b>RESOLVED</b></p> <ol style="list-style-type: none"><li>1. THAT the report dated 12 April 2022, submitted by the Head of Department Corporate Services, regarding the Contingent Liability Register as of March 2022, be and is hereby received and noted; and</li><li>2. THAT the significance of the claims made against the Municipality with respect to damages caused by poor road conditions in particularly potholes, was noted with concern.</li><li>3. THAT it be noted that Corporate Management Committee (Corpmanco) has been made aware of the status quo with respect to the claims being made, and that the issue, be included in the top ten of either the strategic or operational risks of the municipality to deal with on an ongoing basis; and</li><li>4. THAT the committee concurs with the recommendation that adequate signage should be included to alert drivers/users of the road of impending potholes that may cause damages.</li></ol>	Yes
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## Appendix K 1: Revenue Collection Performance by Vote

**KZN216 Ray Nkonyeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June**

Vote Description	Ref	2020/21 Audited Outcome	Budget Year							
			Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Mayor and Council		267 278	233 214	233 214	-	233 133	233 214	(81)	0.0%	233 214
Vote 2 - Finance and Administration		491 601	503 815	506 441	4 570	502 472	506 441	(3 970)	-0.8%	506 441
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		14 724	16 085	15 181	422	14 923	15 181	(258)	-1.7%	15 181
Vote 5 - Sport and Recreation		42	46	46	1	63	46	17	37.0%	46
Vote 6 - Public Safety		19 265	28 077	23 827	31	16 744	23 827	(7 083)	-29.7%	23 827
Vote 7 - Housing		56 961	78 015	81 238	4 591	46 634	81 238	(34 604)	-42.6%	81 238
Vote 8 - Health		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		81 693	139 504	172 810	40 250	157 402	172 810	(15 408)	-9%	172 810
Vote 10 - Road Transport		10 001	9 502	10 439	829	12 204	10 439	1 764	16.9%	10 439
Vote 11 - Environment Protection		435	349	374	9	381	374	7	2.0%	374
Vote 12 - Energy Sources		142 122	175 039	175 422	13 392	162 436	175 422	(12 986)	-7.4%	175 422
Vote 13 - Other		7 928	6 980	6 912	74	1 166	6 912	(5 746)	-83.1%	6 912
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		64 691	79 279	78 246	1 075	68 084	78 246	(10 162)	-13.0%	78 246
<b>Total Revenue by Vote</b>	2	<b>1 156 771</b>	<b>1 269 906</b>	<b>1 304 151</b>	<b>65 243</b>	<b>1 215 642</b>	<b>1 304 151</b>	<b>(88 508)</b>	<b>-8.0%</b>	<b>1 304 151</b>

## Appendix K 2: Revenue Collection Performance by Source

**KZN216 Ray Nkonyeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June**

Description	Ref	2020/21 Audited Outcome	Budget Year 2021/22							
			Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue - Functional</b>	1									
<i>Governance and administration</i>		768 880	737 029	739 655	4 670	735 606	739 655	(4 050)	-1%	739 655
Executive and council		267 278	233 214	233 214	-	233 133	233 214	(81)	0%	233 214
Finance and administration		491 601	503 815	506 441	4 570	502 472	506 441	(3 970)	-1%	506 441
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		72 145	94 146	96 633	6 022	61 706	96 633	(34 927)	-36%	96 633
Community and social services		14 724	16 085	15 181	422	14 923	15 181	(258)	-2%	15 181
Sport and recreation		42	46	46	1	63	46	17	37%	46
Public safety		418	-	168	7	86	168	(82)	-48%	168
Housing		56 961	78 015	81 238	4 591	46 634	81 238	(34 604)	-43%	81 238
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		111 006	177 432	207 282	41 112	186 645	207 282	(20 637)	-10%	207 282
Planning and development		81 693	139 504	172 810	40 250	157 402	172 810	(15 408)	-9%	172 810
Road transport		28 878	37 579	34 098	853	28 862	34 098	(5 236)	-15%	34 098
Environmental protection		435	349	374	9	381	374	7	2%	374
<i>Trading services</i>		206 813	254 318	253 668	14 466	230 620	253 668	(23 148)	-9%	253 668
Energy sources		142 122	175 039	175 422	13 392	162 436	175 422	(12 986)	-7%	175 422
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		64 691	79 279	78 246	1 075	68 084	78 246	(10 162)	-13%	78 246
<i>Other</i>	4	7 928	6 980	6 912	74	1 166	6 912	(5 746)	-83%	6 912
<b>Total Revenue - Functional</b>	2	<b>1 156 771</b>	<b>1 269 906</b>	<b>1 304 151</b>	<b>65 243</b>	<b>1 215 642</b>	<b>1 304 151</b>	<b>(88 508)</b>	<b>-7%</b>	<b>1 304 151</b>



KZN216 Ray Nkonyeni Municipality  
Trading as Ray Nkonyeni Municipality  
Annual Financial Statements  
for the year ended 30 June 2022

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

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<b>Legal form of entity</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998)
<b>Nature of business and principal activities</b>	Local Government
<b>Mayoral committee</b>	TROIKA
<b>Executive Mayor</b>	Clr IS Mqadi
	Clr GS Shange - Deputy Mayor
<b>Councillors</b>	Clr PZ Mzindle - Speaker
	Clr TT Hlophe - Chief whip
<b>Grading of local authority</b>	4
<b>Accounting Officer</b>	Mr Sihle Maxwell Mbili
<b>Chief Finance Officer (CFO)</b>	Ms Nondumiso Amanda Zuma CA(SA)
<b>Registered office</b>	10 Connor Street Port Shepstone 4042
<b>Business address</b>	10 Connor Street Port Shepstone 4042
<b>Postal address</b>	PO Box 5 Port Shepstone 4042
<b>Bankers</b>	FNB, Investec, Standard Bank, NEDBANK
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Preparer</b>	The annual financial statements were internally compiled by: Snikiwe Qwabe CA(SA) Manager: Budget and Reporting

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

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

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that he is 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 the accounting officer to meet these responsibilities, the accounting officer sets 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.

The accounting officer is 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.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I certify that the salaries, allowances and benefits of Councillors, if any, as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

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Accounting Officer  
Mr SM Mbili

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
Annual Financial Statements for the year ended 30 June 2022

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2022.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Name of member	Number of meetings attended
Ms. Bongeka Jojo (Chairperson until 31 March 2022)	2
Mr. Ashley Gonzalves (Chairperson from 1 April 2022)	4
Mr. Zwile Zulu	4
Ms. Leah Khumalo	4

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer/Accounting Officer of the municipality during the year under review.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

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Chairperson of the Audit Committee

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



# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2022.

### 1. Incorporation

The municipality was incorporated on 10 August 2016 as an amalgamation of two municipalities (Former Hibiscus Coast and Ezingoleni Municipality) and obtained its certificate to commence business on the same day.

### 2. Review of activities

#### Main business and operations

The municipality is engaged in local government and operates in South Africa. The municipality is charged with the responsibility of providing services such as refuse management, electricity, law enforcement, etc to communities in a sustainable manner to promote social and economic development, and to promote a safe and healthy environment.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 3. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of 2 080 780 894 and that the municipality's total assets exceed its liabilities by 2 080 780 894.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 4. Subsequent events

The following events have been identified and disclosed in line with GRAP 14- Events After the Reporting Date

#### Adjusting events

- The council resolved on 26 July 2022 the approval of indigent support amounting to R100 130.00 relating to June 2022 which affected the revenue as well as receivables.

- The council approved a write off of R20 729 801,80 on 26 July 2022, for irregular expenditure and fruitless and wasteful expenditure incurred totalling R17 001,13 that was incurred in prior years/ current year as well as the investigation that was started before the end of the current financial year.

#### Non- adjusting events

- The council resolved on 26 July 2022 to donate land for two families affected by disaster to enable them to benefit from the Disaster Housing Project implemented by the KwaZulu Natal Department of Human Settlements. The estimated size of the donation is 100 metre<sup>2</sup> within the Farm no.6362. An estimate of the financial effect cannot be made as these are within a land parcel that has not been subdivided for valuation purposes.

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr Maxwell Sihle Mbili	South African

### 6. Auditors

Auditor General of South Africa will continue in office for the next financial period.

# **KZN216 Ray Nkonyeni Municipality**

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Officer's Report**

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**Accounting Officer**  
**Mr SM Mbili**

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	7 058 307	2 908 262
Receivables from exchange transactions	8&10	97 400 744	91 227 438
Receivables from non-exchange transactions	9&10	286 898 911	233 845 493
VAT receivable	11	32 704 991	22 548 521
Loan receivable	12	-	143 469
Cash and cash equivalents	13	131 589 908	142 813 211
		<b>555 652 861</b>	<b>493 486 394</b>
<b>Non-Current Assets</b>			
Investment property	3	307 811 000	290 226 000
Property, plant and equipment	4	1 676 867 104	1 589 705 314
Intangible assets	5	856 909	416 058
Heritage assets	6	2 204 722	2 071 122
		<b>1 987 739 735</b>	<b>1 882 418 494</b>
<b>Total Assets</b>		<b>2 543 392 596</b>	<b>2 375 904 888</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Long-term loan	14	266 061	467 516
Finance lease obligation	15	14 314 409	8 153 516
Payables from exchange transactions	16	134 015 976	127 666 573
Consumer deposits	17	32 845 775	32 039 075
Employee benefit obligation	18	4 621 928	4 372 922
Unspent conditional grants and receipts	19	49 376 216	42 624 255
Provisions	20	39 324 567	31 604 085
		<b>274 764 932</b>	<b>246 927 942</b>
<b>Non-Current Liabilities</b>			
Long-term loan	14	2 955 649	3 109 210
Finance lease obligation	15	46 204 039	41 424 988
Employee benefit obligation	18	101 051 966	90 994 041
Provisions	20	37 635 128	36 162 003
		<b>187 846 782</b>	<b>171 690 242</b>
<b>Total Liabilities</b>		<b>462 611 714</b>	<b>418 618 184</b>
<b>Net Assets</b>		<b>2 080 780 882</b>	<b>1 957 286 704</b>
Accumulated surplus		2 080 780 894	1 957 286 717
<b>Total Net Assets</b>		<b>2 080 780 894</b>	<b>1 957 286 717</b>

\* See Note 57

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		798 224	391 169
Service charges	21	214 941 623	195 944 866
Rendering of services		4 521 556	6 824 505
Construction contracts		48 302 929	56 729 871
Rental of facilities and equipment	22	3 896 567	3 785 050
Interest received (trading)		5 553 507	4 825 324
Agency services	23	4 965 053	5 400 353
Licences and permits	24	268 554	472 868
Recoveries		437	456 951
Operational revenue		1 946 210	347 655
Other income	25	-	2 679 935
Interest received - investment	26	5 181 831	3 513 272
Fair value adjustments		7 587 194	9 029 000
<b>Total revenue from exchange transactions</b>		<b>297 963 685</b>	<b>290 400 819</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	27	464 477 219	447 331 316
Licences and Permits (Non-exchange)		7 869 658	5 093 916
Surcharges and Taxes	28	-	9 848
Interest, Dividends and Rent on Land	29	25 601 971	23 400 805
<b>Transfer revenue</b>			
Government grants & subsidies	30	415 748 261	380 668 949
Public contributions and donations	31	6 596 917	2 465 770
Fines, Penalties and Forfeits	32	30 190 102	16 546 112
<b>Total revenue from non-exchange transactions</b>		<b>950 484 128</b>	<b>875 516 716</b>
<b>Total revenue</b>		<b>1 248 447 813</b>	<b>1 165 917 535</b>
<b>Expenditure</b>			
Employee related costs	33	(445 891 077)	(428 524 182)
Remuneration of councillors	34	(26 248 752)	(28 365 863)
Depreciation and amortisation	35	(88 489 795)	(94 350 628)
Impairment loss/reversal	36	(35 402 088)	22 958 755
Finance costs	37	(19 930 625)	(12 479 458)
Lease rentals on operating lease	38	(13 403 388)	(18 952 847)
Bad debts written off		(4 423 719)	(6 915 501)
Bulk purchases	39	(122 719 656)	(108 129 488)
Contracted services	40	(213 909 792)	(191 247 166)
Transfers and Subsidies	41	(9 890 135)	(6 635 338)
Loss on disposal of assets and liabilities		(490 446)	(2 289 489)
Inventory consumed		(13 825 104)	(11 980 602)
General Expenses	42	(130 329 059)	(116 675 594)
<b>Total expenditure</b>		<b>(1 124 953 636)</b>	<b>(1 003 587 401)</b>
<b>Surplus for the year</b>		<b>123 494 177</b>	<b>162 330 134</b>

The accounting policies on pages 13 to 43 and the notes on pages 44 to 113 form an integral part of the annual financial statements.

\* See Note 57

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 721 501 465	1 721 501 465
Adjustments		
Adjustment to equity	(1 414 164)	(1 414 164)
Prior year adjustments 57	82 557 340	82 557 340
<b>Balance at 01 July 2020 as restated*</b>	<b>1 802 644 641</b>	<b>1 802 644 641</b>
Changes in net assets		
AFS adjustments	(7 688 058)	(7 688 058)
Correction of errors 57	50 339 296	50 339 296
Net income (losses) recognised directly in net assets	42 651 238	42 651 238
Surplus for the year	111 990 838	111 990 838
Total recognised income and expenses for the year	154 642 076	154 642 076
Total changes	154 642 076	154 642 076
<b>Restated* Balance at 01 July 2021</b>	<b>1 957 286 717</b>	<b>1 957 286 717</b>
Changes in net assets		
Surplus for the year	123 494 177	123 494 177
Total changes	123 494 177	123 494 177
<b>Balance at 30 June 2022</b>	<b>2 080 780 894</b>	<b>2 080 780 894</b>

Note(s)

\* See Note 57

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		443 007 457	377 424 571
Sale of goods and services		256 893 080	249 700 855
Grants		422 500 222	383 713 961
Interest income		36 337 309	31 749 249
Other cash item		1 946 647	3 484 541
		<b>1 160 684 715</b>	<b>1 046 073 177</b>
<b>Payments</b>			
Employee costs		(458 588 725)	(435 413 964)
Suppliers		(496 921 032)	(453 896 650)
Finance costs		(19 930 624)	(12 479 457)
		<b>(975 440 381)</b>	<b>(901 790 071)</b>
<b>Net cash flows from operating activities</b>	<b>45</b>	<b>185 244 334</b>	<b>144 283 106</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(174 669 494)	(95 486 203)
Proceeds from sale of property, plant and equipment	4	-	148 960
Purchase of investment property	3	(9 997 806)	-
Purchase of other intangible assets	5	(918 671)	-
Purchase of heritage assets	6	(159 000)	(251 600)
<b>Net cash flows from investing activities</b>		<b>(185 744 971)</b>	<b>(95 588 843)</b>
<b>Cash flows from financing activities</b>			
Proc from Long-Term Loan		-	3 500 000
Repayment of Long Term Loan		(355 016)	(4 713 849)
Finance lease payments		(10 367 649)	(5 870 997)
<b>Net cash flows from financing activities</b>		<b>(10 722 665)</b>	<b>(7 084 846)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11 223 302)</b>	<b>41 609 417</b>
Cash and cash equivalents at the beginning of the year		142 813 211	101 203 795
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>131 589 909</b>	<b>142 813 212</b>

The accounting policies on pages 13 to 43 and the notes on pages 44 to 113 form an integral part of the annual financial statements.

\* See Note 57

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Sale of goods	3 421 968	(180 130)	3 241 838	798 224	(2 443 614)	Note 65
Service charges	238 253 350	(66 925)	238 186 425	214 941 623	(23 244 802)	
Rendering of services	6 539 168	(607 695)	5 931 473	4 521 556	(1 409 917)	Note 65
Construction contracts	75 737 892	2 223 776	77 961 668	48 302 929	(29 658 739)	Note 65
Rental of facilities and equipment	466 022	1 977 300	2 443 322	3 896 567	1 453 245	Note 65
Interest received (trading)	3 526 714	29 430	3 556 144	5 553 507	1 997 363	Note 65
Agency services	4 000 000	670 000	4 670 000	4 965 053	295 053	
Licences and permits	5 549 590	(4 619 280)	930 310	268 554	(661 756)	Note 65
Recoveries	-	-	-	437	437	Note 65
Other income 1	999 996	(39 995)	960 001	1 946 210	986 209	Note 65
Interest received - investment	4 500 000	650 000	5 150 000	5 181 831	31 831	
<b>Total revenue from exchange transactions</b>	<b>342 994 700</b>	<b>36 481</b>	<b>343 031 181</b>	<b>290 376 491</b>	<b>(52 654 690)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	475 785 492	-	475 785 492	464 477 219	(11 308 273)	
Licences and Permits (Non-exchange)	6 148 872	345 120	6 493 992	7 869 658	1 375 666	Note 65
Interest, Dividends and Rent on Land	20 565 516	(850 000)	19 715 516	25 601 971	5 886 455	Note 65

##### Transfer revenue

Government grants & subsidies	403 152 210	34 412 804	437 565 014	415 748 261	(21 816 753)	
Public contributions and donations	-	-	-	6 596 917	6 596 917	
Fines, Penalties and Forfeits	20 764 356	300 000	21 064 356	30 190 102	9 125 746	Note 65

**Total revenue from non-exchange transactions**      **926 416 446**      **34 207 924**      **960 624 370**      **950 484 128**      **(10 140 242)**

**Total revenue**      **1 269 411 146**      **34 244 405**      **1 303 655 551**      **1 240 860 619**      **(62 794 932)**

#### Expenditure

Personnel	(414 205 946)	(7 528 195)	(421 734 141)	(445 891 077)	(24 156 936)	
Remuneration of councillors	(31 434 264)	4 212 395	(27 221 869)	(26 248 752)	973 117	
Depreciation and amortisation	(89 796 704)	-	(89 796 704)	(88 489 795)	1 306 909	
Impairment loss/ Reversal of impairments	(6 219 012)	(22 864 710)	(29 083 722)	(35 402 088)	(6 318 366)	
Finance costs	(5 673 142)	-	(5 673 142)	(19 930 625)	(14 257 483)	Note 65
Lease rentals on operating lease	(19 217 924)	(951 989)	(20 169 913)	(13 403 388)	6 766 525	Note 65
Bad debts written off	(5 499 996)	-	(5 499 996)	(4 423 719)	1 076 277	Note 65
Bulk purchases	(125 067 084)	-	(125 067 084)	(122 719 656)	2 347 428	
Contracted Services	(250 244 022)	(7 410 596)	(257 654 618)	(213 909 792)	43 744 826	Note 65
Transfers and Subsidies	(7 348 708)	(2 681 067)	(10 029 775)	(9 890 135)	139 640	

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Sale of goods/Inventory	(12 838 802)	(1 856 132)	(14 694 934)	(13 825 104)	869 830	
General Expenses	(147 991 730)	3 472 595	(144 519 135)	(130 329 059)	14 190 076	Note 65
<b>Total expenditure</b>	<b>(1 115 537 334)</b>	<b>(35 607 699)</b>	<b>(1 151 145 033)</b>	<b>(1 124 463 190)</b>	<b>26 681 843</b>	
<b>Operating surplus</b>	<b>153 873 812</b>	<b>(1 363 294)</b>	<b>152 510 518</b>	<b>116 397 429</b>	<b>(36 113 089)</b>	
Loss on disposal of assets and liabilities	-	-	-	(490 446)	(490 446)	
Fair value adjustments	-	-	-	7 587 194	7 587 194	
	-	-	-	7 096 748	7 096 748	
<b>Surplus before taxation</b>	<b>153 873 812</b>	<b>(1 363 294)</b>	<b>152 510 518</b>	<b>123 494 177</b>	<b>(29 016 341)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>153 873 812</b>	<b>(1 363 294)</b>	<b>152 510 518</b>	<b>123 494 177</b>	<b>(29 016 341)</b>	

#### Reconciliation



# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

Figures in Rand	Note(s)	2022	2021
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### 1. Presentation of Annual Financial Statements

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

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. They are presented in South African Rand.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

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

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

#### Post-retirement benefits

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

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

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

#### Allowance for doubtful debts

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

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.5 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

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

### 1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

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Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5-30 Years
Solid waste and disposal	Straight-line	10-30 Years
Plant and machinery	Straight-line	3-80 Years
Furniture and fixtures	Straight-line	5-10 Years
Motor vehicles	Straight-line	5-20 Years
Machinery and equipment	Straight-line	5-10 Years
Computer and office equipment	Straight-line	5-7 Years
Improvements	Straight-line	20-30 Years
Electricity	Straight-line	6-60 Years
Recreational Facilities	Straight-line	20-30 Years
Buildings and other structures	Straight-line	20-30 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

### 1.7 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If 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 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 of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.8 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software	Straight-line	5 Years

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

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

# **KZN216 Ray Nkonyeni Municipality**

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Policies**

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### **1.9 Heritage assets (continued)**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

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

### **Recognition**

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

### **Initial measurement**

Heritage assets are measured at cost.

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



# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.9 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.10 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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

# KZN216 Ray Nkonyeni Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.10 Financial instruments (continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

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## Accounting Policies

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### 1.10 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### 1.11 Statutory receivables

#### Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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### 1.11 Statutory receivables (continued)

#### Subsequent measurement

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

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

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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### 1.11 Statutory receivables (continued)

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.12 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessor

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

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

#### Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

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

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### 1.13 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

### 1.14 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

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### 1.14 Construction contracts and receivables (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.15 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

### 1.16 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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### 1.16 Impairment of non-cash-generating assets (continued)

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

### 1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



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### 1.17 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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### 1.17 Employee benefits (continued)

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

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; 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. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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### 1.17 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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### 1.17 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based 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. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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### 1.17 Employee benefits (continued)

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

### 1.18 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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### 1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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### 1.18 Provisions and contingencies (continued)

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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## Accounting Policies

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### 1.18 Provisions and contingencies (continued)

#### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

### 1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).



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### 1.20 Revenue from exchange transactions (continued)

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

#### Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

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

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

### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### Recognition

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

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

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## Accounting Policies

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

#### Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

#### Transfers

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

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

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

#### Fines

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

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

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

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

### 1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.24 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

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## Accounting Policies

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### 1.24 Accounting by principals and agents (continued)

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

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

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

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### 1.26 Unauthorised expenditure (continued)

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.28 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.29 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.

### 1.30 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

### 1.31 Segment information

A segment is an activity of an entity:

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

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

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## Accounting Policies

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### 1.31 Segment information (continued)

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.32 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2024/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.33 Related parties

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

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

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

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

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

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

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

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### 1.33 Related parties (continued)

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

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

### 1.34 Events after reporting date

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

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

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

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

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards</li></ul>	01 April 2021	

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 25 (as revised): Employee Benefits</li></ul>	N/A	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction</li></ul>	N/A	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Guideline: Guideline on the Application of Materiality to Financial Statements</li></ul>	N/A	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 104 (as revised): Financial Instruments</li></ul>	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>iGRAP 21: The Effect of Past Decisions on Materiality</li></ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 2020: Improvements to the standards of GRAP 2020</li></ul>	01 April 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 1 (amended): Presentation of Financial Statements</li></ul>	01 April 2023	Unlikely there will be a material impact



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## Notes to the Annual Financial Statements

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### 3. Investment property

	2022		2021			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	307 811 000	-	307 811 000	290 226 000	-	290 226 000

#### Reconciliation of investment property - 2022

Investment property	Opening balance	Additions	Fair value adjustments	Total
	290 226 000	7 500 000	10 085 000	307 811 000

#### Reconciliation of investment property - 2021

Investment property	Opening balance	Fair value adjustments	Total
	281 197 000	9 029 000	290 226 000

#### Pledged as security

There are no items of Investment property that are pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>3. Investment property (continued)</b>		
<b>Investment Properties</b>		
Business and Commercial	5 731 000	5 536 000
Institutional	26 970 000	25 738 000
Recreational Facilities	72 617 000	68 304 000
Vacant Land	202 493 000	190 648 000
	<b>307 811 000</b>	<b>290 226 000</b>

During the 2022 financial year, Ray Nkonyeni Municipality conducted a valuation of its investment properties. The effective date of the valuations was Tuesday, 30 June 2022. Valuations were performed by an independent valuer, Mr Abubaker Rahim Professional Valuer, from E-valuations, in terms of Section 20(2)a of the Property Valuers Profession Act 2000, and Member of the South African Institute of Valuers, (SACPVP Reg.No 3576), of Evaluations Property Intelligence. Evaluations Property Intelligence is not connected to the municipality and have recent experience in location and category of the investment property being valued.

#### Method of valuation

The valuation was based on market value of real estate, and the valuer used the direct sales comparison approach for the majority of properties, however the cost and income approach was also used.

Key assumptions made in the valuation of investment property were as follows:

This method involves an analysis of recent sales of similar or comparable properties. It is based on the simple notion that if a property is sold in the open market, at a certain price, then an identical property would sell at the same price. Since no two properties are identical, and can never have the same location, necessary comparisons and adjustments must be made to determine the actual value of a particular property.

There were no property interests held under an operating lease that have been classified as Investment property.

#### Amounts recognised in surplus or deficit

Rental revenue from Investment property	3 738 628	3 027 244
Fair value adjustments	10 085 000	9 029 000

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	99 208 102	-	99 208 102	99 208 102	-	99 208 102
Plant and machinery	21 668 857	(15 797 797)	5 871 060	17 320 340	(14 639 267)	2 681 073
Furniture and fixtures	26 797 250	(21 182 145)	5 615 105	25 671 126	(20 515 298)	5 155 828
Motor vehicles	117 075 698	(56 451 377)	60 624 321	100 838 136	(48 784 322)	52 053 814
IT equipment	22 460 684	(13 811 778)	8 648 906	17 324 069	(12 881 542)	4 442 527
Infrastructure	2 176 637 623	1 251 052 647)	925 584 976	2 046 554 818	1 201 266 003)	845 288 815
Community	1 043 533 119	(472 218 485)	571 314 634	1 024 615 032	(443 739 877)	580 875 155
<b>Total</b>	<b>3 507 381 333</b>	<b>(1 830 514 229)</b>	<b>1 676 867 104</b>	<b>3 331 531 623</b>	<b>(1 741 826 309)</b>	<b>1 589 705 314</b>

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

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

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	99 208 102	-	-	-	-	-	99 208 102
Plant and machinery	2 681 073	4 413 244	(35 499)	-	(1 187 758)	-	5 871 060
Furniture and fixtures	5 155 828	1 617 216	(25 177)	-	(1 132 762)	-	5 615 105
Motor vehicles	52 053 814	19 047 772	(373 863)	-	(10 103 402)	-	60 624 321
IT equipment	4 442 527	5 833 963	(102 896)	-	(1 524 688)	-	8 648 906
Infrastructure	845 288 815	130 177 837	-	-	(47 389 495)	(2 492 181)	925 584 976
Community	580 875 155	30 623 732	-	(10 627 709)	(26 683 107)	(2 873 437)	571 314 634
	<b>1 589 705 314</b>	<b>191 713 764</b>	<b>(537 435)</b>	<b>(10 627 709)</b>	<b>(88 021 212)</b>	<b>(5 365 618)</b>	<b>1 676 867 104</b>

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment (continued)

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

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	99 208 102	-	-	-	-	99 208 102
Plant and machinery	2 399 541	1 149 186	(51 397)	(816 001)	(256)	2 681 073
Furniture and fixtures	4 744 043	1 402 333	(51 644)	(937 256)	(1 648)	5 155 828
Motor vehicles	38 724 021	22 151 815	(787 175)	(8 018 984)	(15 863)	52 053 814
IT equipment	4 407 392	1 339 045	(109 442)	(1 190 075)	(4 393)	4 442 527
Infrastructure	853 538 890	50 033 911	-	(58 168 871)	(115 115)	845 288 815
Community	568 887 606	44 937 865	(2 164 519)	(25 005 970)	(5 779 827)	580 875 155
	<b>1 571 909 595</b>	<b>121 014 155</b>	<b>(3 164 177)</b>	<b>(94 137 157)</b>	<b>(5 917 102)</b>	<b>1 589 705 314</b>

During the preparation of the financial statements, the prior year movable assets figures (Plant and Machinery, Furniture and Fixtures, Motor Vehicle and IT Equipment) were reclassified within the asset classes to correctly align them with MSCOA. The net effect of the reclassification is null.

#### Pledged as security

There are no items of PPE that are pledged as security.

#### Depreciation rates

Depreciation method      Average useful life

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Property, plant and equipment (continued)</b>		
Land	Straight-line	Indefinite
Buildings	Straight-line	5 - 30 years
Solid waste and disposal	Straight-line	10 - 30 years
Road and Paving	Straight-line	3 - 80 years
Furniture and fittings	Straight-line	5 - 10 years
Motor vehicles	Straight-line	5 - 20 years
Computer and Office equipment	Straight-line	5 - 7 years
Electricity	Straight-line	6 - 60 years
Recreational facilities	Straight-line	20 - 30 years
Buildings and other structures	Straight-line	20 - 30 years
Improvements	Straight-line	20 - 30 years
Machinery and equipment	Straight-line	5 - 10 years
<b>Compensation received for losses on property, plant and equipment – included in operating profit.</b>		
IT equipment	897 759	330 495
<b>Assets subject to finance lease (Net carrying amount)</b>		
Motor vehicles	69 165 815	51 282 543

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Property, plant and equipment (continued)</b>		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Cumulative expenditure recognised in the carrying value of property, plant and equipment</b>		
Infrastructure	108 318 982	43 187 703
Community	20 741 112	33 289 350
	<b>129 060 094</b>	<b>76 477 053</b>
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>		
Nkulu Community Hall	-	590 188
The costs incurred relate to planning and design		
Bhobhoyi Organic storage facility	157 220	157 220
Project was approved back then by MIG but it has since been put on hold.		
Freedom Heritage at KwaXaba	857 482	857 482
Project was approved back then by MIG but it has since been put on hold.		
Roads Kawuseni Bhuka School	164 683	-
Project was put on hold due to budget reprioritisation.	-	-
Road George Mbele High Road	91 832	-
Project was put on hold due to budget reprioritisation.	-	-
Bhobhoyi Phase 2 Electrification	23 634	-
Project was put on hold due to budget reprioritisation.	-	-
Roads Mbele Pedestrian Bridge	59 685	-
Project was put on hold due to budget reprioritisation.	-	-
Rural Stormwater (Merlewood)	5 844 290	-
Project was put on hold due to budget reprioritisation.	-	-
Stormwater - Urban	2 813 578	-
Project was put on hold due to budget reprioritisation.	-	-
Magnolia Avenue Upgrade Ward 6	92 601	-
Project was put on hold due to budget reprioritisation.	-	-
Rehabilitation Of Bench Road Southbroom Ward 2	168 596	-
Project was put on hold due to budget reprioritisation.	-	-
Rehabilitation Of Sastri Road (Ward 17)	87 719	-
Project was put on hold due to budget reprioritisation.	-	-
Roads Kawuseni Pedestrian Bridge	162 023	-
Project was put on hold due to budget reprioritisation.	-	-
Roads Khandalesizwe Pedestrian Bridge	86 957	-
Project was put on hold due to budget reprioritisation.	-	-
Tarring Of Glade Road (Ward 17)	175 010	-
Project was put on hold due to budget reprioritisation.	-	-
Tarring Of Indira Road (Ward 17)	8 820	-
Project was put on hold due to budget reprioritisation.	-	-
Tarring Of Marlin Drive Ward 13	87 420	-
Project was put on hold due to budget reprioritisation.	-	-
Tarring Of Ring Road Bhobhoyi Phase 1	371 241	-
Project was put on hold due to budget reprioritisation		
	<b>11 252 791</b>	<b>1 604 890</b>

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Trading as Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 4. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	43 187 704	33 289 350	76 477 054
Additions/capital expenditure	125 040 075	26 490 134	151 530 209
Transferred to completed items-PPE	(59 908 796)	(29 040 566)	(88 949 362)
Transferred to completed items-IP	-	(9 997 806)	(9 997 806)
	<b>108 318 983</b>	<b>20 741 112</b>	<b>129 060 095</b>

#### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	57 170 921	18 200 927	75 371 848
Additions/capital expenditure	50 033 911	44 937 863	94 971 774
Other movements	-	(96)	(96)
Transferred to completed items	(64 017 128)	(29 849 344)	(93 866 472)
	<b>43 187 704</b>	<b>33 289 350</b>	<b>76 477 054</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	45 990 552	44 190 477
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There is a reclassification of the PPE (WIP) in the previous year's additions from community assets to infrastructure assets to correctly classify it in terms of the mSCOA. The change in classification affects the following projects UPGRADE OF NELSON MANDELA DRIVE, and UPGRADE OF MAIN HARDING ROAD totaling to R4 708 863.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
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## Notes to the Annual Financial Statements

Figures in Rand

### 5. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 890 936	(2 034 027)	856 909	3 083 557	(2 667 499)	416 058

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	416 058	918 671	(9 237)	(468 583)	856 909

#### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	629 529	(213 471)	416 058

#### Pledged as security

There are no items of intangible assets pledged as security:

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 6. Heritage assets

	2022		2021			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	2 427 387	(222 665)	2 204 722	2 293 787	(222 665)	2 071 122
<b>Reconciliation of heritage assets 2022</b>						
		Opening balance	Additions	Disposals		Total
Art Collections, antiquities and exhibits		2 071 122	159 600	(26 000)		2 204 722
<b>Reconciliation of heritage assets 2021</b>						
		Opening balance	Additions			Total
Art Collections, antiquities and exhibits		1 819 522	251 600			2 071 122

#### Heritage assets borrowed from other entities

Durban Local History Museums loaned Ray Nkonyeni Municipality Port Shepstone Museum selected Artifacts.

The terms and conditions

The municipality will ensure adequate security to safeguard the artifacts.

The municipality will not own the artifacts, but the municipality will retain it until the end of the borrowed period.

#### Pledged as security

There are no items of heritage assets pledged as security:

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>7. Inventories</b>		
Housing Stock: Transfers	629 903	-
Consumable stores	6 428 404	2 908 262
	<b>7 058 307</b>	<b>2 908 262</b>

#### Inventory pledged as security

There are no items of Inventory pledged as security

#### 8. Receivables from exchange transactions

Employee costs in advance	7 915 671	7 915 671
Prepayments	6 568 673	6 100 513
Deposits	2 750 635	2 750 635
Sundry debtors	2 501 654	4 664 700
Consumer debtors - Electricity	33 287 465	29 747 705
Consumer debtors - Service charges	4 030 525	3 246 394
Consumer debtors - Refuse	36 634 572	32 930 760
Consumer debtors - Other	3 711 549	3 871 060
	<b>97 400 744</b>	<b>91 227 438</b>

A new classification has been included in the current and comparative financial year called service charges which included what was previously classified as legal fees and other various service charges as per the debtors aging which were previously classified under other debtors. This has resulted in the removal of legal fees on the face of the note and an adjustment to other debtors.

#### 9. Receivables from non-exchange transactions

Fines	49 282 452	25 383 333
Government grants and subsidies	7 038 841	7 038 841
Consumer debtors - Rates	230 577 618	201 423 319
	<b>286 898 911</b>	<b>233 845 493</b>

#### Statutory receivables included in receivables from non-exchange transactions above are as follows:

Rates	230 577 618	201 423 319
Fines	49 282 452	25 383 333
	<b>279 860 070</b>	<b>226 806 652</b>

Financial asset receivables included in receivables from non-exchange transactions above	7 038 841	7 038 840
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<b>Total receivables from non-exchange transactions</b>	<b>286 898 911</b>	<b>233 845 493</b>
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# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

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2021

### 9. Receivables from non-exchange transactions (continued)

#### Statutory receivables general information

##### Transaction(s) arising from statute

##### Property rates

The municipality charges property rates in accordance with the Municipal Property rates Act, 2004 (6 of 2004)

##### Traffic fines

The municipality imposes traffic fines to offenders in accordance with the National Road Traffic Act, 1996 (93 of 1996)

##### Determination of transaction amount

The transaction amount for Property rates and Traffic fines is determined in accordance with GRAP 23 on revenue from non exchange transactions.

##### Interest or other charges levied/charged

Interest on Property rates has been charged at 11.25% in accordance with the approved tariffs of the municipality. There is no interest charged on traffic fines debtors.

##### Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables are assessed for impairment in accordance with GRAP 108. Refer to the impairment methodology document.

##### Discount rate applied to the estimated future cash flows

A discount rate of 7,5% was used against the municipality's future cash flows to be derived from gross receivables.

##### Statutory receivables past due but not impaired

Rates Statutory receivables which are less than 1 year past due are not considered to be impaired. At 30 June 2022, 102 342 498 (2021: 102 694 195) were past due but not impaired.

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

Current (0-30 days)	2 552 156	2 514 051
31-60 days	2 356 547	2 095 588
61-90 days	13 245 062	12 263 163
91-120 days	11 719 004	10 504 990
121-365 days	72 469 730	75 316 403

##### Factors the municipality considered in assessing statutory receivables past due but not impaired.

Consideration was given to past trends in terms of how the municipality has fared in terms of its revenue collections and its ability to institute legal processes that assist with the collections process. Of the total outstanding balance majority lies in debt in excess of 1 year past due date.

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Receivables from non-exchange transactions (continued)</b>		
<b>Statutory receivables impaired</b>		
As of 30 June 2022, Statutory receivables of 299 607 899 (2021: 221 305 454) were impaired and provided for.		
The amount of the provision was 122 099 974 as of 30 June 2022 (2021: 98 211 048).		
The ageing of these receivables is as follows:		
>365 days	299 607 899	221 305 454
<b>Factors the municipality considered in assessing statutory receivables impaired.</b>		
The following factors were considered when assessing statutory receivables impaired:		
Financial difficulties faced by ratepayers due to the current economic climate;		
Adverse nature of the current economic environment;		
Probability of recovery considering processes available to the municipality.		
<b>Reconciliation of provision for impairment for statutory receivables</b>		
Opening balance	98 211 049	111 111 406
Unused amounts reversed	-	(39 402 994)
Revisions to impairment losses	23 888 925	26 502 637
	<b>122 099 974</b>	<b>98 211 049</b>
<b>Receivables from non-exchange transactions pledged as security</b>		
There were no receivables from non-exchange transactions that were pledged as security.		
<b>10. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors – Rates	345 008 009	296 107 577
Consumer debtors – Electricity	40 703 580	34 755 531
Consumer debtors - Service charges	7 075 301	6 272 496
Consumer debtors – Refuse	62 384 107	53 908 106
Consumer debtors – Other	5 077 653	6 292 545
	<b>460 248 650</b>	<b>397 336 255</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors – Rates	(114 430 391)	(94 684 258)
Consumer debtors – Electricity	(7 416 115)	(5 007 826)
Consumer debtors - Service charges	(3 044 776)	(3 026 102)
Consumer debtors – Refuse	(25 749 535)	(20 977 346)
Consumer debtors – Other	(1 366 104)	(2 421 485)
	<b>(152 006 921)</b>	<b>(126 117 017)</b>

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>Net balance</b>		
Consumer debtors – Rates	230 577 618	201 423 319
Consumer debtors – Electricity	33 287 465	29 747 705
Consumer debtors - Service charges	4 030 525	3 246 394
Consumer debtors – Refuse	36 634 572	32 930 760
Consumer debtors – Other	3 711 549	3 871 060
	<b>308 241 729</b>	<b>271 219 238</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Rates	230 577 618	201 423 319
<b>Financial asset receivables included in consumer debtors above</b>	<b>77 664 111</b>	<b>69 795 919</b>
<b>Total consumer debtors</b>	<b>308 241 729</b>	<b>271 219 238</b>
<b>Included in above is receivables from exchange transactions</b>		
Electricity	33 287 465	29 747 705
Service charges	4 030 525	3 442 912
Refuse	36 634 572	32 930 760
Other	3 711 549	3 871 060
	<b>77 664 111</b>	<b>69 992 437</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	230 577 618	201 423 319
<b>Net balance</b>	<b>308 241 729</b>	<b>271 415 756</b>
<b>Rates</b>		
Current (0 -30 days)	1 705 670	1 710 151
31 - 60 days	1 574 940	1 425 496
61 - 90 days	8 852 011	8 341 857
91 - 120 days	7 832 108	7 145 882
121 - 365 days	48 433 361	51 233 001
> 365 days	162 179 528	131 566 932
	<b>230 577 618</b>	<b>201 423 319</b>
<b>Electricity</b>		
Current (0 -30 days)	12 277 670	12 336 833
31 - 60 days	4 519 409	4 829 509
61 - 90 days	1 332 499	1 265 574
91 - 120 days	1 080 035	1 083 387
121 - 365 days	4 587 418	4 502 592
> 365 days	9 490 434	5 729 810
	<b>33 287 465</b>	<b>29 747 705</b>

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>Service charges</b>		
Current (0 -30 days)	485 805	376 600
31 - 60 days	39 359	37 336
61 - 90 days	37 773	4 387
91 - 120 days	36 243	59 658
121 - 365 days	227 298	148 387
> 365 days	3 204 047	2 620 026
	<b>4 030 525</b>	<b>3 246 394</b>
<b>Refuse</b>		
Current (0 -30 days)	235 375	226 313
31 - 60 days	217 485	203 505
61 - 90 days	1 335 165	1 298 509
91 - 120 days	1 168 520	1 113 540
121 - 365 days	7 586 752	7 276 034
> 365 days	26 091 275	22 812 859
	<b>36 634 572</b>	<b>32 930 760</b>
<b>Other</b>		
Current (0 -30 days)	845 484	115 855
31 - 60 days	71 957	93 076
61 - 90 days	58 493	44 342
91 - 120 days	58 491	32 147
121 - 365 days	298 817	237 054
> 365 days	2 378 307	3 348 586
	<b>3 711 549</b>	<b>3 871 060</b>

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>10. Consumer debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Households</b>		
Current (0 -30 days)	7 709 824	7 133 608
31 - 60 days	3 900 243	3 496 473
61 - 90 days	12 752 620	11 695 287
91 - 120 days	10 948 139	10 027 818
121 - 365 days	63 020 489	58 277 670
> 365 days	222 099 914	190 078 222
	<b>320 431 229</b>	<b>280 709 078</b>
Less: Allowance for impairment	(125 623 880)	(104 313 740)
	<b>194 807 349</b>	<b>176 395 338</b>
<b>Business/ commercial</b>		
Current (0 -30 days)	10 284 188	9 747 746
31 - 60 days	3 778 817	4 534 309
61 - 90 days	4 081 924	3 910 022
91 - 120 days	3 780 063	3 408 231
121 - 365 days	20 004 869	18 594 316
> 365 days	61 560 290	46 096 715
	<b>103 490 151</b>	<b>86 291 339</b>
Less: Allowance for impairment	(19 569 998)	(12 790 398)
	<b>83 920 153</b>	<b>73 500 941</b>
<b>National and provincial government</b>		
Current (0 -30 days)	2 039 230	1 332 817
31 - 60 days	742 164	263 939
61 - 90 days	460 325	342 169
91 - 120 days	445 421	325 116
121 - 365 days	8 783 884	9 542 847
> 365 days	23 907 184	18 528 952
	<b>36 378 208</b>	<b>30 335 840</b>
Less: Allowance for impairment	(6 813 043)	(5 310 658)
	<b>29 565 165</b>	<b>25 025 182</b>

### 11. VAT receivable

VAT	32 704 991	22 548 521
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### 12. Loan Receivable

At amortised cost: Ugu District Municipality

The loan receivable represents a portion of a loan from the Development Bank of South Africa (DBSA) that was by erstwhile Hibiscus Coast Municipality on behalf of the Ugu District Municipality. The loan arose due to the transfer of powers and functions. Installments on the loan are payable in December and June each year.

#### Loan Receivable

Current portion	-	143 469
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### 13. Cash and cash equivalents

Cash and cash equivalents consist of:



## KZN216 Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>13. Cash and cash equivalents (continued)</b>		
Cash on hand	18 260	1 362
Bank balances	10 369 059	20 760 899
Short-term deposits	121 202 589	122 050 950
	<b>131 589 908</b>	<b>142 813 211</b>

#### The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
FNB-Primary account-62723734134	6 076 211	13 245 450	6 076 211	13 245 450
First National Bank-Salaries-62730321007	1 089	5 512 532	(28 022)	5 512 532
ABSA Bank-Louisiana HSG-9102815623	-	9 083 529	-	9 083 529
ABSA Bank-Nzimakwe 1 HSG-9149474529	-	585 370	-	585 370
ABSA Bank-Nzimakwe 2 HSG-9149474927	-	971 209	-	971 209
ABSA Bank-Bhobhoyi SUB-HSG-9149475509	-	308 394	-	308 394
ABSA Bank-Bhobhoyi EST-HSG-9149475753	-	11 969	-	11 969
ABSA Bank- Damaged houses-9149475208	-	75 500	-	75 500
ABSA Bank- Uplands HSG-9149401627	-	75 424	-	75 424
ABSA Bank-Mkholombe HSG-9149401164	-	1 375 369	-	1 375 369
ABSA Bank-AIDS Project-9152775491	-	136 742	-	136 742
Standard Bank-Masinenge HSG-89140/356988	32 296 086	31 146 364	32 183 664	31 146 364
Standard Bank-KwaMavundla HSG-89139/356986	240 665	232 098	239 828	232 098
Standard Bank-KwaXolo Housing-89139/356989	11 428 975	11 022 110	11 389 191	11 022 110
Standard Bank- KwaDwalane Housing- 90439/364623	517 832	499 397	516 029	499 397
Standard Bank- RNM Unspent conditional grants-89111/56985	48 695	46 961	48 525	46 961
Standard Bank -RNM Accreditation Funds-89111/357732	10 769	10 386	10 732	10 386
Investec Bank-MHOA (Housing Development Fund)-1100/190309	16 114 889	15 540 718	16 114 889	15 540 718
First National Bank-Primary investment account-62726614151	47 140 858	50 354 243	47 140 858	50 354 243
FNB- TRAFFIC FINES ACCOUNT- 6230321669	601 324	294 431	601 324	294 431
FNB- 48 HOUR CASH ACCELERATOR- 74873852518	3 376 882	2 952 258	3 376 882	2 952 258
Standard Bank - Louisiana HSG -378692984011	9 388 401	-	9 388 401	-
Standard Bank - Nzimakwe 1 HSG -378692984003	604 653	-	604 653	-
Standard Bank - Nzimakwe 2 HSG -378692984004	1 003 202	-	1 003 202	-
Standard Bank - Bhoboyi SUB-HSG-378692984005	318 553	-	318 553	-
Standard Bank - Bhoboyi EST-HSG -378692984006	12 261	-	12 261	-
Standard Bank - Damaged HSES-378692984007	77 792	-	77 792	-
Standard Bank - Uplands HSG -378692984008	77 713	-	77 713	-
Standard Bank - Mkholombe HSG -378692984009	1 420 676	-	1 420 676	-
Standard Bank - AIDS PROJECT -378692984010	141 247	-	141 247	-
<b>Total</b>	<b>130 898 773</b>	<b>143 480 454</b>	<b>130 714 609</b>	<b>143 480 454</b>

#### 14. Other financial liabilities

<b>At amortised cost</b>		
Other financial liability	3 221 710	3 576 726
Terms and conditions		

During the 2020 financial year the municipality entered into a loan agreement with DBSA to the value of R41,4 million over a 10 year period at a variable interest rate that determined with reference to the Government bond rate plus the DBSA's cost of funding and the DBSA net margin. The first draw down on the loan was made during the 2021 financial year.

<b>Non-current liabilities</b>		
At amortised cost	2 955 649	3 109 210

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Figures in Rand	2022	2021
<b>14. Other financial liabilities (continued)</b>		
<b>Current liabilities</b>		
At amortised cost	266 061	467 516
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	28 161 352	21 534 757
- in second to fifth year inclusive	61 615 666	62 540 984
	89 777 018	84 075 741
less: future finance charges	(29 258 573)	(34 497 237)
<b>Present value of minimum lease payments</b>	<b>60 518 445</b>	<b>49 578 504</b>
<b>Present value of minimum lease payments due</b>		
- within one year	14 310 029	8 149 138
- in second to fifth year inclusive	46 208 416	41 429 367
	<b>60 518 445</b>	<b>49 578 505</b>
Non-current liabilities	46 204 039	41 424 988
Current liabilities	14 314 409	8 153 516
	<b>60 518 448</b>	<b>49 578 504</b>

It is municipality policy to lease certain motor vehicles under finance leases.

#### 16. Payables from exchange transactions

Trade payables	3 929 001	6 441 693
Payments received in advanced	43 693 305	42 606 459
Retentions	37 617 455	29 636 767
Unknown deposits	17 800 165	16 835 404
Accrued bonus	12 643 911	12 227 240
Accrued expense	16 437 407	12 474 864
Other creditors - Third party	564 664	6 473 988
Other creditors - UIP	751 266	886 100
Other Creditors - Insurance	578 802	84 058
	<b>134 015 976</b>	<b>127 666 573</b>

#### 17. Consumer deposits

Electricity	8 190 786	7 738 520
Other	787 788	944 799
Building plans	23 860 116	23 349 400
Hall deposits	7 085	6 356
	<b>32 845 775</b>	<b>32 039 075</b>

Consumer deposits for electricity are paid by customers on application for new connections. The deposits are repaid when the the connections are terminated. In cases where consumers default on the accounts, Council may use the deposit as payment for the outstanding amount.

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>18. Employee benefit obligations</b>		
<b>Defined benefit plan</b>		
The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid fund which is associated with the municipality, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund upon retirement. In such cases, the municipality is liable for a portion of the medical aid membership fee. The most recent actuarial valuations were carried out at 30 June 2022 by One Pangae Financial, Fellow of the Faculty of Actuaries and Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.		
The amounts recognised in the statement of financial position are as follows:		
<b>Carrying value</b>		
Present value of the defined benefit obligation-partly or wholly funded	(105 673 894)	(95 366 963)
Non-current liabilities	(101 051 966)	(90 994 041)
Current liabilities	(4 621 928)	(4 372 922)
	<b>(105 673 894)</b>	<b>(95 366 963)</b>
The fair value of plan assets includes:		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(95 366 963)	(87 398 775)
Benefits paid	4 237 441	4 343 429
Net expense recognised in the statement of financial performance	(14 544 373)	(12 311 617)
	<b>(105 673 895)</b>	<b>(95 366 963)</b>
Net expense recognised in the statement of financial performance		
Current service cost	(3 885 345)	(3 456 773)
Interest cost	(10 768 354)	(11 440 529)
Actuarial (gains) losses	109 326	2 585 685
	<b>(14 544 373)</b>	<b>(12 311 617)</b>
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(109 326)	(2 585 685)

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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### 18. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.41 %	11.55 %
Consumer price inflation	7.44 %	6.48 %
Health care cost inflation	8.94 %	7.98 %
Net discount rate	3.19 %	3.31 %

The basis used to determine the overall expected rate of return on assets is as follows:

It is the relevant levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the levels of these two rates is our expectation of the long-term average.

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2021 the duration of liabilities, based on the combined weighted average of accrued liabilities of the municipality, was 13.97 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2022 is 12.41% per annum, and the yield on the inflation-linked bonds of a similar term was about 7.44% per annum, implying an underlying expectation of inflation of 7.44% per annum

The healthcare cost inflation rate of 8.94% was assumed. It is 1.50% above the expected inflation over the expected term of the liability.

Normal retirement age	63	63
Fully accrued age	60	60
Mortality	85-90	80-90

#### The liability in respect of past service has been estimated as follows:

Active employees	58 488 105	51 674 168
Continuation pensioners	47 185 790	43 692 795
	<b>105 673 895</b>	<b>95 366 963</b>

### 19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2022	2021
Neighbourhood Development Grant	797 803	14 584 808
Integrated Urban Development Grant	2 241 546	-
Housing development fund	30 175 634	27 978 141
Small towns rejuvenation Grant	7 003 970	-
Integrated National Electrification Programme	-	61 306
Modular libraries Grant	272 452	-
COGTA Electrification Grant	784 811	-
Municipal Disaster Relief Grant	8 100 000	-
	<b>49 376 216</b>	<b>42 624 255</b>

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## Notes to the Annual Financial Statements

Figures in Rand						2022	2021
<b>20. Provisions</b>							
<b>Reconciliation of provisions - 2022</b>							
	Opening Balance	Additions	Utilised during the year	Change in interest cost	Actuarial (gain)/loss	Total	
Environmental rehabilitation	12 682 282	5 949 435	-	-	-	18 631 717	
Legal proceedings	231 250	-	-	-	-	231 250	
Long service awards	23 479 721	1 772 662	(3 852 030)	1 727 906	1 762 976	24 891 235	
Leave provision	31 372 835	4 040 813	(2 208 155)	-	-	33 205 493	
	<b>67 766 088</b>	<b>11 762 910</b>	<b>(6 060 185)</b>	<b>1 727 906</b>	<b>1 762 976</b>	<b>76 959 695</b>	
<b>Reconciliation of provisions - 2021</b>							
	Opening Balance	Additions	Utilised during the year	Change in interest cost	Actuarial (gain)/loss	Total	
Environmental rehabilitation	11 919 438	-	-	762 844	-	12 682 282	
Legal proceedings	231 250	-	-	-	-	231 250	
Long service awards	20 728 275	1 591 980	(3 660 878)	1 496 038	3 324 306	23 479 721	
Leave provision	29 303 237	5 927 786	(3 858 188)	-	-	31 372 835	
	<b>62 182 200</b>	<b>7 519 766</b>	<b>(7 519 066)</b>	<b>2 258 882</b>	<b>3 324 306</b>	<b>67 766 088</b>	
Non-current liabilities					37 635 128	36 162 003	
Current liabilities					39 324 567	31 604 085	
					<b>76 959 695</b>	<b>67 766 088</b>	

### Leave provision

The municipality raises a provision for leave pay for all employees of the municipality as at the end of the financial year.

Employees of the municipality are entitled to a leave payment on termination for all leave days that have been earned and not forfeited by the employee on termination date. Leave accrues and forfeits in accordance with the leave policy of the municipality and the amount of the leave pay is uncertain at the reporting date.

The leave provision has been calculated based on leave balances as at year end and salary earnings on the employee as at the reporting date.

### Environmental rehabilitation provision

The rehabilitation cost provision is for the closure of the Oatlands landfill site. The provision represents management's best estimate of the municipality's present value of future cashflows arising from the closure of the landfill site as at 30 June 2022.

The costs of rehabilitating the landfill site have been estimated by Promilezi Chartered Accountants. The estimate is based on the following:

1. Level and shape body waste 68700 m<sup>2</sup>
2. Load up selected material from commercial sources for capping on 0.2 m 68700 m<sup>2</sup>
3. The preparation, application and maintenance of vegetation 68700 m<sup>2</sup>
4. Fencing 1300m

The extent of the work covers cells 1 to 4. The cost of closing future cells will be added when they are opened

### Legal proceedings provisions

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>20. Provisions (continued)</b>		
<p>The municipality constructed low cost housings on a property that was privately owned. The municipality and the owner of the land entered into an agreement for the municipality to pay the owner of the land occupational interest of R231 250 on completion of transfer on the land in the name of the municipality. As at the end of the 2018 financial year the amount to be paid in the future for the use of land was known however the timing could not be ascertained.</p>		
<b>Long service awards</b>		
<p>The long service awards is granted to municipal employees after the completion of fixed periods of continuation service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality as at 30 June 2022 may become entitled to in the future. The provision is based on an actuarial valuation performed at that date. The most recent actuarial valuation was carried out as at 30 June 2022 by One Pangae Expertise and Solutions, fellow of the faculty of Actuaries and Actuarial Society of South Africa. The present value of the obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.</p>		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
Non-current liability	22 855 441	20 431 486
Current liability	2 035 794	3 048 235
	<b>24 891 235</b>	<b>23 479 721</b>
<b>Eligible employees</b>		
Number of eligible employees	1 068	1 063
<b>Key assumptions used</b>		
Discount rate	10.22%	7.87%
Consumer price index	6.71%	4.43%
Salary increase rate	7.71%	5.43%
Net discount rate	2.33%	2.31%
	-	-
<b>Age and mortality</b>		
Normal retirement age	65	63
Average retirement age	63	63
Mortality	85-90	85-90
	-	-
<b>Amount recognised in the financial performance under employee costs are as follows:</b>		
Current service cost	1 772 662	1 591 978
Interest cost	1 727 906	1 496 038
Actuarial gain/(loss)	(3 852 030)	(3 324 306)
	<b>(351 462)</b>	<b>(236 290)</b>
<b>21. Service charges</b>		
Sale of electricity	157 557 830	141 263 297
Solid waste	57 383 793	54 681 569
	<b>214 941 623</b>	<b>195 944 866</b>

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>22. Rental of facilities and equipment</b>		
<b>Facilities and equipment</b>		
Rental of facilities	3 694 332	3 027 244
Rental of equipment	202 235	757 806
	<b>3 896 567</b>	<b>3 785 050</b>
<b>23. Agency services</b>		
Driver's Licenses	4 294 770	4 694 993
Management Fees	670 283	705 360
	<b>4 965 053</b>	<b>5 400 353</b>
<b>24. Licences and permits</b>		
Trading	(255 396)	(117 282)
Road and Transport	523 950	590 150
	<b>268 554</b>	<b>472 868</b>
<b>25. Other income</b>		
Other income	-	2 679 935
<b>26. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	5 181 831	3 513 272

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Property rates</b>		
<b>Rates received</b>		
Public service infrastructure	67 608	45 537
Commercial	91 787 877	89 565 991
State	20 423 098	19 576 248
Residential	337 161 528	340 050 692
Industrial	15 297 208	14 734 228
Multi-purpose	3 584 696	3 455 760
Agriculture	3 137 004	6 494 707
Public benefit organisations	1 244 641	1 140 583
ST garages/store rooms	736 846	713 258
Mining	186 225	179 235
Special purpose	582 161	546 996
Communal land	86 894	83 603
Vacant land	32 828 295	38 433 040
Less: Income forgone	(42 646 862)	(67 688 562)
	507 124 081	515 019 878
	<b>464 477 219</b>	<b>447 331 316</b>

#### Valuations

Public service infrastructure	3 235 564 000	3 235 494 000
Commercial	4 486 434 000	4 482 726 000
State	968 765 000	962 165 000
Residential	28 499 548 000	28 507 742 000
Industrial	728 248 000	727 655 000
Multi-purpose	220 502 000	220 502 000
Agriculture	2 210 488 000	2 209 482 000
Public benefit organisations	377 592 000	351 462 000
ST garages/store rooms	59 180 000	59 587 000
Mining	7 500 000	7 500 000
Special purpose	110 494 000	110 494 000
Communal land	70 022 000	70 222 000
Procted areas	4 925 000	4 925 000
Vacant land	1 600 776 000	1 602 143 000
Municipal	470 973 000	477 598 000
	<b>43 051 011 000</b>	<b>43 029 697 000</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

#### 28. Surcharges and Taxes

Taxes	-	9 848
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#### 29. Interest, dividends and Rent on Land

Interest - Receivables	25 601 971	23 400 805
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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	233 153 000	266 948 000
Energy Efficiency Demand Side Managemnt	4 000 000	-
Small towns rejuvenation Grant	996 030	-
Provincialisation of libraries Grant	12 017 000	11 759 000
Expanded Public Works Programme (EPWP)	5 535 500	3 949 000
Community Libraries Grant	1 758 000	1 644 000
Financial Management Grant	1 950 000	2 000 000
Museum subsidies Grant	429 000	-
Modular libraries Grant	409 548	637 000
Land use management Grant	-	269 442
Local Government SETA	734 593	483 155
European Union Grant	12 015 131	9 668 501
Museum subsidies Grant	-	407 000
Economic Developmemnt and Environmental Affairs	817 000	-
Municipal Disaster Recovery Grant	-	327 945
	<b>273 814 802</b>	<b>298 093 043</b>
<b>Capital grants</b>		
Integrated Urban Development Grant	96 889 454	64 509 000
Margate Airport Grant	-	7 268 334
Intermodal facility grant	-	5 383 380
Neighbourhood Development Grant	45 044 005	5 415 192
	<b>141 933 459</b>	<b>82 575 906</b>
	<b>415 748 261</b>	<b>380 668 949</b>
<b>Neighbourhood Development Grant</b>		
Balance unspent at beginning of year	14 584 808	-
Current-year receipts	31 257 000	20 000 000
Conditions met - transferred to revenue	(45 044 005)	(5 415 192)
	<b>797 803</b>	<b>14 584 808</b>
Conditions still to be met - remain liabilities (see note 19).		
<b>Integrated Urban Development Grant</b>		
Current-year receipts	99 131 000	64 509 000
Conditions met - transferred to revenue	(96 889 454)	(64 509 000)
	<b>2 241 546</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 19).		
<b>Municipal Disaster Recovery Grant</b>		
Balance unspent at beginning of year	-	327 945
Conditions met - transferred to revenue	-	(327 945)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 19).		
<b>Margate Airport Grant</b>		

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Government grants &amp; subsidies (continued)</b>		
Balance unspent at beginning of year	-	3 268 334
Current-year receipts	-	4 000 000
Conditions met - transferred to revenue	-	(7 268 334)
	-	-
<b>Small towns rejuvenation Grant</b>		
Current-year receipts	8 000 000	-
Conditions met - transferred to revenue	(996 030)	-
	<b>7 003 970</b>	-
Conditions still to be met - remain liabilities (see note 19).		
<b>Energy Efficiency Demand Side Management</b>		
Current-year receipts	4 000 000	-
Conditions met - transferred to revenue	(4 000 000)	-
	-	-
<b>Provincialisation of libraries Grant</b>		
Current-year receipts	12 017 000	11 759 000
Conditions met - transferred to revenue	(12 017 000)	(11 759 000)
	-	-
<b>Integrated National Electrification Programme</b>		
Balance unspent at beginning of year	61 306	4 516 669
Current-year receipts	8 040 000	4 000 000
Conditions met - transferred to revenue	(8 101 306)	(8 455 363)
	-	<b>61 306</b>
Conditions still to be met - remain liabilities (see note 19).		
<b>European Union Grant</b>		
<b>Financial Management Grant</b>		
Current-year receipts	1 950 000	2 000 000
Conditions met - transferred to revenue	(1 950 000)	(2 000 000)
	-	-
<b>Modular libraries Grant</b>		
Current-year receipts	682 000	637 000
Conditions met - transferred to revenue	(409 548)	(637 000)
	<b>272 452</b>	-
Conditions still to be met - remain liabilities (see note 19).		
<b>Land use management Grant</b>		
Balance unspent at beginning of year	-	269 442

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Government grants &amp; subsidies (continued)</b>		
Conditions met - transferred to revenue	-	(269 442)
	-	-
<b>Intermodal Facility Grant</b>		
Balance unspent at beginning of year	-	5 383 380
Conditions met - transferred to revenue	-	(5 383 380)
	-	-
<b>Economic Development and Environmental Affairs</b>		
Current-year receipts	817 000	-
Conditions met - transferred to revenue	(817 000)	-
	-	-
<b>COGTA Electrification Grant</b>		
Current-year receipts	6 000 000	-
Conditions met - transferred to revenue	(5 215 189)	-
	784 811	-
Conditions still to be met - remain liabilities (see note 19).		
<b>Municipal Disaster Relief Grant</b>		
Balance unspent at beginning of year	-	38 842
Current-year receipts	8 100 000	-
Conditions met - transferred to revenue	-	(38 842)
	8 100 000	-
Conditions still to be met - remain liabilities (see note 19).		
<b>Expanded Public Works Programme (EPWP)</b>		
Current-year receipts	5 558 000	3 949 000
Conditions met - transferred to revenue	(5 558 000)	(3 949 000)
	-	-
<b>Community Libraries Grant</b>		
Current-year receipts	1 758 000	1 644 000
Conditions met - transferred to revenue	(1 758 000)	(1 644 000)
	-	-
<b>Museum Grant</b>		
Current-year receipts	429 000	407 000
Conditions met - transferred to revenue	(429 000)	(407 000)
	-	-

## KZN216 Ray Nkonyeni Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>31. Public contributions and donations</b>		
Public contributions and donations	6 596 917	2 465 770
<b>32. Fines, Penalties and Forfeits</b>		
Building Fines	141 569	138 458
Illegal Connections Fines	197 594	116 131
Law Enforcement Fines	-	2 712 700
Overdue Books Fines	95 867	21 978
Municipal Traffic Fines	29 667 922	12 594 966
Property Rates Penalties	87 150	118 764
Unclaimed Money Forfeits	-	843 115
	<b>30 190 102</b>	<b>16 546 112</b>

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<b>33. Employee related costs</b>		
Basic	274 958 418	262 827 321
Bonus	21 372 478	20 948 927
Medical aid - company contributions	18 869 290	18 778 926
UIF	2 198 647	1 977 252
Leave pay provision charge	4 040 812	4 452 557
Defined contribution plans	14 544 373	12 311 617
Overtime payments	17 500 036	16 520 166
Long-service awards	5 263 542	6 412 322
Acting allowances	609 368	679 717
Car allowance	17 849 794	16 999 009
Housing benefits and allowances	3 771 395	3 964 390
Night shift allowance	1 459 061	1 491 035
Standby allowance	4 772 716	4 518 169
Bargaining council levy	129 934	126 825
Telephone allowance	992 613	1 114 518
Pension fund	46 984 127	46 203 379
Life insurance	198 801	212 648
	<b>435 515 405</b>	<b>419 538 778</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 514 045	1 513 728
Performance Bonuses	196 535	166 298
Cellphone Allowance	30 000	30 000
	<b>1 740 580</b>	<b>1 710 026</b>
<b>Remuneration of Chief Financial Officer</b>		
Annual Remuneration	1 310 312	-
Performance Bonuses	-	54 491
Cellphone Allowance	11 000	-
	<b>1 321 312</b>	<b>54 491</b>
<b>Remuneration of Head of Department Corporate Services</b>		
Annual Remuneration	1 075 524	1 055 983
Performance Bonuses	126 610	105 508
Cellphone Allowance	8 000	12 000
	<b>1 210 134</b>	<b>1 173 491</b>
<b>Head of Department Strategic Planning and Governance</b>		
Annual Remuneration	1 060 877	1 059 488
Cellphone Allowance	12 000	12 000
Performance Bonuses	116 059	102 679
Subsistence and Travel	6 959	-
	<b>1 195 895</b>	<b>1 174 167</b>
<b>Head of Department Technical Services</b>		
Annual Remuneration	1 041 174	1 093 636
Cellphone Allowance	12 000	12 000
Performance Bonuses	75 013	77 791

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<b>33. Employee related costs (continued)</b>	<b>1 128 187</b>	<b>1 183 427</b>
<b>Head of Department Public Safety</b>		
Annual Remuneration	1 057 272	1 033 126
Cellphone Allowance	12 000	12 000
Performance Bonuses	116 059	105 508
	<b>1 185 331</b>	<b>1 150 634</b>
<b>Head of Department Development Planning Services</b>		
Annual Remuneration	1 293 804	1 283 518
Cellphone Allowance	12 000	12 000
Performance Bonuses	141 183	102 679
	<b>1 446 987</b>	<b>1 398 197</b>
<b>Head of Department of Community Services</b>		
Annual Remuneration	1 040 288	1 023 463
Cellphone allowance	12 000	12 000
Performance Bonuses	94 958	105 508
	<b>1 147 246</b>	<b>1 140 971</b>
<b>34. Remuneration of councillors</b>		
Executive Major	732 005	932 931
Deputy Executive Mayor	592 020	754 503
Mayoral Committee Members	3 572 553	7 160 132
Speaker	748 839	754 503
Councillors	20 603 335	18 763 794
	<b>26 248 752</b>	<b>28 365 863</b>
<b>In-kind benefits</b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor, Deputy Mayor and Speaker each have use of separate Council owned vehicle for official duties.		
The Mayor, Deputy Mayor and speaker full-time bodyguards.		
<b>35. Depreciation and amortization</b>		
Property, plant and equipment	88 021 212	94 137 157
Intangible assets	468 583	213 471
	<b>88 489 795</b>	<b>94 350 628</b>

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<b>36. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	5 369 393	5 917 102
Trade and other receivables	30 032 695	(28 875 857)
	<b>35 402 088</b>	<b>(22 958 755)</b>
<p>Impairment loss/ reversal on PPE and Trade receivables has been consolidated on the face of the 2022 statement of financial performance and broken down in this note. Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed.</p>		
<b>37. Finance costs</b>		
Non-current borrowings	490 308	500 341
Finance leases	19 440 317	11 979 117
	<b>19 930 625</b>	<b>12 479 458</b>
<b>38. Lease rentals on operating lease</b>		
<b>Motor vehicles</b>		
Contractual amounts	8 467 171	12 934 132
<b>Equipment</b>		
Contractual amounts	2 043 794	1 580 248
<b>Plant and equipment</b>		
Contractual amounts	328 674	492 442
<b>Lease rentals on operating lease - Other</b>		
Contractual amounts	2 563 749	3 946 025
	<b>13 403 388</b>	<b>18 952 847</b>
<b>39. Bulk purchases</b>		
Electricity – Eskom	122 719 656	108 129 488

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#### 39. Bulk purchases (continued)

##### Electricity losses

	Number 2022	Number 2021		
Units purchased	85 614 146	89 019 900	-	-
Units sold	(70 815 940)	(79 547 599)	-	-
<b>Total loss</b>	<b>14 798 206</b>	<b>9 472 301</b>	<b>-</b>	<b>-</b>

##### Comprising of:

Technical losses		5 160 544	4 573 405
Non-technical losses		10 763 421	4 116 064
<b>Total</b>		<b>15 923 965</b>	<b>8 689 469</b>

##### Percentage Loss:

Technical losses	6 %	6 %
Non-technical losses	12 %	5 %
<b>Total</b>	<b>18 %</b>	<b>11 %</b>

The electricity losses units and amounts for 2021 financial year has been adjusted in the comparative due to a typo, however the percentage losses did not change.

#### 40. Contracted services

##### Presented previously

Information Technology Services	71 360	22 500
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##### Outsourced Services

Administrative and Support Staff	5 453 151	6 017 197
Business and Advisory	3 070 947	1 172 947
Catering Services	996 669	303 849
Cleaning Services	7 840 213	7 113 785
Clearing and Grass Cutting Services	13 430 156	16 616 293
Hygiene Services	1 485 229	618 274
Personnel and Labour	-	1 500
Connection/Dis-connection	428 320	217 177
Refuse Removal	-	1 650 315
Security Services	37 872 450	32 779 901
Swimming Supervision	15 661 703	9 573 818
Transport Services	436 272	3 913

##### Consultants and Professional Services

Business and Advisory	8 660 363	3 537 180
Infrastructure and Planning	1 774 238	863 530
Laboratory Services	523 278	449 236
Legal Cost	4 998 865	4 425 176



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<b>40. Contracted services (continued)</b>		
<b>Contractors</b>		
Catering Services	673 524	5 280
Electrical	7 292 989	2 673 813
Employee Wellness	109 522	47 308
Maintenance of Buildings and Facilities	5 744 046	6 196 823
Maintenance of Equipment	4 122 420	3 323 924
Maintenance of Unspecified Assets	38 688 915	35 020 220
Management of Informal Settlements	45 734 337	52 323 819
Pest Control and Fumigation	126 556	-
Prepaid Electricity Vendors	-	660
Tracing Agents and Debt Collectors	78 725	25 875
Shark Nets	8 635 544	6 281 918
Removal of Hazardous Waste	-	(19 065)
	<b>213 909 792</b>	<b>191 247 166</b>
<b>41. Transfer and subsidies</b>		
<b>Other subsidies</b>		
Transfers and Subsidies	9 890 135	6 635 338
<b>42. General expenses</b>		
Advertising	4 184 753	3 174 824
Auditors remuneration	4 683 824	4 322 256
Bank charges	1 345 741	1 745 608
Commission paid	1 401 124	1 022 923
Discount allowed	456 635	345 250
Entertainment	1 275	490
Fines and penalties	155 400	446 507
Hire	11 375 366	7 777 014
Insurance	7 896 573	6 609 667
IT expenses	9 456 408	10 962 285
Levies	3 738 061	2 777 444
Fuel and oil	16 402 445	12 275 946
Postage and courier	1 574 636	1 094 338
Printing and stationery	516 358	588 380
Protective clothing	4 981 295	4 975 852
Subscriptions and membership fees	5 115 279	5 005 160
Telephone and fax	3 219 871	1 857 733
Travel - local	2 153 132	892 914
Travel - overseas	37 940	292 102
Title deed search fees	158 562	182 694
Assets expensed	-	12 265
Utilities - Other	25 371 466	23 437 950
Management fee	8 009 349	7 309 880
Other expenses	18 093 566	19 566 112
	<b>130 329 059</b>	<b>116 675 594</b>
<b>43. Other revenue</b>		
Staff Recoveries	437	456 951
Operational revenue	1 946 210	347 655
Other income - (rollup)	-	2 679 935
	<b>1 946 647</b>	<b>3 484 541</b>

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<b>44. Auditors' remuneration</b>		
Fees	4 683 824	4 322 256
<b>45. Cash generated from operations</b>		
Surplus	123 494 177	162 330 134
<b>Adjustments for:</b>		
Depreciation and amortisation	88 489 795	94 350 628
Gain/loss on sale of assets and liabilities	490 446	2 289 489
Fair value adjustments	(7 587 194)	(9 029 000)
Impairment loss (reversal)	35 402 088	(22 958 755)
Bad debts written off	4 423 719	6 915 501
Movements in provisions	3 244 172	4 821 044
Non-cash movement in employee benefit obligations	10 306 932	16 655 037
Public contributions and donations	(6 596 917)	(2 465 770)
<b>Changes in working capital:</b>		
Inventories	(4 150 045)	233 292
Receivables from exchange transactions	(6 494 911)	(15 119 769)
Other receivables from non-exchange transactions	(59 529 522)	(91 546 773)
Payables from exchange transactions	6 349 403	(1 623 403)
VAT	(10 156 470)	(4 961 350)
Unspent conditional grants and receipts	6 751 961	3 045 012
Consumer deposits	806 700	1 347 789
	<b>185 244 334</b>	<b>144 283 106</b>
<b>46. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Motor vehicles		
• Contractual amounts	8 467 171	12 934 132
Equipment		
• Contractual amounts	2 043 794	1 580 248
Plant and equipment		
• Contractual amounts	328 674	492 442
Lease rentals on operating lease - Other		
• Contractual amounts	2 563 749	3 946 025
	<b>13 403 388</b>	<b>18 952 847</b>
Loss on sale of property, plant and equipment	(455 509)	(2 289 489)
Loss on sale of intangible assets	(9 237)	-
Compensation from third parties - Heritage assets	(25 700)	-
Impairment on property, plant and equipment	5 369 393	5 917 102
Impairment on trade and other receivables	30 032 695	(28 875 857)
Amortisation on intangible assets	468 583	213 471
Depreciation on property, plant and equipment	88 021 212	94 137 157
Employee costs	472 139 829	456 890 045
<b>47. Fair value adjustments</b>		
Investment property (Fair value model)	7 587 194	9 029 000

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<b>48. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	117 911 869	82 935 144
<b>Not yet contracted for and authorised by accounting officer</b>		
• Property, plant and equipment	-	4 597 506
<b>Total capital commitments</b>		
Already contracted for but not provided for	117 911 869	82 935 144
Not yet contracted for and authorised by accounting officer	-	4 597 506
	<b>117 911 869</b>	<b>87 532 650</b>
<b>Authorised operational expenditure</b>		
<b>Already contracted</b>		
• Operating Commitments	150 232 744	97 784 130
<b>Total operational commitments</b>		
Already contracted for but not provided for	150 232 744	97 784 130
<b>Total Commitments</b>		
Authorised Capital Expenditure,	117 911 869	87 532 650
Authorised Operational Expenditure	150 232 744	97 784 130
	<b>268 144 613</b>	<b>185 316 780</b>
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	5 995 997	9 351 996
- in second to fifth year inclusive	515 880	4 899 732
	<b>6 511 877</b>	<b>14 251 728</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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#### 49. Contingencies

Claimant	Nature of contingency liability	Summary of matter and uncertainty	2022	2021
Siboniso Hlophe	Pothole claim	There is a dispute of pothole damages, it is however not certain that the plaintiff has a case against the municipality as not all the litigation requirements have not been met.	5 996	5 996
Gerhardus Van Der Merwe	Pothole claim	There is a dispute of pothole damages, it is however not certain that the plaintiff has a case against the municipality as not all the litigation requirements have not been met.	60 307	60 307
J.D. Chetty	Pothole claim	There is a dispute of pothole damages as Ray Nkonyeni Municipality awaits the inspection of the plaintiff works in Durban.	15 208	15 208
E Meier	Pothole claim	There is a dispute of pothole damages as there is no visible pothole on this road.	17 060	17 060
A Sewlal	Pothole claim	There is a dispute of pothole damages due to the speed limit on this road.	-	11 879

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### 49. Contingencies (continued)

			2022	2021
NT James	Damages claim	There is a dispute between NT James and Ray Nkonyeni Municipality where NT James is claiming damages for losing business as his business property is not cleaned. The municipal attorney believes there is no case as NT James is owing the municipality for rates and electricity	546 000	546 000
J Smith	Stormwater damages Claim	There is a dispute on the claim for damages sustained to Plaintiff's vehicle as a result of colliding with an exposed stormwater drain due to insufficient information is available from the Plaintiff in order to make the determination	-	15 930
Vox Telecommunications	Services rendered	There is a contractual dispute between RNM and Vox Telecommunications who was a service provider who is claiming fees for unauthorized services		395 381

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### 49. Contingencies (continued)

Tauris Garden Trading (Pty) L td( Masinenge Slums ClearanceProject)	ContractualDispute	This contractual dispute is due to Tauris Garden Trading (Pty) Ltd claiming that the RNM owes the man amount of R34 878075.03 for work they performed whereas themunicipality is disputing this matter due to the fact that Tauris Garden Trading (Pty) Ltd owes Ray Nkonyeni Municipality forsngs.	34 878 075	34 878 075
Y Mashalaba & Associates	Contractual Dispute	This contractual dispute is dueto the plaintiff claiming Ray Nkonyeni Municipality owes them for work performed while the municipality is disputing on the grounds that there is no evidence that the work was performed.	198 400	198 400

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#### 49. Contingencies (continued)

			2022	2021
A Reddy	Improvement claim	Summons received on 08th September 2020 for an improvement claim. A Reddy claims that the access road to his home was damaged due to a storm and that he requested the Municipality to repair the damages as the damages apparently was a threat to life or limb and after officials allegedly failed to cause the repairs, he hired a private contractor to repair the access road. He now claims compensation from the Municipality.	40 294	40 294
NS Govender	Pothole claim	Summons received in October 2020 for Pothole Damages incurred at or near Knoxgore Road, Uvongo.	9 089	9 089
Ngcolosi Consulting Engineers	Contractual claim	Letter of Demand received dated 3 November 2020 For services rendered for the Masinenge Slums Clearance Project	-	1 892 012

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### 49. Contingencies (continued)

Price trust	Contractual claim	Letter of Demand for apparent damages to the building noted upon vacation of the building situated on Price Street, Port Shepstone that was used as an office block that housed the Municipalities IT & Community Services Sections.	420 000	420 000
Price trust	Contractual claim	Letter of Demand received for costs paid by the claimant during the lease of the premises at Price Street, Port Shepstone by the Municipality in respect of water and electricity used by the Municipality. It would appear that the claimant failed to claim and had after the lease was terminated, compiled the costs thereof and is demanding remuneration from the Municipality.	-	245 822



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### 49. Contingencies (continued)

			2022	2021
M Van Der Merwe	Damages claim	Letter of Demand received for damages to a boundary fence as a result of the Municipality contractors having apparently cut down a tree without taking the necessary precautions.	-	15 347

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### 49. Contingencies (continued)

			2022	2021
R Pretorius	Damages claim	Summons received on the 21st January 2022 1. The plaintiff claims that, the Municipality has stopped supply of the electricity to its premises based on the reasoning that the electricity meter was missing and the underground cabling being damaged. Plaintiff avers that it had attended to the replacement and repairs at its own cost since the Municipality refused to do so and it now claims the cost thereof from the Municipality. Plaintiff previously applied for an order compelling the Municipality to provide a meter and repair the cable however, it did not believe that it should do so since it averred inter alia, illegal tampering by the Plaintiff. The Municipality, through Seethal Attorneys opposed	62 555	62 555

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### 49. Contingencies (continued)

		The matter after extensive interviews with the Electricity team and last reported that the matter was being settled out of court.		
H Cockcroft	Pothole claim	Letter of Demand received for damages to a vehicle as a result of a pothole.	-	7 775
M Voster	Damages claim	Claim received for damages to a boundary fence as a result of damage by a fallen tree on the Municipality's verge, due to the Municipality not taking the necessary precautions.	-	14 700
A Bellato	Pothole claim	Letter of Demand received for damages to a vehicle as a result of a pothole.	-	3 856
T Jumna	Damages claim	Letter of Demand received on 30th January 2021	-	6 391
T Booyse	Damage claim	Letter of demand received for damages to a vehicle radiator, which is claimed due to the terrible state of the gravel road near Bauhinia Road Southport	6 291	-

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### 49. Contingencies (continued)

NATAL SHARKS BOARD	Professional Services claim	Claim stemming from unpaid professional services rendered	5 546 666	-
MRS. P GOVENDER	Pothole Damages Claim	Claim stemming from collision with a pothole	19 541	-
D GOVENDER	Damages (alleged Unlawful Arrest)	Govender avers that arresting officer arrested him without just cause to do so. Arresting Officers stated that arrest was based on reckless and negligent driving and was accordingly handed over to SAPS as such.	200 000	-
S & NP ZINDELA	Damages (alleged unlawful arrest)	Claimants aver that arresting officers arrested them without just cause as they were passengers in a vehicle that was stopped. Arresting officers submit that arrest was because vehicle was on record as a stolen vehicle and upon questioning driver and occupants, no answer was forthcoming in terms of ownership of vehicle. Matter was handed to SAPS as such.	400 000	-

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#### 49. Contingencies (continued)

			2022	2021
EM SAYED & OTHERS	Damages (alleged unlawful arrest)	Three Claimants instituted joint action against the Minister of Police jointly and severally against RNM in respect of alleged unlawful arrest that took place on or about 27th April 2018 during the Annual Biker Festival held at Margate. Summons was served on Public Safety Department on 14th March 2022 and then transmitted to Legal	975 000	-
S RADBONE	Damages (Personal Injury/Loss of Income)	S Radbone appointed Mcleod & Associates to claim from the Municipality damages in the amount of R14,729,750.00, pertaining to injuries and loss of amenities having allegedly fallen into an unsecured storm water drain that was also concealed by overgrown grass and vegetation.	14 729 750	-

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#### 49. Contingencies (continued)

NB MAKHAMBHI	Damages	Letter of demand served on 25th March 2022. Claimant's Attorneys (subrogation) alleged that claimant's vehicle was damaged due to tree branch having fallen on the claimant's vehicle on or about the 08th February 2022 in the Southbroom area.	45 952	-
S Sewlall	Damages	Pothole Damages Claim instituted by the Plaintiff.	194 050	-
Ayanda N Khwela	Damages	Letter of Demand received in lieu of Pothole Damages	85 140	-
NM Harilal vs Ray Nkonyeni Municipality	Damages	Letter of Demand received in lieu of Pothole Damages	11 378	-
MA Mngomeni	Damages	Letter of demand received in lieu of Pothole Damages	49 021	-
John Beardsmore	Damages	Letter of Demand received for Pothole Damages Claim	5 200	-
Keegan Pillay	Accident Claim	Letter of Demand received for MVA damages after colliding with a vehicle from DComms.	159 916	-

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#### 49. Contingencies (continued)

			2022	2021
Natsure Aviation	Damages	Letter of Demand received -mvadamages as a result of an unmanned municipal tractor that collided into claimants hangar at the Margate Airport- Development Planning Services	223 450	-
Wandile Majova	Damages	Letter of demand for personal injuryclaim-bridge collapsed on claimant at Mvutshini Location, Margate	5 000 000	-
S Naicker	Damages	Letter of Demand received for pothole damages	5 150	-
Alison Cwele	Damages	Letter of Demand received for pothole damages onValley RoadUmbango.	15 658	-
Beyers Joubert	Damages	Letter of Demand received for pothole damages at Marine DriveMargate	7 306	-
Henk J Van Rensburg	Damages	Letter of demand received for pothole damages inOwen Ellis Drive Port Edward	22 935	-

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### 49. Contingencies (continued)

			2022	2021
Maria Magdalena Erasmus	Damages	Letter of Demand received – personal injury claim-fell into pothole on Manaba Beach Road	300 000	-
MTN	Contractual claim	Letter of Demand received pertaining to claims for usage of cellular phone contracts by staff stemming from as far back at the time of Hibiscus Coast Municipality.	361 360	-
Appileh Nandie Trading and projects	Contractual Dispute	Litigation (Non-Contingent portion and Contingent Portion) Their CounterClaim (Contingent Liability)R This is a contractual dispute with a Contractor who is appointed to provide Beach Cleaning Services to the Municipality. DComms had drafted the SLA to reflect the appointed amount as per annum as opposed to for the three-year period, and had raised an order and honored invoices for 14 months before discovering the error.	6 105 542	-
			<b>70 722 290</b>	<b>38 862 077</b>



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### 50. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

#### Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments 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. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties.

#### Market risk

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### 50. Risk management (continued)

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments. During 2022 and 2021, the municipality's borrowings at variable rate were denominated in the Rand.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Based on the various scenarios, the municipality manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the municipality raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the municipality borrowed at fixed rates directly. Under the interest rate swaps, the municipality agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

### 51. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of 2 080 780 894 and that the municipality's total assets exceed its liabilities by 2 080 780 894.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 52. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of two major functional areas: Technical Services and Community Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

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

The Municipality has other departments namely Budget and Treasury, Corporate Services, Strategic Planning and Governance, Development planning services and Public safety that it has considered as not meeting the definition and classification as a reportable segment as supported by paragraph 8 of Grap 18 as these departments do not undertake activities of the municipality that generates significant economic benefits or service potential.

#### Aggregated segments

There were no segments of the municipality that were aggregated for this disclosure.

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### 52. Segment information (continued)

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

#### Reportable segment

Technical Services

Community Services

#### Goods and/or services

Provision and maintenance of infrastructure

Provision of refuse removal basic service delivery

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### 52. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Technical Services	Community Services	Total
<b>Revenue</b>			
Revenue from non-exchange transactions	159 062 859	5 558 000	164 620 859
Revenue from exchange transactions	158 575 751	62 523 195	221 098 946
<b>Total segment revenue</b>	<b>317 638 610</b>	<b>68 081 195</b>	<b>385 719 805</b>
Unallocated revenue			862 728 007
<b>Municipality's revenue</b>			<b>1 248 447 813</b>
<b>Expenditure</b>			
Salaries and wages	47 188 420	106 623 848	153 812 268
Bulk purchases	122 719 656	-	122 719 656
Contracted services	88 490 639	32 911 892	121 402 531
Operating leases	939 104	4 200 161	5 139 265
Operational cost	18 131 876	8 899 691	27 031 567
Inventory cost	1 130 027	8 109 410	9 239 437
Interest dividends and rent	320 133	-	320 133
<b>Total segment expenditure</b>	<b>278 919 855</b>	<b>160 745 002</b>	<b>439 664 857</b>
<b>Total segmental surplus/(deficit)</b>			<b>(53 945 052)</b>
Unallocated expenses			685 288 780
<b>Total Municipality's expenditure</b>			<b>1 124 953 636</b>
<b>Municipality's surplus (deficit) for the period</b>			<b>123 494 177</b>

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	Technical Services	Community Services	Total
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### 52. Segment information (continued)

<b>Assets</b>			
Current assets	59 596 505	(81 594 709)	(21 998 204)
Non-current assets	1 141 658 022	5 605 959	1 147 263 981
<b>Total segment assets</b>	<b>1 201 254 527</b>	<b>(75 988 750)</b>	<b>1 125 265 777</b>
Unallocated assets			1 418 126 819
<b>Total assets as per Statement of financial Position</b>			<b>2 543 392 596</b>
<b>Liabilities</b>			
Current liabilities	81 515 284	149 569 780	231 085 064
Non-current liabilities	684 349	-	684 349
<b>Total segment liabilities</b>	<b>82 199 633</b>	<b>149 569 780</b>	<b>231 769 413</b>
Unallocated liabilities			230 842 301
<b>Total liabilities as per Statement of financial Position</b>			<b>462 611 714</b>
<b>2021</b>			
<b>Revenue</b>			
Revenue from non-exchange transactions	85 420 149	3 949 000	89 369 149
Revenue from exchange transactions	142 005 598	60 742 107	202 747 705
<b>Total segment revenue</b>	<b>227 425 747</b>	<b>64 691 107</b>	<b>292 116 854</b>
unallocated revenue			873 800 681
<b>Entity's revenue</b>			<b>1 165 917 535</b>

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### 52. Segment information (continued)

<b>Expenditure</b>			
Salaries and wages	41 912 813	102 168 374	144 081 187
Bulk purchases	108 129 488	-	108 129 488
Contracted services	34 036 765	35 795 902	69 832 667
Operating leases	1 454 305	9 817 697	11 272 002
Operational cost	15 545 589	16 023 136	31 568 725
Inventory cost	224 937	6 755 360	6 980 297
Interest dividends and rent	50 262	-	50 262
<b>Total segment expenditure</b>	<b>201 354 159</b>	<b>170 560 469</b>	<b>371 914 628</b>
<b>Total segmental surplus/(deficit)</b>		<b>(79 797 774)</b>	
Unallocated expenses			631 672 773
Total Municipality's expenditure			1 003 587 401
<b>Entity's surplus (deficit) for the period</b>			<b>162 330 134</b>
<b>Assets</b>			
Current assets	38 082 039	(70 965 354)	(32 883 315)
Non-current assets	997 672 177	8 001 218	1 005 673 395
<b>Total segment assets</b>	<b>1 035 754 216</b>	<b>(62 964 136)</b>	<b>972 790 080</b>
Unallocated assets			1 403 114 808
<b>Total assets as per Statement of financial Position</b>			<b>2 375 904 888</b>
<b>Liabilities</b>			
Current liabilities	70 222 402	77 867 317	148 089 719
Non-current liabilities	162 762	-	162 762
<b>Total segment liabilities</b>	<b>70 385 164</b>	<b>131 322</b>	<b>148 252 481</b>
Unallocated liabilities			270 365 703
<b>Total liabilities as per Statement of financial Position</b>			<b>418 618 184</b>

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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### 53. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is/are as follows:

Ray Nkonyeni Municipality is party to a principal-agent arrangement with the Department of Energy. The Department of Energy provides the Municipality with a grant in terms of the Intergrated National Electrification Programme (INEP).

The municipality is the agent. Refer to note for significant judgements applied in making this assessment.

The Municipality implements electricity infills in rural areas that are under eskom. The municipality's electricity distribution licence is limited to the Port Shepstone area of supply and therefore the electricity projects that are done in the eskom area of supply using the INEP grant are handed over to eskom for energising and future maintenance and do not form part of the municipality's assets.

#### Entity as agent

#### Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

#### Reconciliation of the carrying amount of receivables

##### Integrated National Electrification Programme (INEP)

Opening balance	61 306	4 516 669
Expenses incurred on behalf of the principal	(8 101 306)	(8 455 363)
Receipts from principal	8 040 000	4 000 000
	-	61 306

##### All categories

Opening balance	61 306	4 516 669
Expenses incurred on behalf of principal	(8 101 306)	(8 455 363)
Receipts from principal	8 040 000	4 000 000
	-	61 306

### 54. Payments made against Awards made to a person who is a spouse, child or parent of a person in service of the state, or has been in the service of the state in the previous twelve months

#### Company and Relationship

Mthobonga Enterprise - Works for SAPS	-	120 750
Luyaneli Events (Pty)Ltd - Official at Ray Nkonyeni Municipality	554 244	289 250
Tower 13 Lifeguard services cc - Councillor at Ray Nkonyeni Municipality	273 018	355 314
Auto Junction - Works at Ugu District Municipality	810 166	-
Margate Construction - Works for TVET college in Port Shepstone	30 433 092	-
Andrews Hire - Official at Ray Nkonyeni Municipality	2 950	-
RDC Builders - Works for SAPS	1 711 198	-
	33 784 668	765 314

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### 55. Related parties

Relationships	
Ugu District Municipality	District Municipality
Ugu South Coast Tourism Pty(Ltd)	Controlled by the District
Ugu South Coast Development Agency	Controlled by the District
Councillors	Refer to the Councillors remuneration note
Key management personnel	Refer to the employee cost note

### Related party balances

#### Grants to related parties

Ugu South Coast Tourism Pty(Ltd)	-	2 074 395
Ugu South Coast Development Agency SOC	1 102 500	1 050 000

### 56. Change in estimate

#### Property, plant and equipment

A change in the estimated remaining useful life of various assets of the Municipality based on their condition assessment conducted as at 30 June 2022 and resulted in the following decreases in depreciation for property plant and equipment in the 2022 financial year and future periods:

The impact on the statement of financial performance (Depreciation) in the 2022 financial year and future periods:

Heading		
Machinery and Equipment	(284 859)	-
Furniture and Equipment	(300 758)	-
Motor Vehicles	(37 716)	-
Computer and Office Equipment	(412 173)	-
Infrastructure Assets	(5 924 938)	(525 549)
Community Assets	(35 512)	(40 531)
	<b>(6 995 956)</b>	<b>(566 080)</b>

### 57. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Errors

Below are the prior period errors that occurred during the year under review. The disclosure has been done retrospectively disclosing the 2021, 2020 and 2019 financial year adjustments respectively.

The following prior period errors adjustments occurred:



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Figures in Rand	2022	2021
<b>57. Prior-year adjustments (continued)</b>		
<b>Property, plant and equipment and Investment property</b>		
<b>Community assets and Investment property</b>		
There were municipal-owned properties that were leased out in the prior years for consideration, however, the change of use was not considered in those years to apply the requirements of GRAP 16- Investment Property. This resulted in the fair value not being determined for those years as required by GRAP 16 as the municipality was using the cost model for its Property, Plant, and Equipment as allowed by GRAP 17. Therefore, during the asset verification, the municipality has identified assets that were supposed to be investment property in the prior years. The municipality effected the correction on 30 June 2019 according to GRAP 3 " <i>the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable</i> ").		
<b>Statement of financial position</b>		
Increase/(Decrease) in PPE cost	-	(69 731 501)
(Increase)/Decrease in accumulated depreciation and impairment	2 026 433	1 935 403
Increase/(Decrease) in Investment property	3 435 000	2 475 000
(Increase)/Decrease in Equity	-	(45 879 257)
	<b>5 461 433</b>	-
<b>Statement of financial performance</b>		
Increase/(Decrease) in Depreciation and amortisation	(1 931 773)	-
Increase/(Decrease) Impairment loss/reversal	(94 660)	-
(Increase)Decrease in fair value adjustments	(3 435 000)	-
	<b>(5 461 433)</b>	-
<b>Movable assets</b>		
During the asset verification, assets that have reached the end of their useful lives were found to be in a fair condition and still in use. This, therefore, indicated that the municipality should have reassessed the useful lives of these assets in the prior years. Depreciations of other assets were incorrectly calculated. Assets vehicles that were involved in accidents in the prior year but erroneously not derecognised.		
<b>Statement of financial position</b>		
Increase/(Decrease) in PPE cost	(584 900)	-
(Increase)/Decrease in accumulated depreciation and impairment	158 324	206 152
(Increase)/Decrease in Equity	-	(206 152)
	<b>(426 576)</b>	-
<b>Statement of financial performance</b>		
Increase/(Decrease) in Depreciation and amortisation	(74 117)	-
Increase/(Decrease) in Loss on disposal of assets	500 693	-
	<b>426 576</b>	-
<b>Infrastructure Assets</b>		
During the asset verification, assets that have reached the end of their useful lives hence there were still in use. This, therefore, indicated that the municipality should have reassessed the useful lives of these assets in the prior years. The depreciation of these assets was incorrectly calculated. Immovable Asset was a reclassification of Community assets to Infrastructure assets.		
<b>Statement of financial position</b>		
(Increase)/Decrease in accumulated depreciation and impairment	(92 180)	1 134 428
(Increase)/Decrease in Equity	-	(1 134 428)

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## Notes to the Annual Financial Statements

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<b>57. Prior-year adjustments (continued)</b>		
	<b>(92 180)</b>	-
<b>Statement of financial performance</b>		
Increase/(Decrease ) in Depreciation and amortisation	53 343	-
Increase/(Decrease ) in impairment loss/reversal	38 837	-
	<b>92 180</b>	-
<b>Work in progress</b>		
Beach facilities refurbishment cost sitting in WIP relate to the repairs and maintenance this amount was erroneously capitalised in WIP.		
<b>Statement of financial position</b>		
Increase/(Decrease) in PPE cost	(770 673)	(164 775)
(Increase)/Decrease in Equity	-	164 775
	<b>(770 673)</b>	-
<b>Statement of financial performance</b>		
Increase/(Decrease) in Contracted services	770 673	-
<b>Land</b>		
The municipality has done a process of land verification and has identified land that belong to the municipality that need to be included in the land register in terms of IGRAP 18. The municipality effected the correction on 30 June 2019 according to GRAP 3 "the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable". The deemed cost was used as a take on values and the deemed cost for the some land is nominal value because it can not be sold at any market value		
<b>Statement of financial position</b>		
Increase/(Decrease) in Land assets cost	-	27 023 060
(Increase)/Decrease in Equity	-	(27 023 060)
	-	-
<b>Intangible assets</b>		
The municipality performed a verification and reconciliation of all municipal assets. To ensure completeness of Intangible Assets, a reconciliation was performed. The reconciliation identified an understatement in the cost and accumulated amortization of Intangible assets on the face of the Annual Financial Statements and this was subsequently corrected.		
<b>Statement of financial position</b>		
Increase/(Decrease) in Intangible assets cost	-	266 757
(Increase)/Decrease in accumulated Depreciation and amortisation	(88 919)	(7 410)
(Increase)/Decrease in Equity	-	(259 347)
	<b>(88 919)</b>	-
<b>Statement of financial performance</b>		
Increase/(Decrease) in Depreciation and amortisation	88 919	-

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## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>57. Prior-year adjustments (continued)</b>		
<b>Government grants and subsidies and construction contracts</b>		
During the year end review it was identified that funds related to the Intermodal facility grant and Municipal disaster recovery grant were spent but the recognition to revenue transfer was omitted in error. It was also noted that accreditation income was erroneously classified as transfers and subsidies instead of construction contracts revenue. Below is the impact of the correction of the error.		
<b>Statement of financial position</b>		
(Increase)/Decrease in unspent conditional grants	5 711 325	-
<b>Statement of financial performance</b>		
(Increase)/Decrease in Government grants and subsidies	(4 384 311)	-
(Increase)/Decrease in Construction contract revenue	(1 327 172)	-
	<b>(5 711 483)</b>	<b>-</b>

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Figures in Rand	2022	2021
<b>57. Prior-year adjustments (continued)</b>		
<b>Finance lease obligation</b>		
During the preparation of the Annual Financial Statements the municipality recalculated the amortization schedules for all vehicles under the finance lease agreement and identified adjustments that affect the following periods		
<b>Statement of financial position</b>		
(Increase)/Decrease in Current portion of Finance lease obligation	(3 423 199)	(36 784)
(Increase)/Decrease in Non-Current portion of Finance lease obligation	(2 211 391)	(220 787)
(Increase)/Decrease in Equity	-	257 571
	<b>(5 634 590)</b>	<b>-</b>
<b>Statement of financial performance</b>		
Increase/( Decrease) Finance Cost	1 391 564	-
Increase/( Decrease) Operating Leases	(2 328 944)	-
Increase/( Decrease) General Expenditure	7 446 659	-
Increase/( Decrease) in Loss on disposal of assets and liabilities	(874 689)	-
	<b>5 634 590</b>	<b>-</b>
<b>Receivables from exchange, Receivables from non-exchange and impairment loss/reversal</b>		
Receivables from non-exchange and exchange transactions were impacted by the movement in the impairment being recorded incorrectly, this resulted in the accumulated impairment being overstated and net receivables being understated. There were movements within the receivables categories due to balances that were previously recorded under "other debtors" grouping being apportioned and correctly reallocated to the other categories within the debt book i.e. Property Rates/Waste/Service Charges etc. The correction of error has been correctly processed in the figures reflected for 30 June 2021.		
<b>Statement of financial position</b>		
(Increase)/Decrease in accumulated impairment - receivables from exchange transactions	(2 146 502)	-
(Increase)/Decrease in accumulated impairment - receivables from non-exchange transactions	48 636 975	-
	<b>46 490 473</b>	<b>-</b>
<b>Statement of financial performance</b>		
Increase/(Decrease) in impairment loss/reversal	(46 490 473)	-
<b>Trade and other payables from exchange transactions</b>		
The municipality undertook a data cleansing exercise on accruals in order to address prior year audit findings. This resulted in an identification of accruals that were disclosed as part of take on liabilities from the merger. Due to the uncertainty surrounding these they have been written off accordingly as the municipality believes there is no current obligation that will result in the outflow of economic benefits.		
<b>Statement of Financial Position</b>		
(Increase)/Decrease in Trade and other payables from exchange transactions	-	4 067 039
(Increase)/Decrease in Equity	-	(4 067 039)
	<b>-</b>	<b>-</b>
<b>Cash and Cash equivalents</b>		

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#### 57. Prior-year adjustments (continued)

During the review of reconciling items between the bank balance and the cashbook/GL, it was noted that there were transactions that should have been processed on the cashbook but had been left as reconciling items as they had gone off the bank via debit order. These transactions relating to the rental of photocopiers from service providers as well as transactions for sheriff fees that was captured on the cashbook, further an amount of R408 679 was incorrectly mapped to cash and cash equivalents instead of receivables from exchange.

#### Statement of Financial Position

Increase/(Decrease) in cash and cash equivalents	(667 243)	-
Increase/(Decrease) in Vat receivable	46 673	-
(Increase)/Decrease in trade and other payables from exchange - accrual	(99 261)	-
Increase/(Decrease) in receivables from exchange	408 679	-
	<b>(311 152)</b>	<b>-</b>

#### Statement of financial performance

Increase/Decrease in lease rentals on operating lease	285 039	-
Increase/Decrease in General expenses	26 114	-
	<b>311 153</b>	<b>-</b>

#### Statement of changes in Net assets

During the prior year audit it was noted that the net asset balance in the statement of changes in equity was different to the statement of financial position. The statement of net asset was overstated by R 1414 164. The correction has been effected in the statement of changes in net assets.

#### 58. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

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<b>58. Comparative figures (continued)</b>		
<b>General expenses</b>		
Audited amount	-	121 145 848
Transferred to Inventory consumed	-	(11 943 027)
Correction of error	-	7 472 773
	-	<b>116 675 594</b>
<b>Inventory consumed</b>		
Audited amount	-	37 575
Transferred from General expenses	-	11 943 027
	-	<b>11 980 602</b>
<b>Loss on disposal of assets and liabilities</b>		
Audited amount	-	2 663 484
Correction of error	-	(373 995)
	-	<b>2 289 489</b>
<b>Debt impairment</b>		
Audited amount	-	17 614 617
Transferred to Impairment loss/reversal	-	(17 614 617)
	-	<b>-</b>
<b>Impairment loss/reversal</b>		
Audited amount	-	5 972 925
Transferred from Debt impairment	-	17 614 617
Correction of error	-	(40 573 372)
	-	<b>(16 985 830)</b>
<b>Depreciation and Amortisation</b>		
Audited amount	-	96 214 255
Correction of error	-	(1 863 392)
	-	<b>94 350 863</b>
<b>Government grants and subsidies</b>		
Audited amount	-	(376 284 638)
Correction of error	-	(4 384 311)
	-	<b>(380 668 949)</b>
<b>Construction contracts</b>		
Audited amount	-	(55 402 699)
Correction of error	-	(1 327 172)
	-	<b>(56 729 871)</b>
<b>Property, plant and equipment</b>		
Audited amount	-	1 591 529 784
Correction of error	-	(1 824 471)
	-	<b>1 589 705 313</b>
<b>Investment property</b>		
Audited amount	-	205 741 000

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<b>58. Comparative figures (continued)</b>		
Correction of error	-	84 485 000
	-	<b>290 226 000</b>
<b>Receivables from exchange transactions</b>		
Audited amount	-	92 965 258
Correction of error	-	(1 737 820)
	-	<b>91 227 438</b>
<b>Receivables from non-exchange transactions</b>		
Audited amount	-	185 208 518
Correction of error	-	48 636 975
	-	<b>233 845 493</b>
<b>Finance lease obligation</b>		
Audited amount	-	43 686 343
Correction of error	-	5 892 161
	-	<b>49 578 504</b>
<b>Unspent conditional grants</b>		
Audited amount	-	48 335 580
Correction of error	-	(5 711 325)
	-	<b>42 624 255</b>
<b>Cash and cash equivalents</b>		
Audited amount	-	143 480 454
Correction of error	-	(667 243)
	-	<b>142 813 211</b>
<b>Vat receivable</b>		
Audited amount	-	22 501 849
Correction of error	-	46 672
	-	<b>22 548 521</b>
<b>Finance cost</b>		
Audited amount	-	11 087 894
Correction of error	-	1 391 564
	-	<b>12 479 458</b>
<b>Lease rentals on operating lease</b>		
Audited amount	-	20 996 751
Correction of error	-	(2 043 904)
	-	<b>18 952 847</b>
<b>Contracted services</b>		
Audited amount	-	190 476 493
Correction of error	-	770 673
	-	<b>191 247 166</b>

## KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality  
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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>58. Comparative figures (continued)</b>		
<b>Intangible assets</b>		
Audited amount	-	245 630
Correction of error	-	170 428
	-	<b>416 058</b>
<b>Trade and other payables from exchange transactions</b>		
Audited amount	-	131 634 351
Correction of error	-	(3 967 778)
	-	<b>127 666 573</b>

#### 59. Events after the reporting date

The following events have been identified and disclosed in line with GRAP 14- Events After the Reporting Date

##### Adjusting events

- The council resolved on 26 July 2022 the approval of indigent support amounting to R100 130.00 relating to June 2022 which affected the revenue as well as receivables.
- The council approved a write off of R20 729 801,80 on 26 July 2022, for irregular expenditure and fruitless and wasteful expenditure incurred totalling R17 001,13 that was incurred in prior years/ current year as well as the investigation that was started before the end of the current financial year.

##### Non- adjusting events

- The council resolved on 26 July 2022 to donate land for two families affected by disaster to enable them to benefit from the Disaster Housing Project implemented by the KwaZulu Natal Department of Human Settlements. The estimated size of the donation is 100 metre<sup>2</sup> within the Farm no.6362. An estimate of the financial effect cannot be made as these are within a land parcel that has not been subdivided for valuation purposes.

#### 60. Fruitless and wasteful expenditure

Opening balance as previously reported	32 309	201 310
Add: Fruitless and wasteful expenditure identified - current	19 784	171 467
Less: Amount written off - current	(17 001)	(340 468)
<b>Closing balance</b>	<b>35 092</b>	<b>32 309</b>

Fruitless and wasteful expenditure is presented Exclusive of VAT



# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 60. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	
Eskom - interest	None	10 052
Interest - other	None	-
Interest on Ugu accounts	None	9 732
		119 238
		<b>19 784</b>
		<b>171 530</b>

### 61. Irregular expenditure

Opening balance as previously reported	55 522 381	53 474 811
<b>Opening balance as restated</b>	<b>55 522 381</b>	<b>53 474 811</b>
Add: Irregular Expenditure - current	4 392 985	31 850 292
Less: Amount written off - current	(4 392 985)	(29 802 722)
Less: Amount written off - prior period	(16 336 817)	-
<b>Closing balance</b>	<b>39 185 564</b>	<b>55 522 381</b>

Irregular expenditure is presented Exclusive of VAT

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 61. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings	
Other		4 392 985
Non-compliance with s116 of the MFMA	None	-
Less than 4 senior managers attended BAC		9 946 110
		<b>4 392 985</b>
		<b>31 850 292</b>

### Cases under investigation

Disciplinary steps taken/criminal proceedings under investigation	35 923 087	35 923 087
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### 62. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	4 748 288	4 577 130
Amount paid - current year	(4 748 288)	(4 577 130)
	-	-

#### Audit fees

Opening balance	111 718	-
Current year subscription / fee	5 153 281	5 020 133
Amount paid - current year	(4 455 676)	(4 908 415)
	<b>809 323</b>	<b>111 718</b>

# KZN216 Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

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

#### PAYE and UIF

Current year subscription / fee	58 553 647	61 454 428
Amount paid - current year	(58 553 647)	(61 454 428)

#### Pension and Medical Aid Deductions

Current year subscription / fee	102 646 896	101 270 482
Amount paid - current year	(102 646 896)	(101 270 482)

#### VAT

VAT receivable	107 281 357	63 093 740
VAT payable	74 576 366	40 545 219
	<b>181 857 723</b>	<b>103 638 959</b>

#### Councillors' arrear consumer accounts

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

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor AT Damas	1 652	-	1 652
Councillor R Gumbi	979	3 082	4 061
Councillor L Ntanza	1 534	12 853	14 387
	<b>4 165</b>	<b>15 935</b>	<b>20 100</b>

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor S Chetty	4 354	3 865	8 219
Councillor L Garbade	1 406	-	1 406
Councillor R Gumbi	1 516	18 497	20 013
Councillor B Ngalo	787	601	1 388
Councillor L Ntanza	1 977	38 348	40 325
	<b>10 040</b>	<b>61 311</b>	<b>71 351</b>

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

#### 63. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	3 221 710	3 576 726
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

# KZN216 Ray Nkonyeni Municipality

Trading as Ray Nkonyeni Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 64. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

#### Section 36 Deviations

In an emergency - s36(1)(a)(i)	13 720	671 079
Sole supplier - s36(1)(a)(ii)	13 058	111 752
Impractical or impossible to follow the official procurement process - s36(1)(a)(v)	4 154 026	1 829 554
Special works of art or historical objects where specifications are difficult to compile - s36(1)(a)(iii)	121 095	-
	<b>4 301 899</b>	<b>2 612 385</b>

### 65. Budget differences

#### Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% (10% over approved budget) has been explained below:

Sale of goods - Avgas and Jet A1 fuel sales which are contingent on the amount of Jet fuel expenditure incurred and there was no expenditure resulting in no revenue from Jet fuel.

Construction contracts - The Department of Human Settlements during the financial year entered into a tripartite agreement and makes certain project payments within the budgeted allocation which has resulted in the variance between the budgeted versus actual figures.

Rental of facilities and equipment - A conservative approach was used in budgeting for rental of fixed assets during these uncertain times with restrictions on gatherings, now with the restrictions being eased. The easing of the restrictions resulted in collecting more than the projections were made on the budget.

Interest received (trading) - The increase in our debtors and has yielded more interest charged than anticipated with an average monthly interest receivable on outstanding debtors. This interest is based on the outstanding debtors, this shows that most of our customers are failing to pay their debts on time. Debt collection policy is also implemented to improve the collection rate.

Licences and permits - Licences and permits from exchange transactions collected less than what was anticipated due to the low collection on the parking fees revenue.

Rendering of services - The municipality generated more revenue on the Building plans fees as the restrictions were being eased and more developments started.

Other income - Other income has exceeded the projected revenue due to an insurance refund

Licences and Permits (Non-exchange) - Motor vehicle licencing revenue has exceeded projections due to an increase in vehicle registrations over the past financial year as the exemption that was offered during covid was relaxed.

Interest, Dividends and Rent on Land - The increase in our debtors and has yielded more interest charged than anticipated with an average monthly interest receivable on outstanding debtors. This interest is based on the outstanding debtors, this shows that most of our customers are failing to pay their debts on time. Debt collection policy is also implemented to improve the collection rate.

Fines, Penalties and Forfeits - The issued traffic fines were more than what was anticipated in the budget process.

Finance costs - The municipality recalculated the amortisation schedules for all vehicles under the finance lease agreement and there were adjustments that were identified.

## **KZN216 Ray Nkonyeni Municipality**

Trading as Ray Nkonyeni Municipality

Annual Financial Statements for the year ended 30 June 2022

### **Notes to the Annual Financial Statements**

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Figures in Rand

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#### **65. Budget differences (continued)**

Lease rentals on operating lease - The Municipality has entered into another finance lease on vehicles which has reduced the amount of expenditure on vehicles under the operating lease agreement.

Bad debts written off - Debt impairment expenditure is contingent on consumer applications for payment arrangements with the municipality which has resulted in the variance in the budget versus actual

Contracted Services - Housing projects contribute the highest variance in contracted services as the expenditure is directly link to the tripartite agreement the department of human settlement entered into which effects expenditure incurred on the housing projects. Cost saving measures have provided saving in expenditure for verge maintance and street cleaning which makes the actual expenditure to be less the the budget.

General Expenses - The variance in general expenses is due to savings in expenditure line items such as data lines, insurance premium, water consumption and the budget for uniforms

## **OVERSIGHT REPORT ON ANNUAL REPORT: 2021/2022 FINANCIAL YEAR**

### **1. PURPOSE OF REPORT**

To consider the Annual Report for the 2021/22 financial year and to adopt an Oversight Report containing Council's comments on the Annual Report in terms of section 129 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter indicated as MFMA).

As the Chair of the MPAC it is with great pleasure that I stand here to present this report, as I am aware of the great work that has been done by the Municipal administration and how this has helped improve Council's oversight role in many areas but more especially service delivery.

### **2. BACKGROUND**

#### **A. Legal Requirements**

Section 121(1), (2) and (3) of the MFMA determines as follows:

121(1) Every Municipality must for each financial year prepare an Annual Report. The Council must within nine months after the end of a financial year deal with the annual report of a municipality in accordance with section 129.

#### **The purpose of an annual report is:-**

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

#### **The annual report of a municipality must include-**

- (i) The annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (ii) The Auditor-General audit report in terms of section 126(3) on those financial statements;
- (iii) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- (iv) The Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act, (Act 32 of 2000);
- (v) An assessment by the municipality's Accounting Officer of any arrears on municipal taxes and service charges;
- (vi) An assessment by the municipality's Accounting Officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue from each source and for each vote in the municipality's approved budget for the relevant financial year;
- (vii) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (ii) and (iv);
- (viii) Any explanations that may be necessary to clarify issues in connection with the financial statements;

- (ix) Any information as determined by the municipality;
- (x) Any recommendation as determined by the municipality; and
- (xi) Any other information as may be prescribed.

In terms of section 127(5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled; make public the annual report, invite the local Community to submit representations in connection with the annual report and submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

According to section 129(1) of the MFMA, the Council must consider the Annual Report by no later than two months from the date on which the annual report was tabled, adopt an oversight report containing the Council's comments on the annual report which must include a statement whether-

- *The Council has approved the Annual Report with or without reservations;*
- *Has rejected the Annual Report or*
- *Has referred the Annual Report back for revision of those components that can be revised.*

### **3. PROCESS**

#### **a) Submission and tabling of the Annual Report**

The Draft Annual Report of the Municipality for the 2021/22 financial year was tabled at the Ordinary Council Meeting, on the 24<sup>th</sup> of January 2023 in terms of section 127(2) of the Local Government: Municipal Finance Management Act, 56 of 2003.

Council resolved (**C122/01/2023**) the following:

- 1) THAT the report dated 17 January 2023, submitted by the Head of Department Strategic Planning and Governance, regarding the Ray Nkonyeni Municipality's Draft Annual Report 2021/2022, be and is hereby received and noted;
- 2) THAT input be made on the 2021/2022 Draft Annual Report in line with Chapter 12 of the Municipal Finance Management Act 2003 (Act No 56 of 2003); and
- 3) THAT the input received from Council, be incorporated into the 2021/2022 Draft Annual Report prior to advertising and calling for public comments on the Draft Report.

#### **b) The MPAC**

The Municipal Public Accounts Committee is a committee of Council established under section 79 of the Municipal Structures Act, 1998.

The members of MPAC are as follows:

Clr PC Shange (Chairperson)	Clr S Breedt
Clr SA Ngcece	Clr I Ngcobo
Clr VB Zulu	Clr XA Gasa
Clr J Schmidt	Clr MM Mkhize
Clr MD Jula	Clr LB Ntusi

The MPAC analyses and reviews the annual report in detail before tabling the report to Council for consideration.

In terms of the resolution by Council to comply with section 127 (2) the annual report was made public:

- The local community has been invited via the local press to submit comments / objections regarding the Annual Report from 3<sup>rd</sup> February 2023 to 23<sup>rd</sup> February 2023
- Office of the Auditor General requested that we correct the IUDG grant expenditure from 100% to 98%
- That the content page and the numbers correspond
- That the current AFS be rewritten that current AFS and labelled annexure A
- That the report starts with the current year's AFS as well as current years Audit report
- That the AGSA Audit Report page numbers and the contents page aligned

The MPAC first met on the 26 of January 2023 where the draft Annual report was reviewed, and the committee accepted and noted the report

The committee approved that the annual report be tabled to Council and that the report be publicized for public comments once considered by Council.

There were no further inputs regarding the annual report from the MPAC, and the committee agreed that the report can be tabled to council.

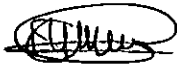
The following MPAC meeting took place on the 22 of February 2023 where the draft Annual report was reviewed, and the committee requested the unit to change previous MPAC member AF Nqoko be replaced with Clr LB Ntusi

The annual report was made public through placing a notice of the availability of the draft annual report in all libraries and thusong centres, as well as a copy in the main office for public perusal. Subsequently, there were no comments submitted from the Public.



**RECOMMENDATIONS:**

- 1. THAT THE OVERSIGHT REPORT ON THE ANNUAL REPORT 2021/22 BE APPROVED WITH PROPOSED AMENDMENTS IF ANY FROM PUBLIC, IN TERMS OF SECTION 129 (1) OF THE LOCAL GOVERNMENT MUNICIPAL FINANCIAL MANAGEMENT ACT (MFMA ACT NO 56 OF 2003);**
- 2. THAT THE ANNUAL REPORT 2021/2022 BE APPROVED IN TERMS OF SECTION 129 OF THE LOCAL GOVERNMENT MUNICIPAL FINANCIAL MANAGEMENT ACT (MFMA ACT NO 56 OF 2003) WITHOUT RESERVATIONS;**
- 3. THAT THE 2021/22 OVERSIGHT REPORT OF THE MUNICIPALITY BE MADE PUBLIC IN TERMS OF SECTION 129(3) OF THE MFMA; AND**
- 4. THAT THE OVERSIGHT REPORT AND ANNUAL REPORT 2021/2022 BE SUBMITTED TO THE PROVINCIAL LEGISLATURE IN TERMS OF SECTION 132(2) OF THE MFMA**



**MPAC Chairperson**

17 APRIL 2023

**Date**