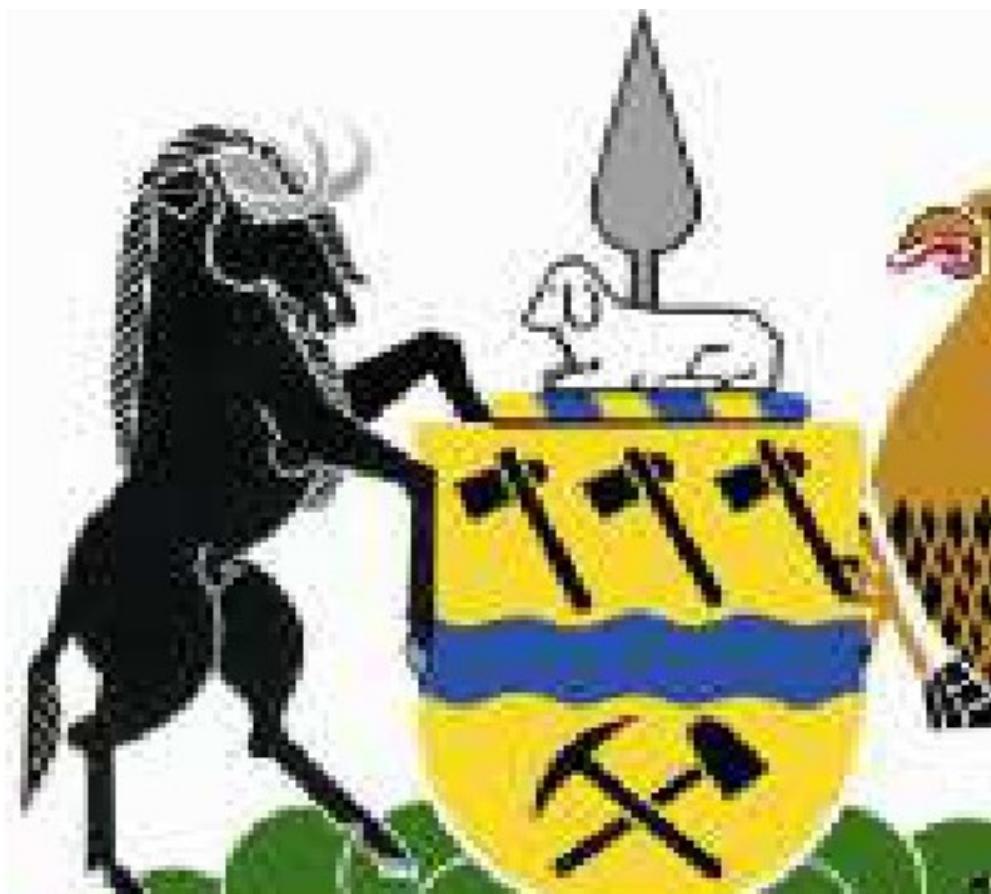


ÉDUMBE LOCAL MUNICIPALITY



ANNUAL REPORT

2022/2023

FINANCIAL YEAR

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1.1. MAYOR'S FOREWORD

I would like to express my gratitude to eDumbe Council for fulfilling the pledges made to the Community in rendering services during 2022/2023 financial year. I trust that 2022/2023 was a great year for us all and especially for the Council and the citizens of éDumbe. I would also like to take time to mention and congratulate the 2022 matriculants, the class of 2022 for having done extremely well in their Matric exams, and we trust that the doors of Higher Learning will be opened to allow them to shape their destiny. Those that have not done well, we wish to encourage them to take on the year with more vigour and excitement; they must know that they still have an opportunity to learn and improve their lives and those of their communities. We wish all luck for 2023 matric learners as we are awaiting the official results



Like any house that has intentions to prosper we need to do some introspections on the 2023/2024 financial year to ensure that we can rectify the errors of the past and improve on the success we have achieved thus far. éDumbe Municipality received an **UNQUALIFIED AUDIT OPINION** with findings for the 2022/2023 Audited Financial Year. The Auditor-General (AG) attributed our municipality's 2022/2023 success to "effective leadership culture, the implementation of action plans, and established policies and procedures".

With that I wish to extend my gratitude to the management and staff of éDumbe for their magnitude support to the Council of éDumbe. One of the pillars of Democratic Governance is good governance which is strictly uncorrupted, transparent and cares for its clients. It is of vital significance to always refer to this in order to accomplish the constitutional mandate of éDumbe Municipality as prescribed in the constitution of South Africa that will help us achieve our vision.

That being said we should consider that the Municipality still encounters financial challenges which impact éDumbe negatively on services delivery, but through new economic development driven strategies and improving the functionality of Revenue collection, there will be a trivial improvement. Moreover, we appreciate the unwavering support from different Sector Departments that have brought forward their support in terms of service delivery. It is exciting that the community is gradually growing in terms of understanding the operations of the municipality even though there are still some challenges.

The political leadership of éDumbe municipality are determined to putting people first and prioritizing the needs of the people over their political parties. Through consultation with our community we have developed a community needs analysis, and it is clear that people are talking about similar issues and needs time and again; roads, electricity, infrastructure development (our town), water, water borne sewerage system and business development which fall under the Six Key Performance Areas(KPAs) which our IDP is based and assed on.

This report is based on the four Batho Pele principles which are **information, openness and transparency, access and consultation**. The Local Government is judged through basic service delivery. The following activities were affected and captured in this report;

- Capital Projects-Implementation of Capital Projects
- Revenue Collection
- Strategic Planning for the upcoming Financial year

PUBLIC PARTICIPATION ACTIVITIES

The municipality has sustained its principles on the active participation of the community on the municipal programmes to ensure that the community understands the plans of the municipality and approves those plans. We have also deployed our entire senior managers and managers to war rooms; and we enjoy the support of the Office of the Premier through Sukuma Sakhe initiatives. The municipality is subscribed to the principle of accountability and democracy since they are the main objectives of local authorities.

IMPLEMENTATION OF CAPITAL PROJECTS

The Municipality during 2022/2023 has improved in terms of fast tracking the execution of the Capital Projects. The Municipality is proud and confident to report that the below listed MIG funded Capital Projects implemented were all completed. The projects implemented are as follows:

- Regravelling of KwaNyosi Road
- Rehabilitation of Road in CBD (Premere road)
- Regravelling of Mapayipini Road
- Installation of 2 sets of robots and Street lights
- Mbedleni Bridge
- Ezixeni Sportfield
- Mashekelele Sportfield
- Bilanyoni SMMME Centre

CONCLUSION

It is indeed critical that we tackle these issues to ensure the success of our development initiative and service delivery prospects. We again acknowledge and humble ourselves before the people of éDumbe for your confidence in us. Our mandate is simple, which is to “Work tirelessly and to deliver services to éDumbe citizens and ensure that citizens have access to those services”. We should continue to commit ourselves to hard work and to changing the lives of éDumbe citizens across all sectors. We maintain our vision that **“By 2035 éDumbe will be a Liveable, Economically Progressive Municipality and a Gateway to Kwazulu-Natal.”**

AND I REAFFIRM MY MOTTO “NOTHING ELSE BUT SERVICE DELIVERY”.

Yours in Service Delivery

CLLR M.S. MKHABELA

HIS WORSHIP THE MAYOR,

éDUMBE LOCAL MUNICIPALITY

1.2. MUNICIPAL MANAGER'S OVERVIEW



MUNICIPAL MANAGER : MR JFK KHUMALO

eDUMBE LONG-TERM VISION

“By 2035 eDumbe will be a liveable, economically progressive Municipality and a gateway to KwaZulu Natal”

The 2022/2023 Annual Report of the municipality reflects on the tremendous achievements of its priorities which are aligned to the Back to Basics principles. The municipality performed well in the following areas:

- Municipal Institutional Development and transformation
- Good governance and Public Participation
- Basic Service Delivery and Infrastructure Development
- Local Economic Development

Serious challenges continued in the following Back to Basic pillar:

- Financial viability as a result of sound financial management

Lack of financial resources remained a key challenge in improving the lives of communities that are dependent from eDumbe Local Municipality. A great effort in terms of resolving long outstanding electrification projects were noted. Remarkable strides were then made in the provision of basic services wherein new electricity connections were implemented to the majority of our residence in Ward 1, 6 and 7.

The municipality prudently focused on maintaining financial discipline under the period of harsh economic challenges. We have improved a good payment rate for all our Creditors. However, there is concern regarding the increase of Debtors in the debtors' book. There were no new borrowings, and the ability to service long-standing accruals and to maintain diverse investments has improved. Focus was also placed on internal audit, risk management, and audit action plan strive towards obtaining a good audit opinion.

During the 2022/2023 financial year, the municipality continued to comply with the King III principles and already aiming at King IV compliance, wherein council committees were established with proper terms of reference, annual schedule of meetings and activities, and separation of powers were adhered to. These committees frequently monitored the implementation of council resolutions and activities.

MR JFK KHUMALO

MUNICIPAL MANAGER

POLITICAL STRUCTURES

As at 30 June 2023 eDumbe full Council consisted of 19 Councilors from different political parties and three AmakhosiAseNdlunkulu. They work collectively and in harmony even though at times challenges crop out.

The political representation is as follows NFP- 6, ANC – 5, IFP – 5, DA – 1 and EFF - 1

Full Council Members

1.	Cllr N.D.Mngomezulu	WARD 1	ANC
2.	Cllr M.S Mkhabela	WARD 2	NFP
3.	Cllr V.A. Mthethwa	WARD 3	ANC
4.	Cllr M.V.S Mkwanzani	WARD 4	NFP
5.	Cllr Z.G Masondo	WARD 5	IFP
6.	Cllr M.S.Magagula	WARD 6	NFP
7.	Cllr C.B Mthethwa	WARD 7	IFP
8.	Cllr T.E Kunene	WARD 8	NFP
9.	Cllr D.J Nhlelengethwa	WARD 9	NFP
10.	Cllr T.S Mthethwa	WARD 10	NFP
11.	Cllr B.M Nxusa	PR	ABC
12.	Cllr S.J Kunene	PR	ANC
13.	Cllr H.H Vilakazi	PR	ANC
14.	Cllr M.E Kunene	PR	ANC
15.	Cllr N.D Sibya	PR	DA
16.	Cllr T.T.I Zwane	PR	EFF
17.	Cllr ND Ndlangamandla	PR	IFP
18.	Cllr D.M.Mbokazi	PR	IFP
19.	Cllr K Ngema	PR	IFP



HIS WORSHIP THE MAYOR: HON. M.S. MKHABELA (WARD 02)



HON. DEPUTY MAYOR S.J. KUNENE



Speaker of Council: CLLR. D.J. NHLENGETHWA (Ward 9 Councillor)



EXCO Member: Cllr. ND Ndlangamandla (Chairperson of Corporate Portfolio Committee)



Cllr: H.H.Vilakazi : MPAC Chairperson



Ward 01: Cllr ND Mngomezulu



Ward 03: Cllr V.A Mthethwa (Whip of Council)



WARD 04: Cllr M.V.S. Mkhwanazi



WARD 05: Cllr Z.G. Masondo



Ward 06: Cllr M.S. Magagula



Ward 07: Cllr C.B. Mthethwa



WARD 08: Cllr T.E.KUNENE



WARD 10: Cllr T.S.MTHeHTWA



PR: Cllr B.M.Nxusa



PR: Cllr M.E. Kunene



PR: Cllr N.D.Sibiya



PR: Cllr T.T.I.Zwane



PR: CllrD.M.Mbokazi



PR: Cllr K.Ngema

AMAKHOSI ASENLUNKULU



Inkosi B.P.Sibisi



Inkosi L.Dlamini



Inkosi S.W.Mthethwa

PURPOSE OF THE REPORT

The main purpose of this report is to account to MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of South Africa on progress being made by municipalities towards achieving the overall goal of “a better life for all”. Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, Municipal Structures Act, Municipal Systems Act and the Municipal Finance Management Act

CHAPTER 2 – LEGISLATIVE MANDATE

eDumbe Annual Report is compiled in terms of National Treasury Circular No. 63. Information included in the New Annual Report will better inform in a standardised framework how municipalities and municipal entities have performed, by providing information of a financial and non-financial nature in one document.

The Annual Report content will assist municipal councillors, municipalities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. It was also aligned with the Integrated Development Plan (IDP), Budget, Service Delivery Budget and Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits.

The purpose of the Annual Report is:

- to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- to provide a report on performance in service delivery and budget implementation for the financial year;
- to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.

With the above in mind, the goals of the new Annual Report Format are to achieve the following:

- standardise reporting to enable municipalities / municipal entities to submit comparable Annual Reports;
- align financial and non-financial reporting in the Annual Report;
- create a standardised reporting structure that will enhance comprehensive oversight, meaningful evaluation and improved understanding of service delivery output;
- ensure the standardisation of terminology used in Annual Reports; and
- support the internal and external audit process.

ADDITIONAL LEGISLATIONS

The Annual Report's objective was compiled in terms of the following legislation:

- The Constitution (1996),
- Local Government: Municipal Structures Act (1998) (MsA),
- Local Government: Municipal Systems Act (2000), (MSA),
- Local Government: Municipal Planning and Performance Regulations (2001),
- Local Government: Municipal Finance Management Act (2003) (MFMA),
- Local Government: Municipal Systems Amendment Act (2003),
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006),
- MFMA Circular 63 (Annual Report Guidelines),
- MFMA Circular 13 (SDBIP),
- MFMA Circular 32 (Oversight Report),
- Municipal Public Accounts Committee Guidelines

SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) 56 OF 2003, REQUIRES THAT:

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

SECTION 129 OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) 56 OF 2003,

REQUIRES THAT:

(1) The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, 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.

2.1 ANNUAL REPORT OVERVIEW

MFMA reforms include ensuring transparency and accountability for the fiscal and financial affairs of municipalities and municipal entities through in-year and Annual Reporting. Real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget, SDBIP, service delivery agreement with any municipal entity, performance agreements of senior management and officials, in-year reports covering financial and non-financial information, such as MFMA Sections 71, 72 & 74 and MSA Section 41 among others, annual financial statements, annual performance report and the Annual Report.

Content of the Annual Report

Sections 121(3) and (4) of the MFMA sets out the framework relating to the content of the annual reports for both municipalities and municipal entities. These include:

- the annual financial statements of the municipality/entity and if municipality has municipal entities, consolidated annual financial statements as submitted to the Auditor-General for audit;
- the audit report of the Auditor-General in terms of both section 126(3) of the MFMA and section 45(b) of the MSA;
- municipality's annual performance report as per section 46 of the MSA;
- assessment of any arrears on municipal taxes and service charges;
- assessment of municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the municipality's approved budget;

- particulars of corrective action taken or to be taken on issues raised in audit reports;
- explanations to clarify issues on financial statements;
- any other information determined by the municipality/entity including recommendations made by the audit committee and any other information as may be prescribed.

In addition to the above, section 46 of the Local Government: Municipal Systems Act, as amended, provides for the following information to be included in the municipality's Annual Report:

- ▶ a performance report reflecting performance of both the municipality or any service provider during the financial year to which the annual report relate including development and service delivery priorities and performance targets for the next financial year;
- ▶ GRAP compliant financial statements;
- ▶ An audit report on the financial statements and the annual performance report referred to in the MSA section 46;
- ▶ Other reporting requirements in terms of other legislation;

Additional disclosure requirements:

- ❖ The municipal Annual Report includes, the annual financial statements,
- ❖ amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.
- ❖ Report committing that it has complied with all statutory requirements, including the payment of taxes, levies, audit fees, and contributions for pension and medical aid funds.
- ❖ The national and provincial reports on grant allocations and reconciliations to ensure all amounts are correctly reported.

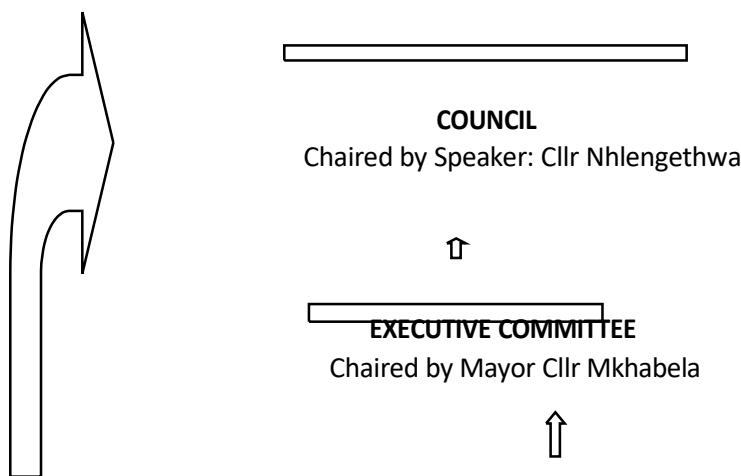
CHAPTER 3 - GOVERNANCE

INTRODUCTION TO GOVERNANCE

The highest decision-making body in the municipality is Council. It is constituted by elected public representatives who were elected during 2021 municipal elections as per Electoral Act and the Constitution of the Republic of South Africa. The Council is assisted by the Executive Committee consisting of three members and two Section 79 Committees consisting of the Municipal Public Account Committee and Audit Committee.

3.1. POLITICAL GOVERNANCE STRUCTURE

COUNCIL STRUCTURES



SECTION 79 COMMITTEES

- Municipal Public Accounts Portfolio Committee (MPAC)
- Audit Committee (AC)

SECTION 80 COMMITTEES

- Corporate Services Portfolio Committee
- Infrastructure and Planning Portfolio Committee
- Finance and Community Services Portfolio Committee

MPAC is a Section 79 oversight committee which comprises non-executive councillors, with the specific purpose of providing oversight over the executive functionaries of Council to ensure good financial governance in the municipality. MPAC also makes comments and recommendations separately on the annual report to Council via the Executive Committee.

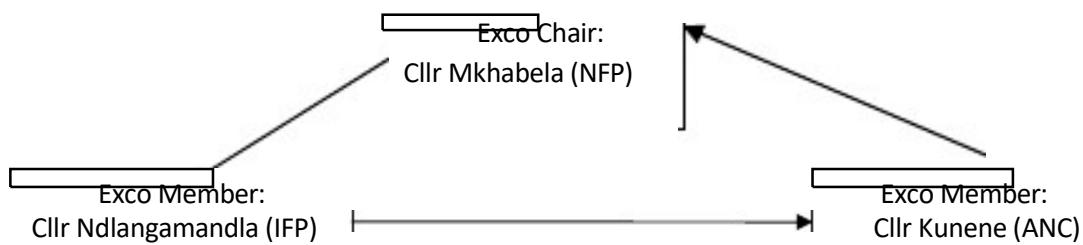
Section 81 of the Structures Act requires traditional leaders to attend and participate in any meetings of the Council. Traditional Leaders located within eDumbe Local Municipality have continued with their participation in all Council Meetings. Their contribution is enormous as it creates a mechanism for rural communities to participate in the Council decision making processes.

The Audit Committee meets at least four times per year and is an independent advisory body that advises Council, political office-bearers, the accounting officer, and the management of the municipality on matters related to internal control, internal audit, risk management, accounting policies, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, and the Division of Revenue Act. It also provides comments to the MPAC and Council on the annual report. The Audit Committee is also responsible for monitoring the Performance Management System, Risk Management, Information Technology (ICT) and Financial Management. Furthermore, there is an administrative committee commonly known as MANCO which assist Council on governance issues that are led by the Accounting Officer. The Management Committee is attended by Directors that are appointed in terms of section 54/56 of the MFMA but also accompanied by the line manager to assist bigger directorates in the execution of their respective duties.

The position of Speaker is a full-time post, and the incumbent takes responsibility for the running of council meetings in accordance with the approved rules of order. The Speaker is the Chairperson of the Council. Council resolved to convene four ordinary council meetings during the financial under review. eDumbe Local Municipality is unique from a number of municipalities in the province as it has eight (8) councilors from the majority party as opposed to eight councilors from the opposition parties. It remains a challenge for decisions to be taken and it is for this reasons that a consensus has to be reached in all council sittings.

The Exco consists of three members and is chaired by the Hon. Mayor Cllr MS Mkhabela. Each party in council is represented at Exco.

EXCO MEMBERS



The section 80 portfolio committees is to provide general oversight and monitor the activities in the municipality over both the administrative and executive arms of the municipality. The following meetings were facilitated by the Department of Corporate and Community Services:

3.2. ADMINISTRATIVE GOVERNANCE STRUCTURE

Since 2021/2022 and during the time of issuing of 2022/2023 Annual Report, administration is led by Mr JFK Khumalo the Municipal Manager who was appointed by Council in November 2022 after being on acting position since December 2020.

Mr JFK Khumalo signed his 2022/2023 performance agreement which contains performance objectives, targets, indicators and procedures for evaluating performance. The Municipal Manager is expected to see to it that all council resolutions are implemented and to provide advice to Council. He is expected to provide managerial functions on the compilation of the IDP, Budget planning and Service Delivery implementation processes.

There are functions that are delegated by Council to the Municipal Manager, who, in turn, sub-delegated certain functions to Senior Managers.

Status of Senior Positions as at 30 June 2023

POSITION	STATUS
Municipal Manager	<ul style="list-style-type: none">• Filled: Mr JFK Khumalo
Chief Financial Officer	<ul style="list-style-type: none">• Filled: Mr ZR Thusi
Director: Corporate and Community Services	<ul style="list-style-type: none">• Vacant: Mr VB Mbatha acts since February 2023
Director: Infrastructure and Planning	<ul style="list-style-type: none">• Vacant: Mr MS Khanyile acts since January 2023

CHAPTER 4 - DEMOGRAPHIC INDICATORS

POPULATION SIZE

A further breakdown in terms of population distribution of éDumbe area is provided in the table and diagram below, (between 1996 – 2016)

Table 1: Total Population

Total Population				
1996	2001	2007	2011	2016
65320	82239	80230	82053	89614

Population Growth Rates			
1996-2001	2001-2007	2007-2011	2011-2016
16869	-2009	1823	7561
20,51	-2.50	2,22	8,44

Table 2: Population Growth Rates

Figure 1: Population Growth

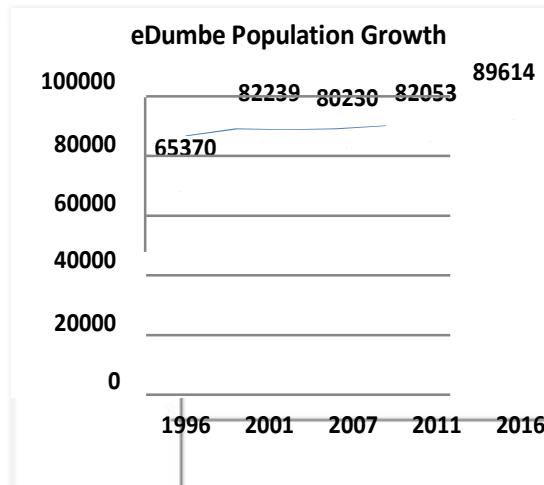
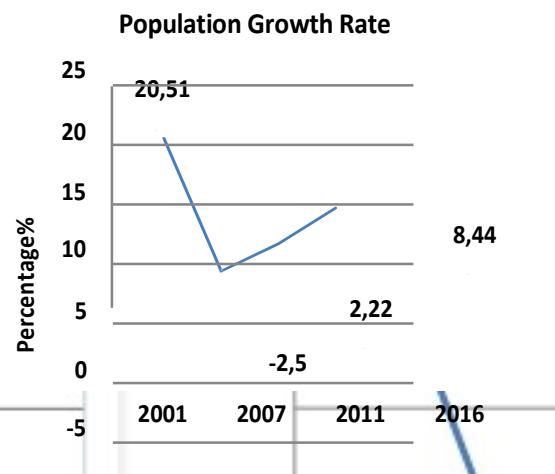


Figure 2: Population Growth Rate

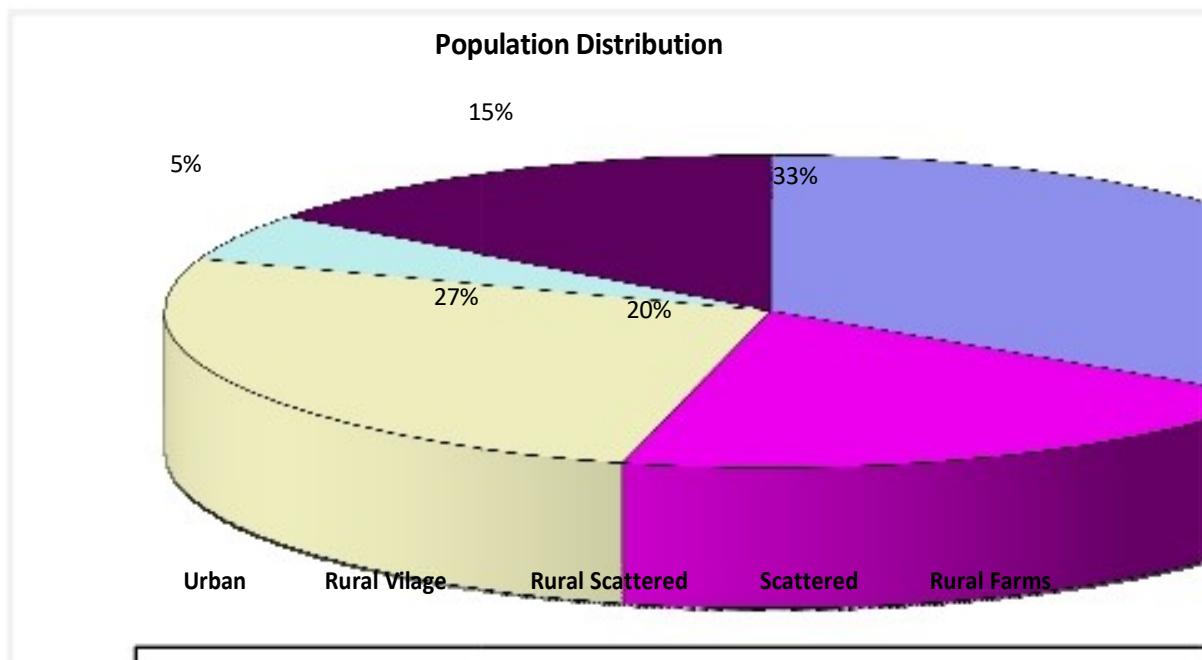


The éDumbe Municipality has an increase of +2.02% Population Change within its boundaries from 2011 to 2016 with the Population Density of 46.1 inch/km² in the year 2016. Its population Growth Rate has increased from 2011 to 2016.

POPULATION DISTRIBUTION

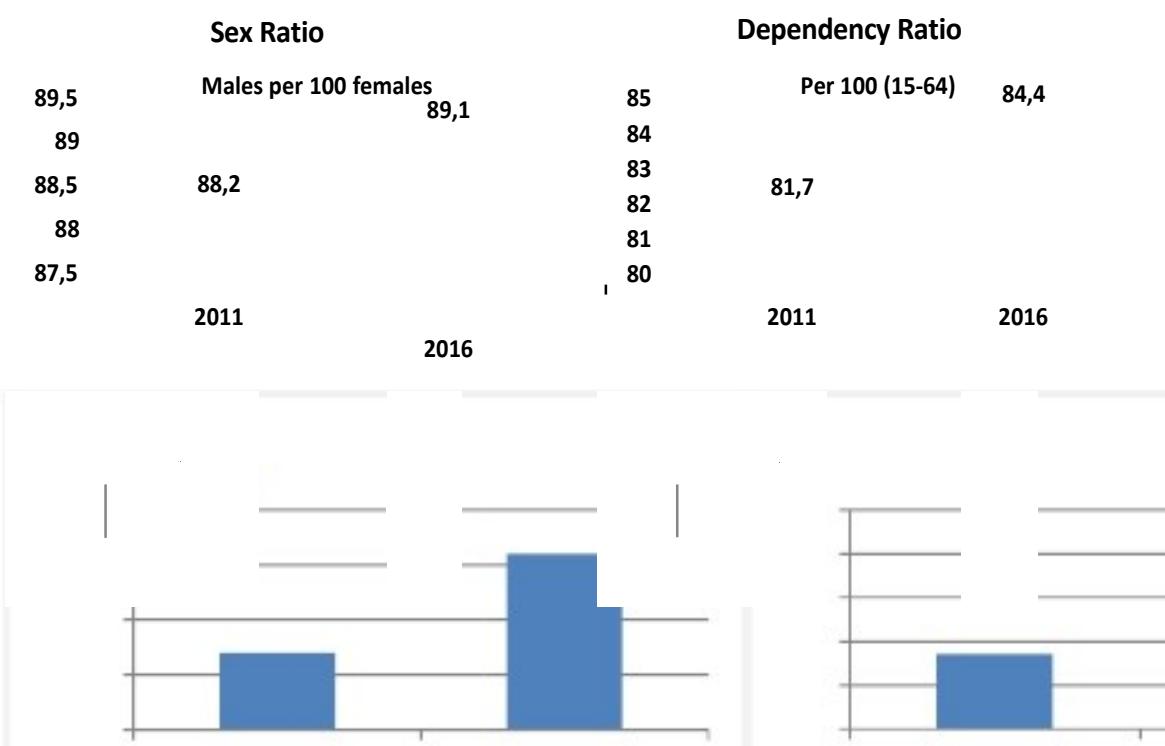
The diagram below shows that only 33% of the municipality's population lives in urban areas while 67% lives in the rural surroundings of the municipality in a farm or rural village, spread and farms. This factor has severe implications on actual service delivery and the cost thereof. It also implies that the large number of the general public of éDumbe municipality is far from the formal economy with its concomitant employment opportunities. Due to the impact of HIV/AIDS which is a world concern, population growth is expected to decline over the next 20 years.

Figure 3: Population Distribution



POPULATION COMPOSITION

Figure 4: Sex Ratio

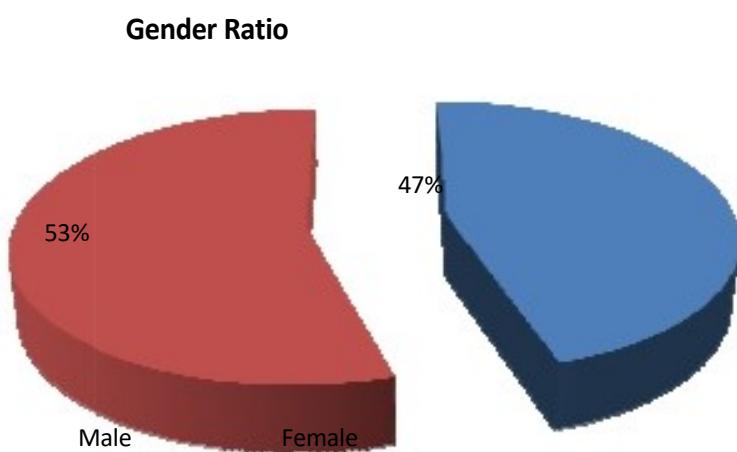


éDumbe sex ratio between 2011-2016 has increased by 0.9% compare to the other years. The dependency ratio also has increased between 2011-2016 by 2.7%.

Table 3: Gender Distribution and Ratio

Year	Number of		Ratio in %	
	Male	Female	Male	Female
1996	75,956	94,595	44.54%	55.46%
2001	84,601	103,984	44.86%	55.14%
2011	85,061	103,255	45.17%	54.83%
2016	31 615	57 998	35.28%	64.72%

Figure 6: Gender Ratio



The imbalance in terms of gender distribution across the area has a number of implications for planning.

Some of the general planning aspects to be considered when planning under these circumstances include:

- The specific health and welfare needs of women;
- The needs of women in planning for economic development and job creation;
- Sport and cultural activities specifically relevant to this group; etc.

This will also impact on the future increase of the municipal population as the life expectancy of woman in KZN is estimated by Statistics SA to be less than 50 years and the prevalence of HIV amongst women are higher than amongst men of the same age group.

POPULATION GROUPS

Table 4: Population Groups

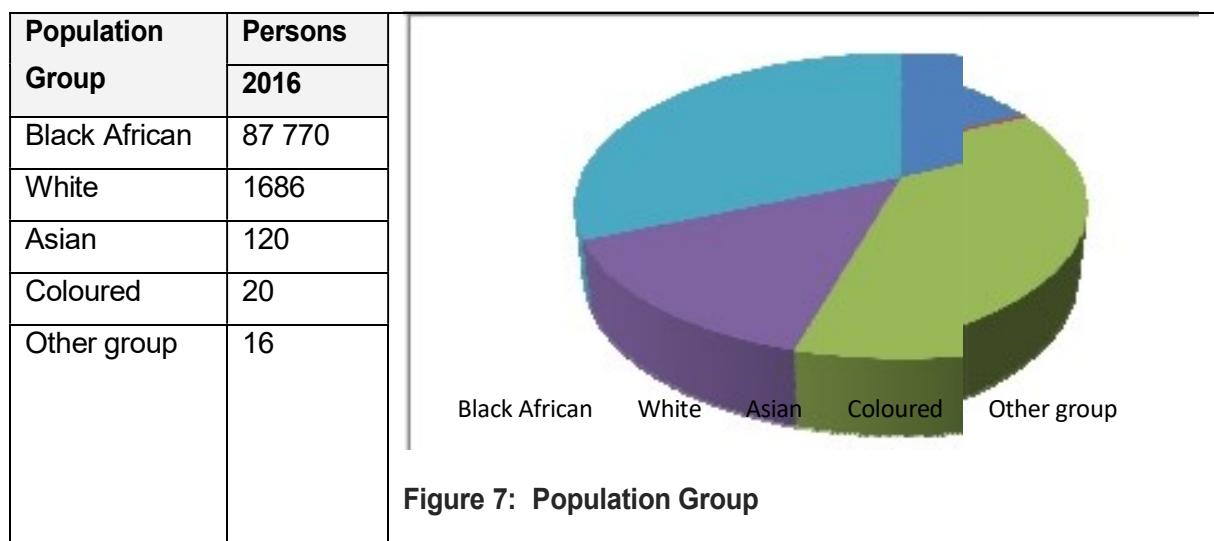


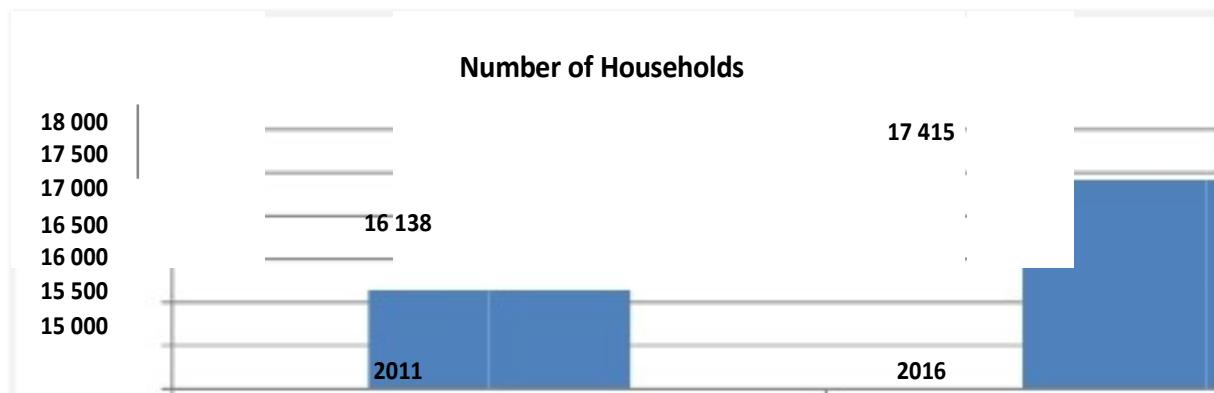
Table 4 indicates that a large population group is dominated by Black African with more than 50% of the municipality's population and follow by white population group.

SOCIO-ECONOMIC INDICATORS

HOUSEHOLDS

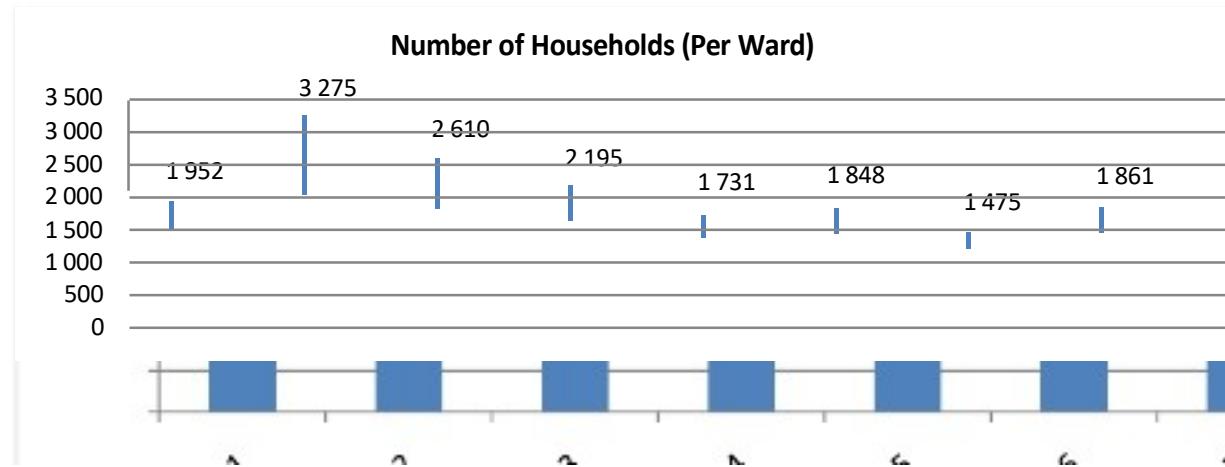
The table below shows that there is the increase in number of the households from 2011 to 2016.

Figure 8: Number of Households



The table below shows that there is increase in number of households per wards from 2011 to 2016 especial ward 2.

Figure 9: Number of Households Per Ward



The table shows that between the age of 60 to 65 most of the pensioners are heading the household about 32.4% of them. It is follow by 65-70 years.

Figure 10: Pensioner Headed Households

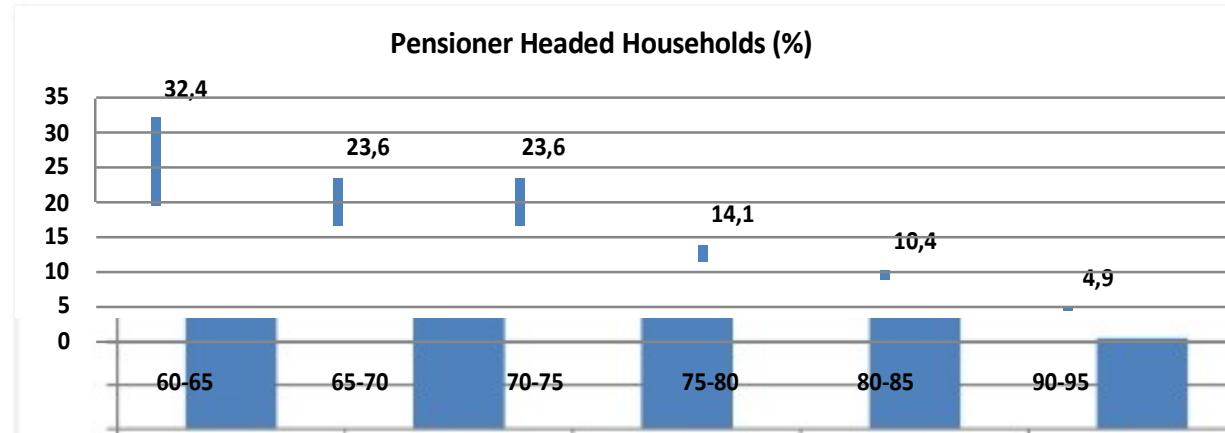
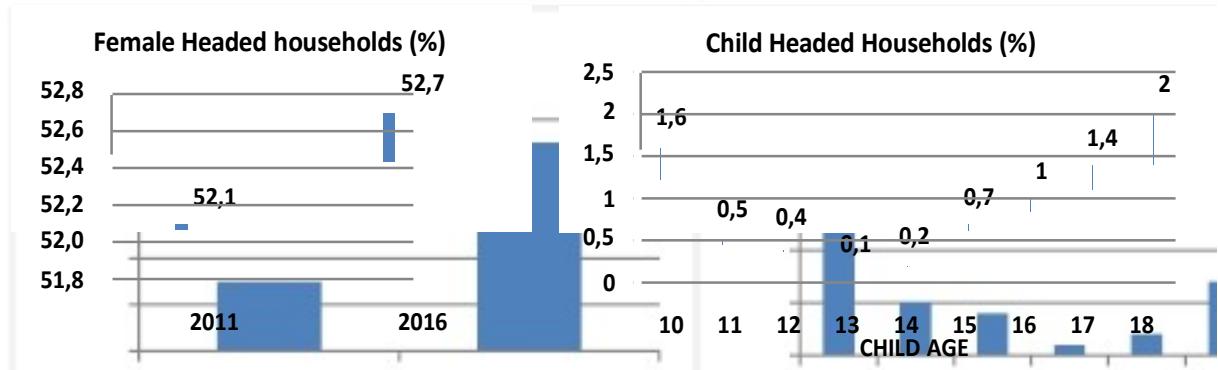


Figure 11: Female and Child Headed Households



The figure above shows that there was the increase in percentage about female headed households from 2011 to 2016. The % is that 52.1% in 2011 and 52.7% in 2016 that the increase of +0.6% in 2016. In the figure shows that most of the households are headed by children which are +- 18 years old. From 2011 to 2016 its shows that from 1.6% to 2% that is the increase of 0.4% of children headed households.

SERVICES

Figure 12: Households Services

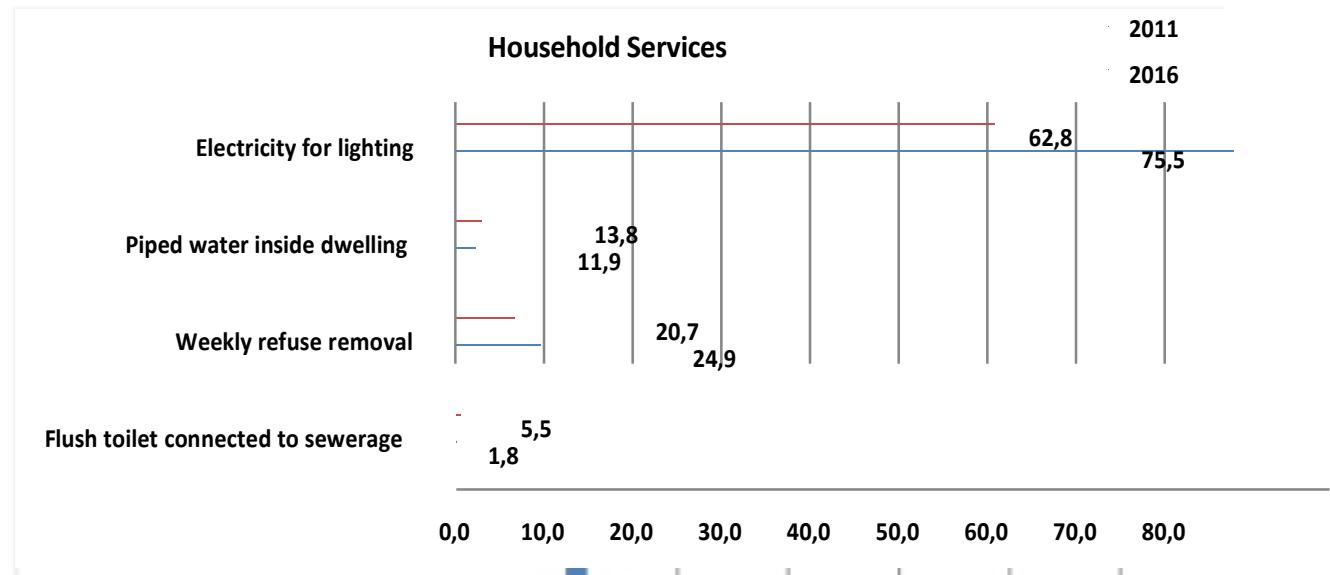
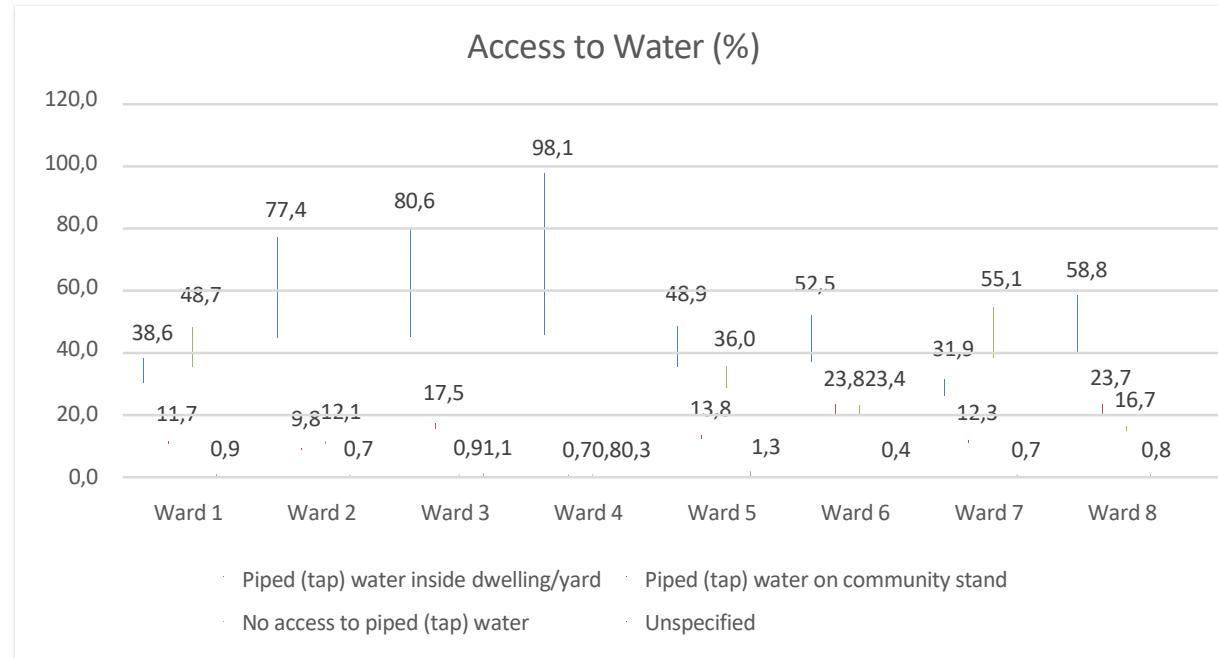


Figure 17 shows the table that from 2011 to 2016 electricity for lighting has increase from 62.8% to 75.5%. That the increase of 12.7% in the last 5 years. We still have challenge on piped water inside dwelling because we are decreasing from 13.8% to 11.9% that is -1.9%.

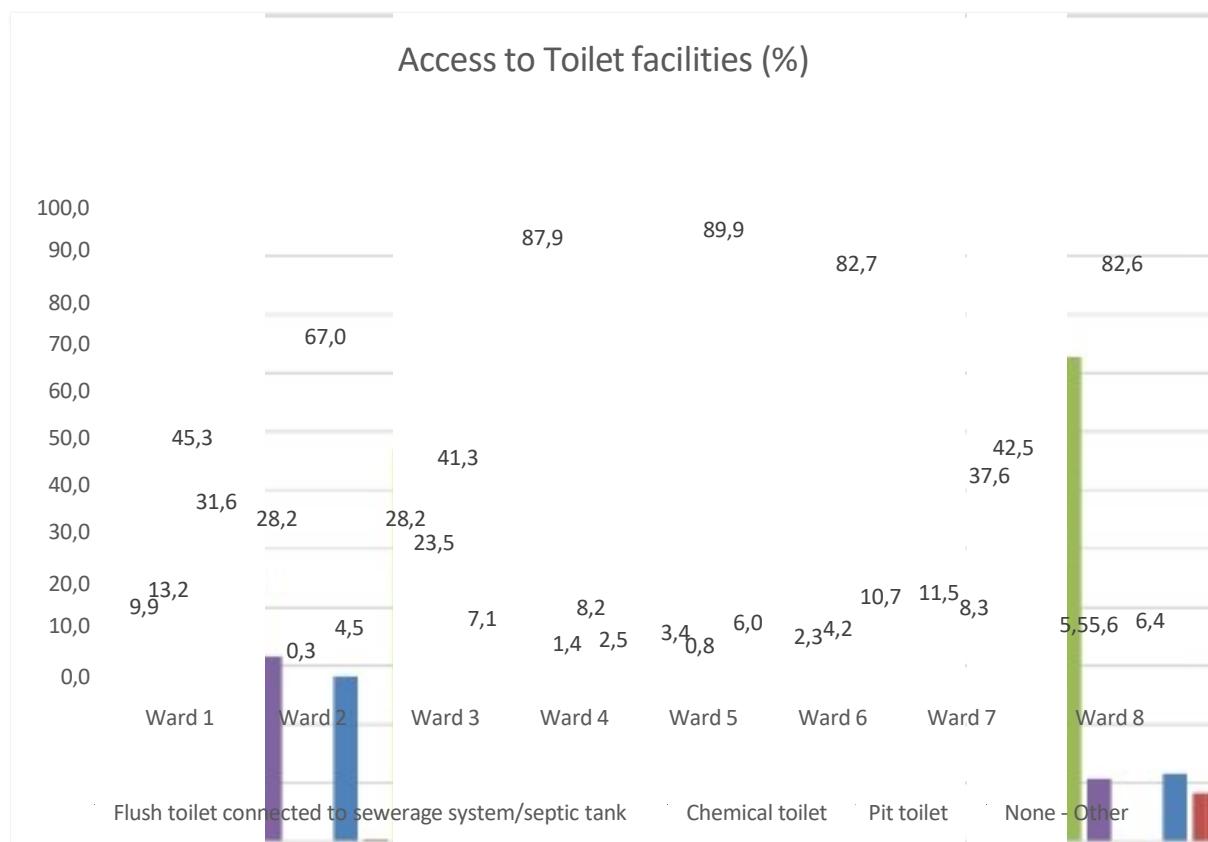
On weekly refuse removal there is the increase in this area because from 2011 to 2016 had a 4.2% increase. The challenge that we had is that of flush toilet where we are still behind schedule because from 2011 to 2016 we are decreasing from 5.5 % to 1.8% that is -3.7%.

Figure 13: Access to Piped Water



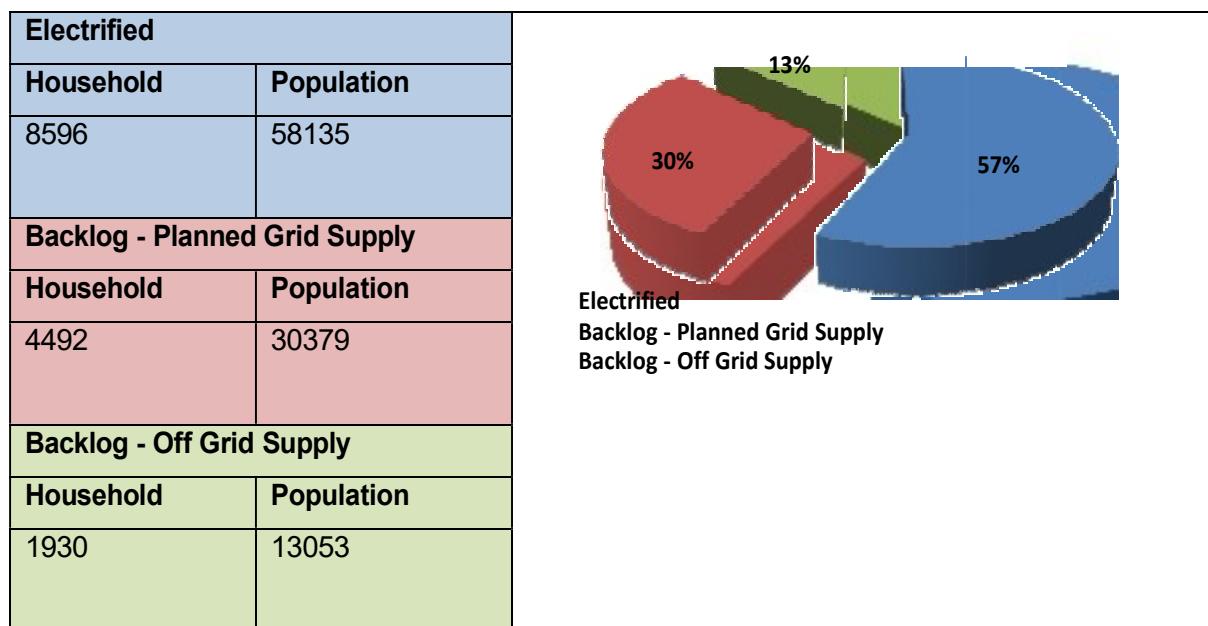
The Figure above shows access to piped water per wards, in this table shows that ward 3,4 and 2 are the most that have water inside dwelling/yard compare to other wards. Wards 1,5,6and 7 still have no access to piped water and all the wards has access to piped water on community stand.

Figure 14: Access to Sanitation



The above Figure shows that ward 4 has 87.9% flush toilets connected to sewerage system/septic tank than other wards and it is followed by wards 2 and 3 with 28.2%. Those wards that got pit toilets are ward 5 with (89.9%), ward 8 (82.6%), ward 6 (82.7%), wards 2 (67.0%) and ward 1(45.3%) and in some wards there are still pit toilet and chemical toilets.

Figure 15: éDumbe Electricity Backlog



The above figure shows the households that has electricity, planned grid supply and off grid supply, 57% of household are electrified, 30% are planned grid supply and 13% are off grid supply.

Figure 16 below shows that the increase in electricity from what was in 2007 and now in 2011. The increase is 9.2% it shows that more community are using electricity now than before. In 2007 community were cooking with wood but 2011 there is a decrease from 66.3% to 57.7% which is about -8.6% decrease. Some community still use paraffin and wood.

Figure 16: Access to Electricity (Cooking)

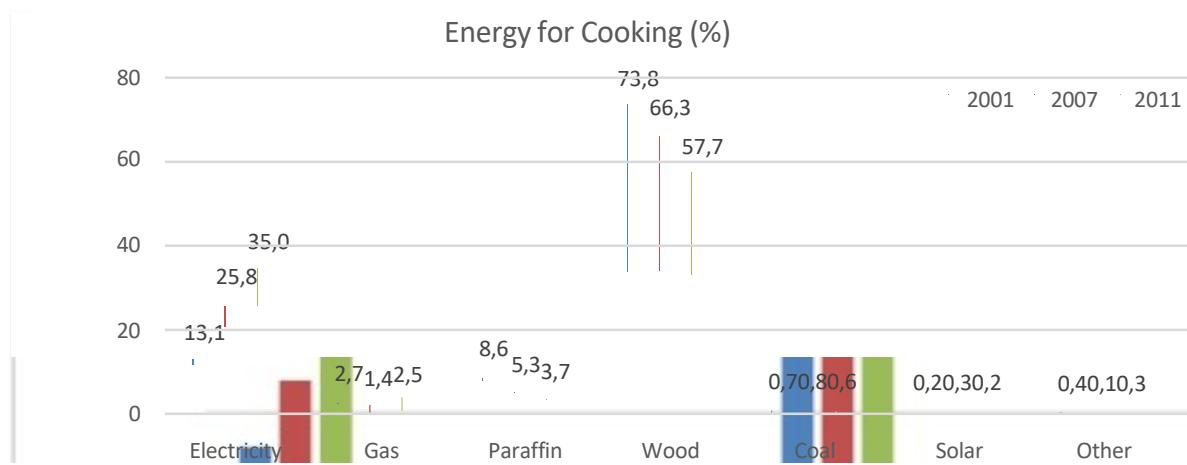
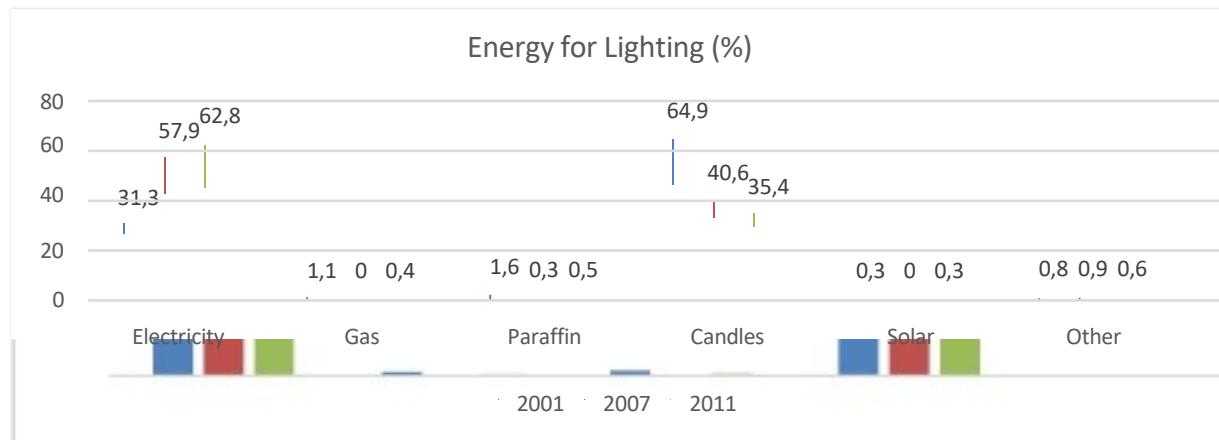


Figure 17: Access to Electricity (Lighting)



Access to electricity (lighting) the below table shows that more community are using electricity now than before 4.9% increase of community using electricity compare to 5.2% of community still using candles instead of electricity(lighting).

Figure 18: Access to Electricity (Heating)

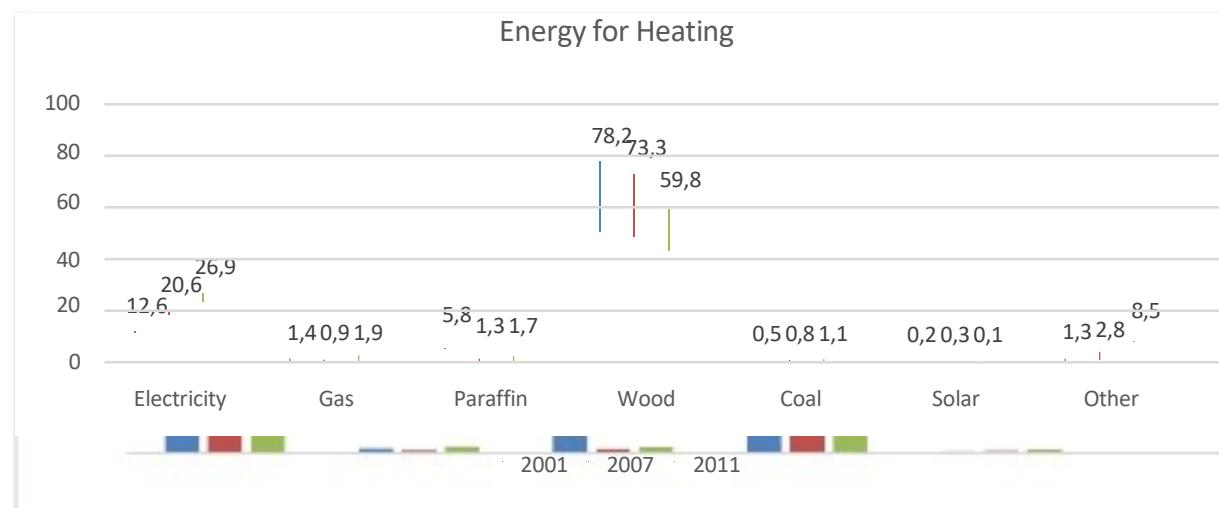
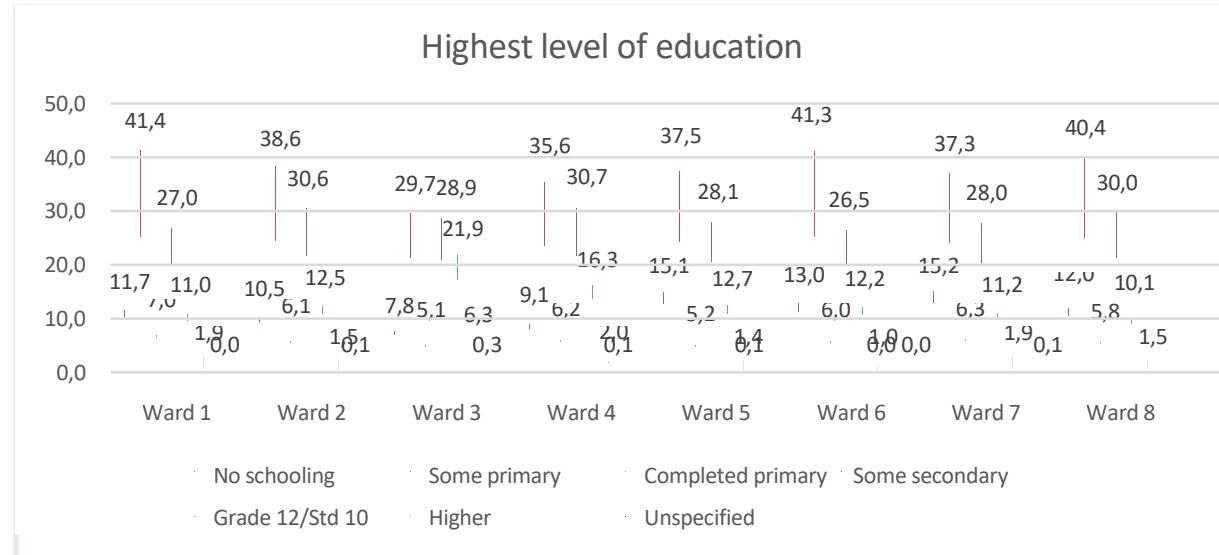


Figure 18 shows the decrease in community using wood for energy for heating from 73.3% in 2007 to 59.8% in 2011 that shows the decrease of -13.5%. The increase in community using electricity for heating went from 20.6% in 2007 to 26.9% in 2011 that is 6.3% increase.

EDUCATION STATUS

Figure 19: Educational Status



The above Figure shows the highest level of education in all wards that has increased from 2011.

The highest level of education was 4.0% now in 2016 is 6.6% that shows the increase of 2.6%.

Figure 20: Education Level (Over 20 Years Old)

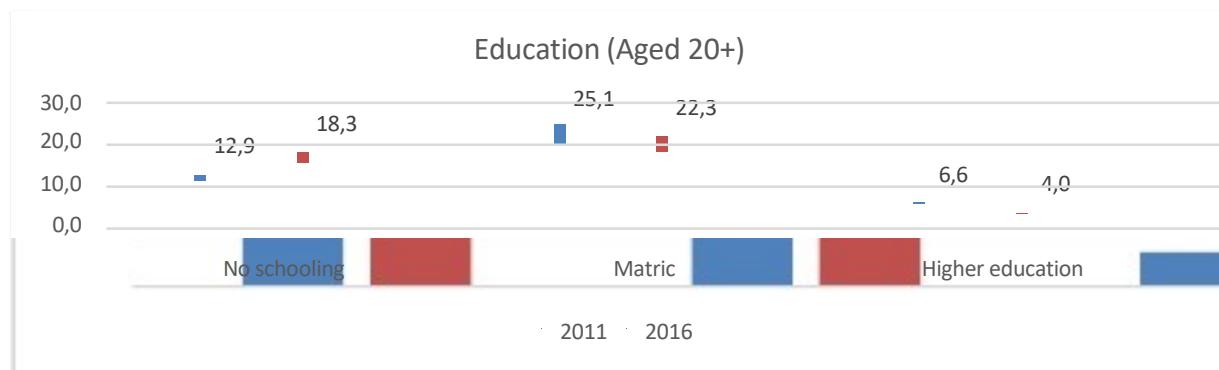
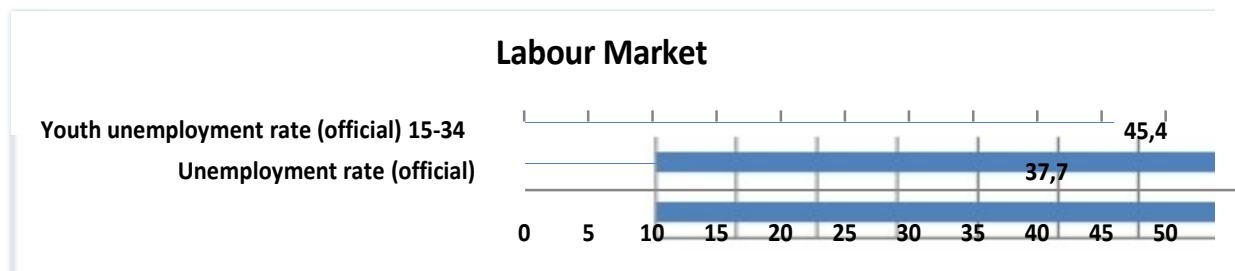


Figure 20 shows that from 2011 to 2016 there was the increase in matric by 2.8% and for no schooling it has decreased from 18.3% to 12.9% that is 5.4% decrease. For higher education it shows the increase of 2.6% than the previous years.

LABOUR MARKET

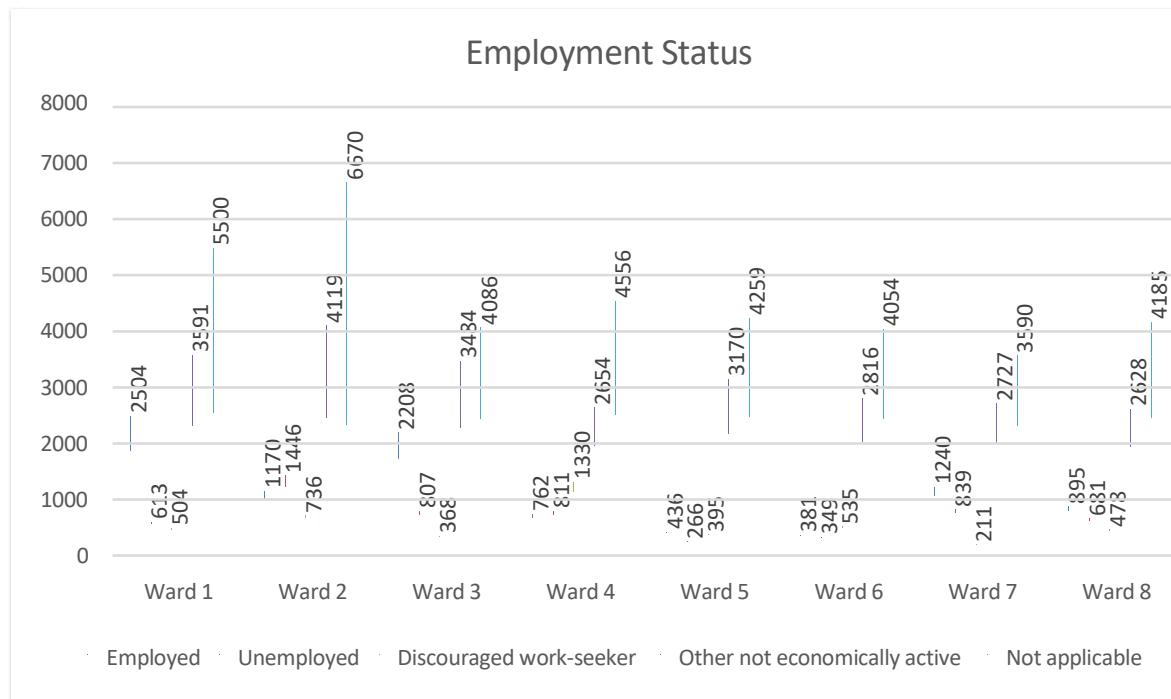
Figure 21: Labour Market



The above Figure Shows that we still have big challenge when it comes to youth unemployment from 2011 45.4% of youth(15-34) still unemployment. The unemployment rate of 37.7% still remain a concerne at eDumbe.

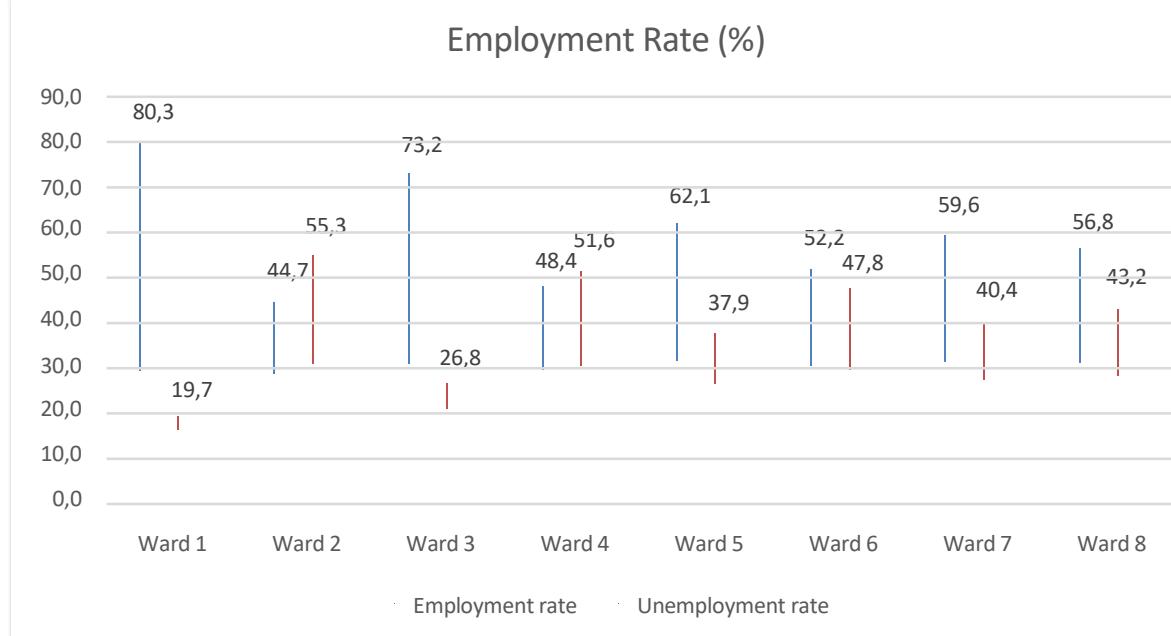
2.15.5. EMPLOYMENT STATUS

Figure 22: Employment Status



The above Figure shows that all wards at éDumbe has no applicable status which tells that more people at éDumbe are independent that include pensioners, children and people with disability.

Figure 23: Employment Rate



Employment rate shows on the figure 23 indicate that in ward 1 more community are employed with 80.3% and ward 3 with 73.2%. Ward 2 has most unemployment with 55.3% follow by ward 4 with 51.6% of unemployment rate

KEY FINDINGS (INCLUDING TRENDS)

The age distribution in the éDumbe Local Municipal is dominated by the potential labour force. 55% of the population falls in the independent group while ages 0-14 and over 64 consist of 45%, classified as dependent. We can see here that the municipality should pay more attention to creating work opportunities, also to creating more educational facilities to cater for the second biggest age group 5-14 years. The youth group mostly dominates the population. The municipality needs to take following points into consideration:

- Job opportunities
- Educational facilities
- Social and recreational facilities

The general low levels of education of residents over 20 years old that exist in éDumbe. Seventeen percent of the population has no schooling at all; 5% have a matric and only 1.5% possesses any sort of higher education. These averages are generally in line or tend to be slightly better than district municipality; however, they lag behind provincial averages. Low schooling levels has serious implications for income generating and employment opportunities among the population of éDumbe and highlights the need for training and ABET programmes. That results in an extremely high prevalence of HIV/AIDS in the municipal area, with the estimated infection rate at approximately 25%. The high mortality rate and burden of AIDS related illness caused by this has resulted in increased socio-economic hardships of families in the municipality, mostly due to a loss of income when economically active family members are unable to work or pass away.

SPATIAL ANALYSIS

The first phase of preparing the IDP is the Situational Analysis. In essence, the Situational Analysis informs the identification of key issues. In turn, these key issues have to be the focus areas for municipal, public (and private) investment for the next 5-year IDP cycle.

The Municipality needs to establish development strategies for this IDP cycle of five years given that their organizational functioning is well aligned to these strategies. As such, this section of the IDP will provide some contextual information pertaining to the municipal area, consider the demographic situation in the district and then do an analysis of the economy, infrastructure service provision, social and community development, planning and environmental management as well as municipal service delivery as a whole.

EDUMBE REGIONAL CONTEXT

éDumbe Municipality is situated in the north-western part of KwaZulu-Natal. It covers a geographical area of 1 947 km² and is home to a population of about 89 614. The municipal area of jurisdiction is demarcated into 8 wards which is predominantly rural in nature.

The éDumbe Municipal area comprises of 52 settlements in total, which includes 48 dispersed rural settlements, 3 urban areas and one major town.

Map 1: Regional Locality

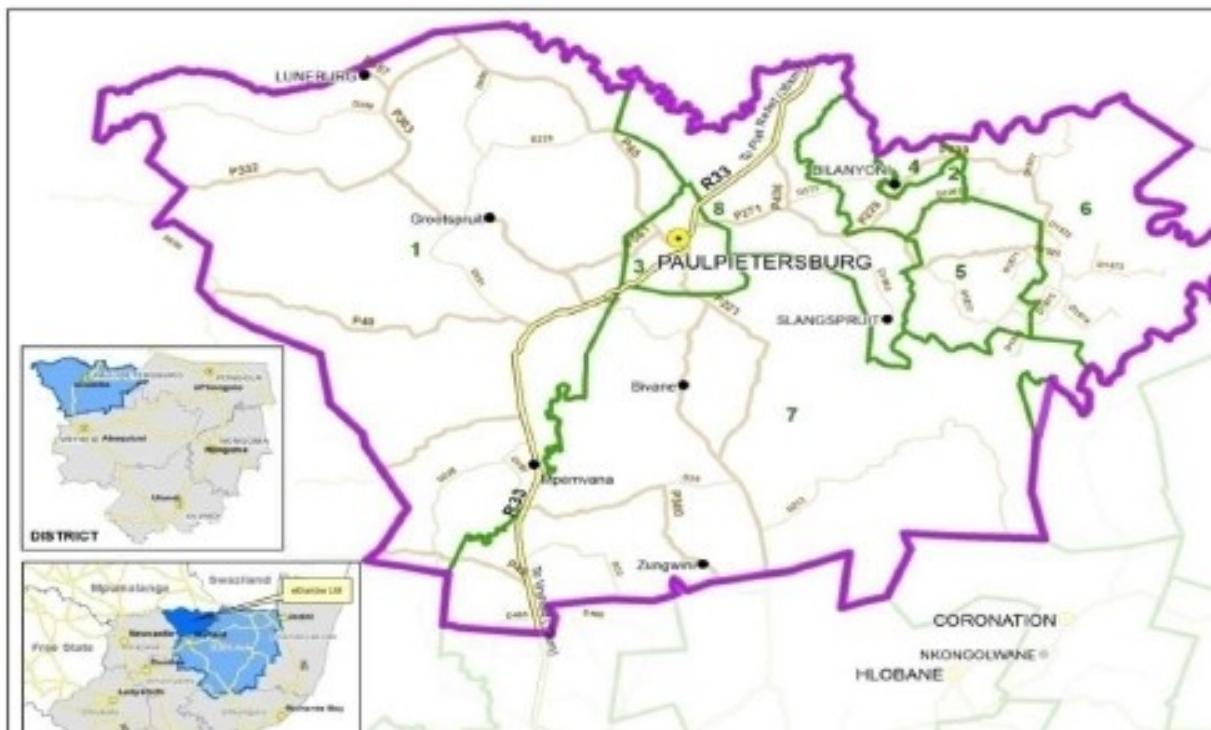


EDUMBE ADMINISTRATIVE ENTITIES

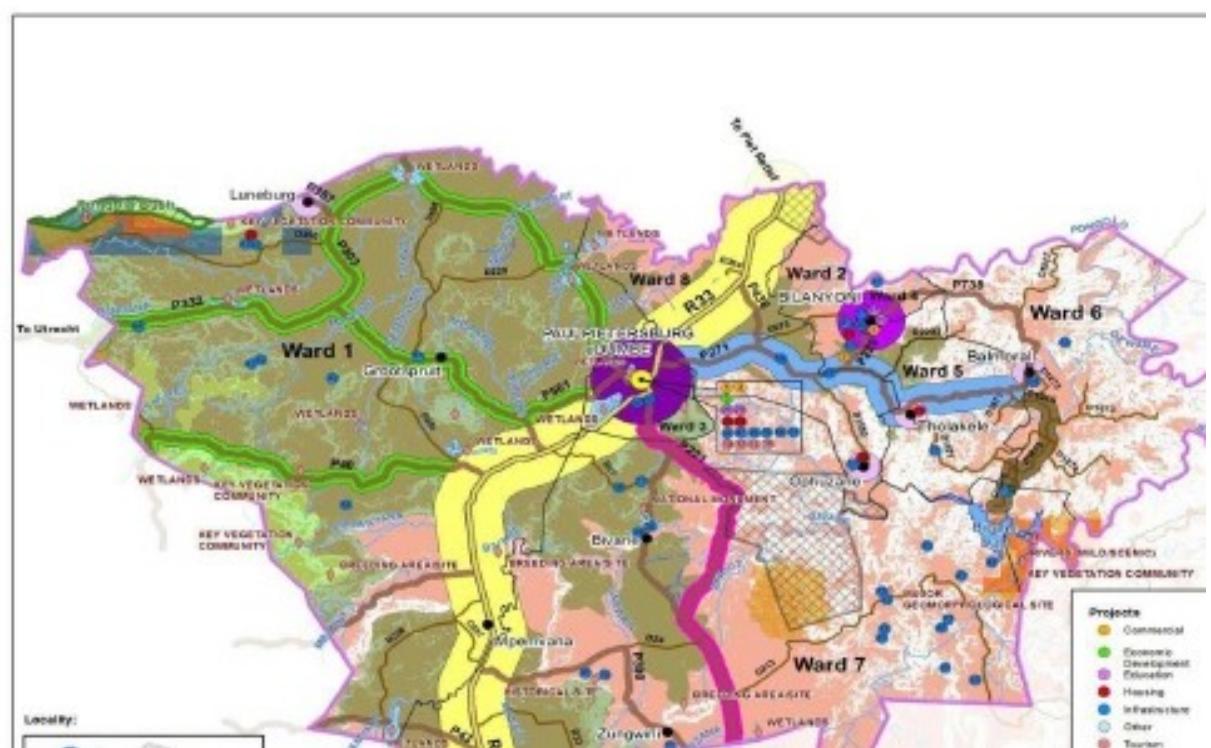
The éDumbe Local Municipal Area consists of 8 Wards, with most of the land is farms and subs and Three Traditional Authority Areas of scattered rural settlements (on the eastern part) that are administered by the Ingonyama Trust, namely:

- Dlamini Traditional Authority;
- Mthethwa Traditional Authority, and;
- Sibisi Traditional Authority

Map 2: éDumbe Wards



Map 3: éDumbe Traditional Authority Areas



CHAPTER 5. GOOD GOVERNANCE AND COMMUNITY PARTICIPATION

6.1. COMMUNITY PARTICIPATION PROGRAMMES HELD THROUGH THE OFFICE OF THE MAYOR

The office of the Mayor hosted its annual programmes which intend to increase social cohesion and participation within éDumbe. There is no doubt that the society of éDumbe face a myriad of problems such as high unemployment, poor educational outcomes and various forms of poverty. Therefore, these programmes are an integral part in establishing the social fabric of éDumbe as they assist in keeping people busy and away from engaging in acts such as crime, excessive drugs abuse, alcoholism etc. The social programmes are a necessity for éDumbe citizen and over the years have grown tremendously, resulting in high attendance and participation. Furthermore they have attracted the youth, giving them a platform to explore their gifts and talents, solidifying a goal to keep youth active in Arts & Culture and development programmes.

YOUTH SUMMIT 2022/2023

éDumbe Municipality hosted éDumbe inaugural Youth Summit event which took place on the 29th July 2022 at Muloro Bed & Breakfast, under the theme “The Role of éDumbe Youth in shaping a sustainable future”. The aim of the summit was to elect new youth structure/council for the term 2022/2026 and to create a platform for the youth to express the challenges that they are faced with in their day-to-day lives. It was also a good networking and exposure opportunity for the young people who were present. Discussions of the draft Youth Policy was also on the agenda. The municipality held Imbizos prior to the Summit in order to consult and get the views and perspectives of the youth. The municipality wants to build a credible youth structure that can work collaboratively with the Youth Desk in implementing the policy and strategies.

HOSTING OF YOUTH SUMMIT – 29 JULY 2022



LED SMME PROJECT DELIVERY

éDumbe Municipality's Local economic development through LED projects for SMME's is a vital approach that seeks to broaden economic participation and reverse its unemployment trend. The lack of employment opportunities for people continues to be a significant problem, especially in éDumbe mostly in our rural communities. Self-employment and small business development often can be the only viable employment option for people in rural areas, but these areas also often lack economic development support. Therefore on a yearly basis éDumbe municipality council proclaimed the significance to budget for LED SMME project support. The roll out of these projects took place on July 2022 in Mangosuthu Community Hall, whereby all SMME business owners that had submitted proposals/ request to the LED department in éDumbe Municipality were successfully awarded their request and invited to come and collect their projects. The event was a major success for the Mayor as he stipulated that people need to adapt innovative methods towards economic development, moving away from conventional methods of employment, and towards self employment and that the LED projects were a stepping stone for small businesses that wished to grow.





ÉDUMBE MUNICIPALITY MAYORAL CUP & COACHING CLINIC

The Mayoral Cup which was hosted in Bilanyoni was a draw card to visitors and soccer fanatics who flocked to Bilanyoni stadium in éDumbe. This flagship program was coordinated by the municipality through the Office of the Mayor and was last hosted in 2019 due to a pandemic that enforced the break. Speaking at the coaching clinic facilitated by Kaizer Chiefs Legends, His Worship the Mayor Cllr M.S Mkhabela said that the Mayoral Cup would go a long way in developing and boosting participation in all sporting codes, social cohesion and investment into young vibrant talents across all sporting codes.











OFFICIAL OPENING OF MPHELANDABA PEDESTRIAN BRIDGE – 03 AUGUST 2023

Upon being elected by Council, the Hon. Mayor, Cllr M.S Mkhabela's first priority was to accelerate the completion of all Capital Projects; Mphelandaba Pedestrian Bridge was one of those projects. The celebration of its completion was a milestone to the Hon. Mayor as it marked another successful project completion that would bring relief to commuters that use the bridge.



OFFICIAL OPENING OF EZIBOMVU COMMUNITY HALL

The construction of Ezibomvu Community Hall, which can accommodate more than 250 people, will play a pivotal role as the community of Ezibomvu will use the venue for training and development initiatives, traditional events, and formal community meetings. The construction of the community hall not only creates a centre for public engagements, but its construction has an economic implication, many people were hired from the local community, as well as local small-, medium-sized and microenterprises (SMMEs).



MAYORAL DINNER FOR PERSONS LIVING WITH DISABILITY

The Mayor of éDumbe hosted his annual dinner for persons living with disability 17 August 2022. The dinner has cemented itself as a platform to celebrate persons living with disability for the tremendous strides they make each and every day to live life beyond their disability and to be contributing members of society, participate in the economic and social life of the community. The dinner also serves as a platform helps people with disabilities to bring forth their concerns to the Mayor on issues which the Mayor can communicate their needs to local leaders and the public as the Mayor has the portfolio to make systematic and structural

changes that can aid the disabled community.

The Mayor assured the disabled community that together they could help ensure those with disabilities have equal and equitable access to:

- Employment opportunities.
- Accessible and affordable housing.
- Elementary and secondary education.
- Health care.
- Recreation, arts, and culture.
- Government services and buildings.





- **MANGOSUTHU COMMUNITY HALL SOD TURNING/
KWANKOMO BRIDGE SOD TURNING/ BILANYONI SMME
CENTRE SOD TURNING (12/09/2022)**
- **REGRAVELLING OF OBISHINI ROAD SOD TURNING/
MBEDLENI BRIDGE SOD TURNING/ EZIXENI SPORTS
GROUND SOD TURNING (12/09/2022)**

As part of éDumbe Municipality mandate to deliver services to its citizens, capital projects identified through consultation with community members took shape with the SOD turning of three budgeted MIG projects, Mangosuthu Community Hall, Kwankomo Bridge and Bilanyoni SMME Centre where amongst the few that were introduced to the community of éDumbe. The Hon. Mayor and the council of éDumbe Municipality reached another milestone when communities were presented project which would commence in the Month of September. The sod turning was to introduce the appointed contractors to the communities in which the project would be delivered in order to facilitate a cohesive working relationship between contractor and the community they would be working with to complete the projects.



UMKHOSI WOMHLANGA

éDumbe Zulu maidens gathered outside éDumbe municipality building where they were big a congratulated and given wishes of safe travel by the Hon. Mayor and éDumbe Municipality's Council for their trip to Nongoma where they participated in this year's reed dance where over 25 thousand Zulu Maidens gathered at King Goodwill Zwelithini's Royal Palace for the Zulu Reed Dance (uMkhosi woMhlanga). The Reed dance is a vibrant and cultural celebration that encourages respect for young women and sanctuaries the custom

the culture of Zulu nation. In addition, the customs is keeping girls as virgins until marriage and also prevent them from diseases that are present in this day and age.



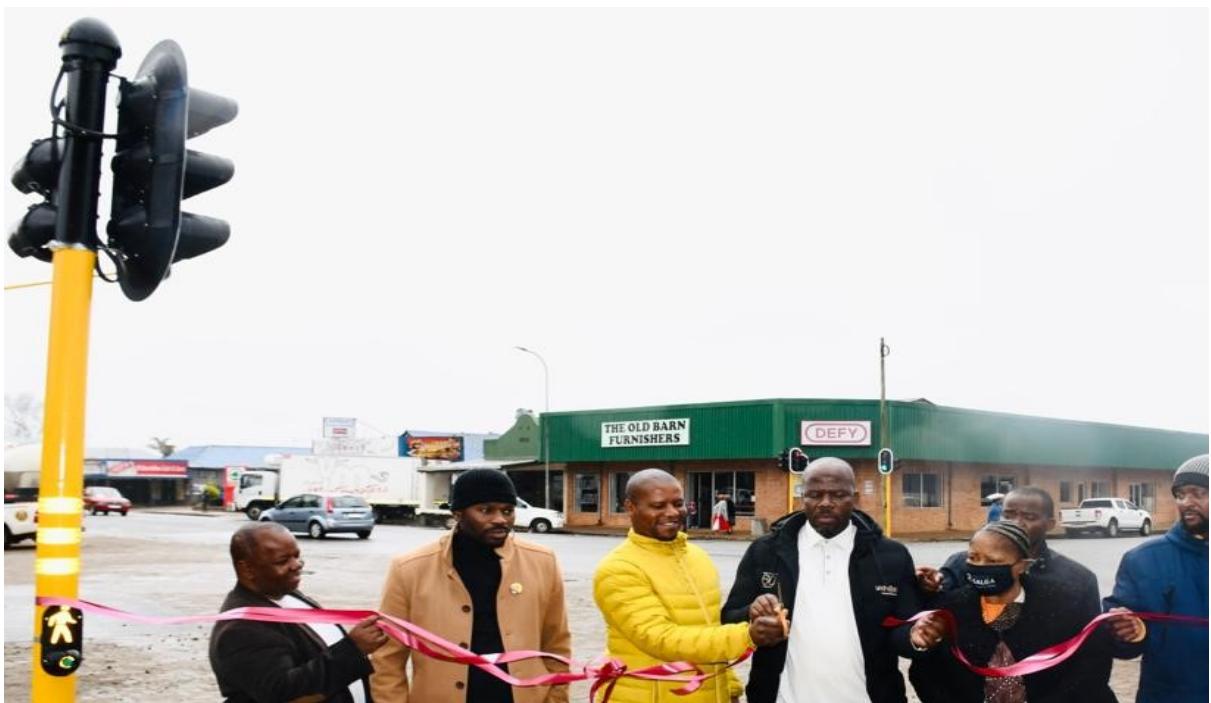
- OFFICIAL OPENING OF PAULPIETERSBURG PRIMARY SCHOOL ROAD
- OFFICIAL SWITCHING ON OF ÉDUMBE TOWN ROBOTS

éDumbe Municipality, is one of the municipalities that benefited from the Small Town Rehabilitation Programme in the province. The main objective of the Small Town Rehabilitation Programme is to grow the economy in rural areas and create a safe and clean

environment that will attract investment and promote growth in the area. éDumbe Municipality was granted R10.5 million rand in which the Mayor officially opened the following completed projects;

- Street lights all over town and crime hot-spots
- The completion of Paupietersburg Premere new road with speed humps





MAYOR OF ÉDUMBE VISITING KWAVOVA RESIDENTS/ CEMENT HANDOVER TO REBUILD LIVESTOCK DIP

As part of the Mayor's mandate to deliver services to its citizens, focus was drawn into the farming industry where the Mayor visited residents of Kwa Vova to hand over building material to rebuild their Livestock Dip. A plunge dip (also known as a dipping vat, dipping tank or, simply, a dip) is a bath designed to immerse livestock in liquid pesticide or other treatment. Dipping of livestock is a routine practice in many parts of South Africa. The objective of dipping is to minimize livestock production losses through ticks and flies, and diseases which are very important for commercial farming.



EDUCATIONAL ADVOCACY PROGRAMME

Educational advocacy was held in éDumbe town hall on the 06th October 2022 whereby

young people were invited from all ten wards to participate and engage in this Programme. The main purpose of this program was to inform and educate young people about all services that are rendered by educational centres that we have in éDumbe. This program was very successful because most young people did not even know that we have such centre here at éDumbe and by this session they now know about the centre and all services that are rendered there.

UNISA MOBILE SATELITE

- Unisa elaborated into details as to what services they are offering to the community starting from their location within the centre of education in éDumbe.
- They ensured all interested young people who are willing to register, study further for learning distance with Unisa are assisted accordingly. Questions and Answers session were also conducted for young people to understand clearly as to what is happening in these mobile satellites.
- Young People were glad to hear that Unisa mobile satellite is not only assisting with Unisa applications but all other recognize public institutions, with different bursary providers, etc.





SCHOOL MONITORING AND VISITS / TERTIARY INSTITUTION APPLICATION PROGRAMME

- The main object of this session was to ensure that all young people within eDumbe are assisted to apply to any public institutions, NSFAS, Funza Lushaka, etc.
- This activity took place in different wards through school visits from the 12th October 2022 to 21st October 2022 through the youth council's assistance.
- The success of the programme was also intensified by the overall support of parents that supported their kids.



YOUTH DEVELOPMENT DESK, CYBER SAFETY OUTREACH PROGRAMME

The release of South African statistics which revealed the large number of gross human rights violations primarily on internet platforms brought to light the significance of this awareness programme. Insight on cyber misuse which perpetuates Incidents that have been reported through SAPS on rape, Early Teenage Pregnancy, Bullying, etc were interrogated

and participants were educated on the dangers of cyber platforms and how to eradicate the threat.



GENDER BASED VIOLENCE DIALOGUE FOR YOUNG PEOPLE

The Gender based is a very vital program to be conducted by any government sector hence we had no choice due to high volume of criminal activities that are reported to local SAPS office. The program was successfully in partnership with department of social development, department of Health, SAPS, NGO's, Dpt. Of education, etc.



SCHOOL MONITORING AND VISITS – 28 November 2022

The school monitoring and visits campaign which was formally implemented by KZN legislature was adopted by the Mayor's office and has become an ongoing campaign which seeks to continue to gain first- hand information on the challenges faced by the schools. The focus is on effective teaching and learning process, availability of key resources and staffing among other things. Teacher-Learner support material, parent involvement in school matters

and infrastructure is also on the agenda. It goes further by becoming a supporting agent to schools in terms of social programmes and sport rejuvenation. On this day Mayor of éDumbe Cllr M.S Mkhabela visited Pre-primary School Grade R learners for their Graduation. The Mayor spoke with the children asking them what they want to be when they grow up, and assisted in handing out achievement certificates.



16 DAYS OF ACTIVISM AND GBV AWARENESS CAMPAIGN- 30 NOVEMBER 2022

Why is 16 Days of Activism Important? The International 16 Days of Activism campaign focuses on **generating an increased awareness of the negative impact that violence**

and abuse have on women and children, and the social fabric of our society. This was conducted on the 30th November 2023 in ward 3 éDumbe Local Municipality and it was partnered with sector departments including Operation Sukuma Sakhe (OSS).



CLEAN-UP CAMPAIGN

The Mayor of éDumbe, councilor Sibusiso Mkhabela, rolled up his sleeves and participated in cleaning up waste in the éDumbe town along with CWP's. The Mayor has been clear in that he wants the town of éDumbe to be properly maintained and clean, to enhance it as a tourist attraction and a livable town to all those who stay in éDumbe and those that see it

when passing through éDumbe going to other towns. The Mayor says that his goal is for éDumbe to be different than before, and for investors to be able to invest in éDumbe.



HORSE RIDING EVENT HELD ON THE 17TH DECEMBER 2022

Each year the KZN Department of Sports, Arts & Culture hosts this prestigious event to showcase the horse riding talent across the province. All 11 districts in the province take part in this event. Over the years this event has managed to attract many stakeholders including artists and distinguished people from all walks of life as it also gives an opportunity to the upcoming fashion designers, local upcoming musicians to showcase their work hence boosting the economy of the province and the district at large.

Led by the Office of the Mayor, éDumbe Local Municipality hosted its horse riding event on the 17th of December 2022 at éDumbe Dam. The Mayor of éDumbe, Cllr Sibusiso Mkhabela, announced that éDumbe Municipality was able to set aside amount R75900 prize money. The race results are as follows;

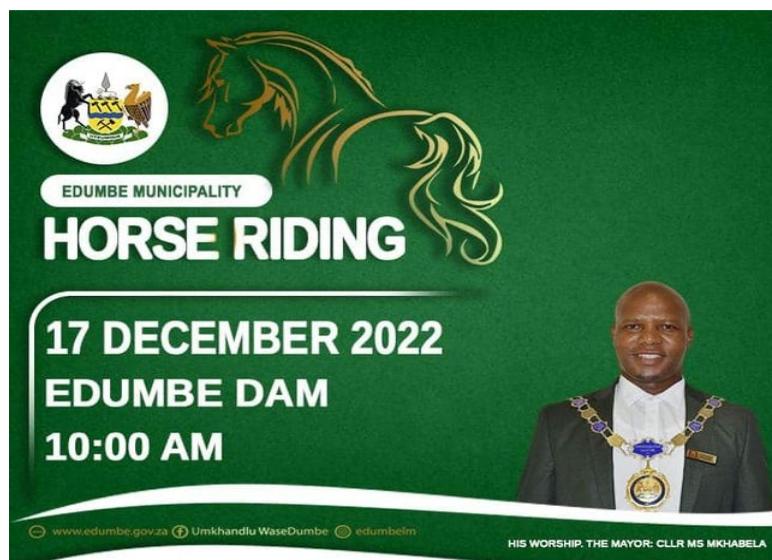
Number 4- Album

Number 3- Troublemaker

Number 2- Floods

Number 1- Confusion

All honourable councilors were in attendance to show their support for the prestigious event. The event yielded very positive results further more intensifying the municipalities mandate to unearth sporting talents and to create a space for people to participate in sports. The session was then closed by the Hon. Mayor, giving words of thanks to all the stakeholders, participants, guests/ supporters and éDumbe municipality's council. The victors of the day were then awarded with their allocated prize money.





MAYORAL INGOMA & ISICATHAMIYA SOCIAL COHESION AND SPORTING PROGRAMMES

This social cohesion report is based on the Ingoma and Cothoza Competition coordinated by the office of the Mayor and the Community services section. éDumbe local Municipality this December has hosted Ingoma, Isicathamiya and sporting events. These programmes were

hosted on different dates. The isiCathamiya competition was hosted hand in hand with Oswenka. The events were as follows;

Date and Venue	Event	Position	Group Name	Amount	Description
26 December 2022	Ingoma Yezinsizwa	1 2 3 4	Ikameli UthuliLwezinyathi Selimathunzi Amapikankani	R8 000. 00 stake R5 000. 00 stake R4 000. 00 stake R3 000. 0 stake	The total amount of the competition was R30 000.00 and a sum of R650.00 was awarded to each team that participated in the competition.
27 December 2022	Cothoza Competition and oswenka	1 2 3 4 5	ÉDumbe Jealous Down AmalandaAmhlophe AbafanaBothando Phuzane Young Boys	R7000. 00 R5000. 0 0 R3500. 0 0 R2500. 0 0	The total amount for Cothoza competition was R20 000.00 and Oswenka was R10 000.00,
28 December 2022	Ingoma Competition	1 2	Selimathunzi Ikameli	R0 Cow Sheep	The total stake for this competition was a cow and sheep only two teams were awarded.
30 December 2022	Snooker competition	1		R5 000	The total prize money for the competition was R5 000 which was given to the overall winner.
31 December 2022	Ingoma Competition	1	UthuliLwezinyathi	R8000. 0 0	This competition was disbanded after announcing position 1 due to misunderstandings from participants, the

meeting to resolve that matter would be on the 26 February 2023. Total stake of the competition was R30 000.00, and each group that participated in the competition received a amount of R700.00.









MAYORAL TERTIARY REGISTRATION SCHEME / CLASS OF 2022 MAYORAL EXCELLENCE AWARDS

In January 2023 éDumbe Municipality invited all éDumbe matriculants that needed

assistance in applying for admission to higher learning institutions, as well as assistance to online NSFAS applications, and those in need for tertiary registration support to come forward to éDumbe Municipality Youth Office. The youth development office assisted through daily walk-ins, and matriculants were then given assistance by éDumbe youth council. The programme was very successful because most students obtained funding by **NSFAS** and were admitted to tertiary institutions. The top 20 matriculants (top achievers) in éDumbe were awarded with vouchers, certificates and trophies during the award ceremony which was hosted by éDumbe Municipality.



MAYORAL WARD COMMITTEE EXCELLENCE AWARDS

The Mayor of éDumbe, councilor Sibusiso Mkhabela, awarded eÉDumbe Ward 1 Ward Committees for their commitment, hard work and dedication towards the citizens of éDumbe throughout their term of service as they obtained the award for best performing ward 2021/2022 at the COGTA awards ceremony. This day was also a commemoration to a well known isiCathamiya group, Blue Khwezi from éDumbe that has been performing isiCathamiya to éDumbe crowds for the past 47 years, making them a symbol of inspiration to many other performing Arts groups.



SCHOOL MONITORING AND VISITS 23-24 JANUARY 2023

The Mayor of éDumbe, Cllr. Sibusiso Mkhabela visited Ikwasa High School. Ward 3 councilor, Cllr Velaphi Mthethwa as delegated by the Hon. Mayor visited Khanyanjalo. The aim of these visits were to engage with students as this was the beginning of a new academic year and it was of importance to encourage students to maintain good behavior at school, to respect teachers and to work hard in order for them to do well throughout the course of the year.

The Mayor of éDumbe, Cllr. Sibusiso Mkhabela also visited KwaNgwanya High School which received a 100% matriculant pass rate where he expressed his gratitude and

encouragement to the other students that were about to embark on their journey. The Mayor expressed how proud he was there is a school in éDumbe that performed that well. The Mayor then gifted the Principal with calculators and other study material to give to students that couldn't afford them.





MAYORAL TERTIARY REGISTRATION SCHEME / CLASS OF 2022

MAYORAL EXCELLENCE AWARDS, 01-30 JANUARY 2023



EDUMBE MUNICIPALITY

2023 MAYORAL TERIARY REGISTRATION SCHEME



THE MAYOR
SIBUSISO MAPHOUSA

eDumbe local municipality hereby invites those who wish to apply for registration at public university or TVET to apply for registration from 1 January 2023.

REQUIREMENTS

- Acceptance letter from institution
- Proof that the applicant has applied for NSFAS
- Public Institutions / TVET
- Proof of income (Affidavit of parent or Guardian)
- Certified copy of Matric statement / certificate and ID of applicant
- Certified copy of ID of Parent or Guardian
- Proof of residence (Ward councillors letter)
- Must be under 35 years of age





ELECTRICITY SOD TURNING – 01 FEBRUARY 2023

The Mayor of éDumbe, Cllr Sibusiso Mkhabela officially presented the contractors would install electricity in the remaining houses in Mangosuthu - Siyalaweni, Ezibomvu, Bilanyoni ward-4 in Moscow and DSD section. The Hon. Mayor also promised the residents of éDumbe that the roads which are used by motorists and daily commuters would be fixed soon, noting that heavy rain has caused tremendous damage. Residents that have been complaining that there are not enough cemeteries to bury their loved ones were reassured by the Mayor that he was still undergoing negotiations with Mondi on the land that they have leased from the municipality, that Mondi would agree to give them enough space to develop new cemeteries legally.



STAKEHOLDER AND COMMUNITY ENGAGEMENT (UMKHANDLU KUBANTU) –EBILANYONI – 16 FEB 2023

The Mayor of eDumbe Cllr Sibusiso Mkhabela and, Deputy Mayor Cllr Majuba Mavuso Kunene, the Municipal Manager, Mr. JFK Khumalo, the Speaker of the council, Cllr D.J Nhlelengethwa and the council of eDumbe Municipality facilitated a stakeholder and community engagement meeting for residents in ward-2, 4, 10 with the aim of taking government to the people. Along with various sector departments such as DSD, SASSA, Education, SAPS, ESKOM, ZDM, DOT, Home Affairs, Human Settlements, Agriculture and DOH. Sector departments were requested to present and explain services that they offer to eDumbe citizens as well as future developments that they have as a government department. Mayor Mkhabela has revealed how critical it was for government to engage with citizens in order to inform their planning as to the need to the public and for the ever great challenge of poverty amongst eDumbe citizens. Furthermore residents that had submitted LED request to boost their businesses were awarded with the material, instruments and supplies (school uniforms (uniform), football jersey, stove, Pots etc.)





PRAYER MEETING WITH PASTORS FORUM AND CONGREGATIONS -THOLAKELE HALL

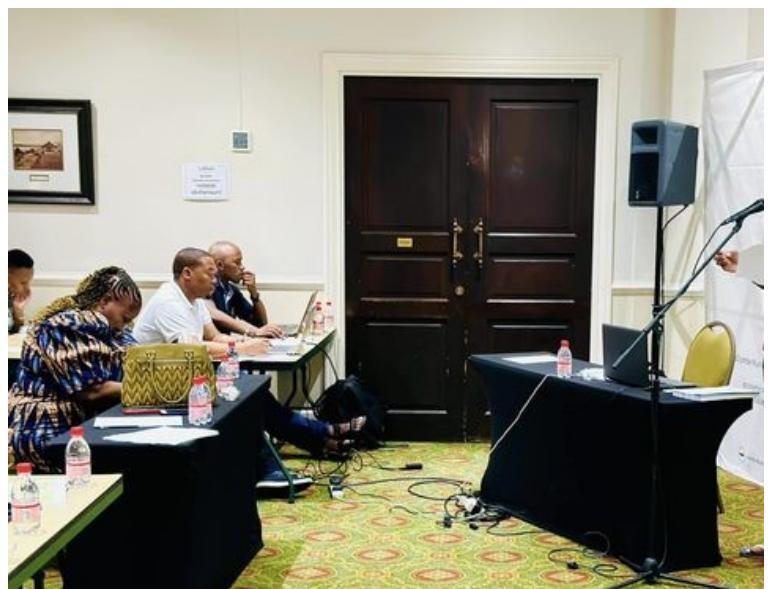
éDumbe Municipality held a prayer meeting for all congregations which were hosted by the Mayor Cllr M.S Mkhabela on 24th of February 2023 at eTholakele Hall. The objective of the Prayer meeting was to encourage the values of Cohesion, Respect and Commitment among éDumbe citizens and an end to social ills in communities. The municipality has realised that it is critical that éDumbe citizens are holistically competent to deal with the community issues and be empowered spiritually. Furthermore residents that had submitted LED request to boost their businesses were awarded with the material, instruments and supplies (school uniforms (uniform), football jersey, stove, Pots etc.)





**2023/2024 PMS-BUDGET-IDP STRATEGIC PLANNING SESSION 14
– 17 FEBRUARY 2023**

The Mayor of éDumbe Cllr Sibusiso Mkhabela, the Deputy Mayor, Cllr Majuba Mavusa, the Speaker of the Council, Cllr D.J Nhlengethwa, Chief Whip of Council, Cllr Velaphi Mthethwa, Exco member and MPAC Chair, the Council of éDumbe Municipality, the Municipal Manager Mr J.F.K Khumalo, Directors and Managers of éDumbe Municipality gathered in Durban for their annual Strategic Planning session to discuss strategies to ensure that éDumbe Municipality fulfils its Constitutional mandate as reflected in section 152 and 153. Furthermore to develop PMS, Budget and IDP developmental target and goals of éDumbe Municipality for the year to come by reflecting on critical development opportunities and the challenges that have been afflicting éDumbe for many years.





EASTER WEEKEND PRAYER BILANYONI 2023

The Mayor of eDumbe , Cllr Sibusiso Mkhabela, will be hosted a prayer meeting to pray for all residents of eDumbe and commuters during Easter Weekend. The prayer was also

dedicated to public safety officials deployed during the looming Easter period. The special service was designed to ask for blessings and protection to all those that would be travelling on the roads ahead of the holiday season.



ROAD SAFETY AWARENESS CAMPAIGN 2023 – 06 APRIL 2023

The Mayor of éDumbe, Cllr Sibusiso Mkhabela along with éDumbe Municipality staff, traffic department personnel, SAPS and volunteers conducted a traffic road safety awareness campaign for the Easter weekend. The campaign aimed at making motorists aware of the

importance of maintaining absolute focus behind the wheel, and that they should not drink and drive as it impairs performance – which can put both driver and other road users at risk. The main target was to reduce fatalities on the road especially during the Easter weekend. Road Safety flyers and beverages (water and soft drinks) were handed out as law authorities inspected the vehicles.





MAYORAL INGOMA LUNEBURG – 08 APRIL 2023

The Luneburg Ingoma Dance Festival captivated the community of Luneburg, and surrounding areas within éDumbe Municipality as scores of traditional Zulu dance groups entertained the massive crowd in attendance. An excited éDumbe Mayor Cllr M.S Mkhabela thanked the local traditional leadership, the festival organisers as well as the Municipal

stakeholders who took part in making the Ingoma Festival a success.

The Hon. Mayor promised that the Municipality would always support the event every year in the future, as the festival keeps the spirit of tradition alive while entertaining the community. "Such festivals are in line with our Municipal objectives of promoting a society that is safe and free from social ills such as crime and violence, especially during the Easter month when people consume more alcohol than normal and usually find themselves in compromising situations which harm the community," said Mayor Mkhabela. The event was a huge success attracting close to 2000 spectators to watch the magnificent cultural dancing.





STAKEHOLDER AND COMMUNITY ENGAGEMENT

The Mayor of éDumbe Cllr Sibusiso Mkhabela, the Municipal Manager Mr JFK Khumalo and the Speaker of the council, Cllr D.J Nhlengethwa and the council of éDumbe Municipality

facilitated a stakeholder and community engagement meeting for residents in ward 5 and 6 with the aim of taking government to the people. Along with various sector departments such as DSD, SASSA, Education, SAPS, ESKOM, ZDM, DOT, Home Affairs, Human Settlements, Agriculture and DOH. Sector departments were requested to present and explain services that they offer to éDumbe citizens as well as future developments that they have as a government department. Mayor Mkhabela has revealed how critical it was for government to engage with citizens in order to inform their planning as to the need to the public and for the ever great challenge of poverty amongst éDumbe citizens





EARLY CHILD DEVELOPMENT PROGRAMME – 24 APRIL 2023

This is an ongoing programme that was initiated from 2022 but the classes started in March 2023 whereby the youth office identified 40 employed females in crèches to be trained for NQF Level 4 for 12 months. This is free course without a stipend salary; however the municipality also provides lunch and transport for all 40 learners. ELET is an accredited service provider that is training the learners through their facilitators and moderators.



EMAPHAYIPHINI ROAD SOD TURNING – 24 April 2023

The Hon Mayor Cllr M.S Mkhabela officiated a sod turning ceremony marking the commencement of the regravelling of eMaphayphini road. The Mayor indicated that, the municipality realised the challenges of roads in these areas as residents struggled with movements on their internal and access roads due to bad conditions. Residents have welcomed the projects and expressed their appreciation to the municipality for listening and

addressing their challenges. The Mayor introduced contractors who will be implementing the 3km regravelling.



IDP AND BUDGET ROADSHOW 2023/2024 – 12 MAY 2023

His Worship the Mayor Cllr M.S Mkhabela presented the Integrated Development Plan (IDP) and 2023/24 Budget at the final roadshow for the 2023/24 financial year. The roadshow was held at oPhunzane Stadium and included the communities of Ward 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10. The roadshows provide an engagement space with different community stakeholders who are an integral part of the éDumbe Municipality. The stakeholders have an opportunity to be a part of the municipality's process in the development of the IDP and the

municipality to provide feedback on the various programmes to be included in the IDP. During his address, His Worship the Mayor Cllr Mkhabela said the majority of the funds for this financial year have been put aside to develop and maintain infrastructure throughout éDumbe, which includes access roads to rural communities.

“By government laws, we visit communities and amaKhosi so that they too can participate in this budget. It brings us joy that we have been warmly welcomed by the community as we embarked on the roadshows throughout éDumbe,” said Mayor Mkhabela. His Worship further encouraged the community to always be vocal about issues that affect them when it comes to lack of service delivery.

The budget presented by Mayor Mkhabela for the 2023/24 financial year was R271 632 789.





REHABILITATION OF TOWN ROADS SOD TURNING

Due to the good work done by éDumbe Municipality in terms of service delivery and accountable methods to deliver those services, the Honorable MEC: Sipho Hlomuka (Transport) granted éDumbe Municipality R78 million rand towards the rehabilitation of éDumbe town roads. The sod turning event for the rehabilitation of the roads was done on 20 May 2023 where appointed contractors were introduced to residents. Residents were also treated to musical performances by local artists. There are 12 roads which will be affected by this project.





EBILANYONI MULTI-PURPOSE SKILLS CENTRE PROJECT HAND OVER – 26 MAY 2023

The community of ward 4 Bilanyoni came together to celebrate the completion of Bilanyoni Multipurpose Skills Centre. The Skills Development Centre is located within rural and townships communities in the main, thereby widening access to skills, learning and training opportunities especially for unemployed youth. Amongst the skills development opportunities which can be offered the Hon. Mayor, Cllr Mkhabela believes that centre can be utilized to teach skills such as sowing, Brick laying, Aircon and Refrigeration, Electrical, Painting and Decorating, Plumbing, Carpentry, computer studies and Geyser installation. The centre can also offer Retail related trades, Hair dressing, beauty management etc. It is also important that these facilities are used optimally to benefit as many as possible; hence importance for CETs programmes also to be run at this Centre.



ILANYONI MULTIPURPOSE CENTER WARD 4



STAKEHOLDER AND COMMUNITY ENGAGEMENT-KWAGWEBU – 29 JUNE 2023

The Mayor of éDumbe Cllr Sibusiso Mkhabela facilitated a stakeholder and community engagement meeting for residents in KwaGwebu ward 6 with the aim of taking government to the people. Sector departments such as Home Affairs and SAPS were among those that were requested by residents due to issues of obtaining I.D's and theft of farmer's livestock. éDumbe Municipality then assisted all those that needed transport to go to Home Affairs to finalise their I.D registrations with transportation.



YOUTH DAY CELEBRATION – 14 JUNE 2023

In collaboration with the department of social development éDumbe Municipality Youth

Office celebrated Youth day as they honoured and remembered the heroic actions of the young people who took to the streets to stage a peaceful protest against an oppressive system of government 30 years ago, on 16 June 1976. In the face of apartheid's brutality, they voiced their discontent and that of their communities, setting in motion an irreversible march towards the freedom we finally ushered in 1994.

The struggle for liberation was a collective effort of students, parents, teachers, workers and the broader community to fight an oppressive system. The event retraced the steps of one of the heroic student marches on 16 June 1976 as the youth of éDumbe, municipal officials, councillors and other stakeholders took to the streets with placards marching from éDumbe CHC to éDumbe location community hall where further dialogues and commemorations took place.





CONCLUSiON

The office of the Mayor leading the vision as envisaged by éDumbe Municipality, its success depends on the partnership and full buy-in from various departments and stakeholders

including communications, community service, civil society, business and all Citizens of éDumbe. It is therefore critical for all stakeholders to be engaged and always kept abreast in the single-minded pursuit of shifting éDumbe's growth path and improving the quality of life of all Citizens – hence the need for intentional objective-driven Public Participation programmes.

CHAPTER 6 : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The above Key Performance Area provides information for activities performed by the department during the period under review and it is provided without prejudice. The report entails the following sections:

- A. Information Technology Services;
- B. Library Services;
- C. Community Services
- D. Administrative Services and
- E. Human Resource Management (People Management) Services

6.1. INFORMATION TECHNOLOGY

This report seeks to provide information for activities performed by the ICT section during the period under review and it is provided without prejudice.

INTRODUCTION

The Public Service Corporate Governance of Information and Communication Technology Policy Framework (2012) stipulate that COBIT (*Control Objectives for Information and Related Technologies*) should be adapted and implemented as the Governance of ICT Framework on the Governance of ICT layer.

COBIT will enable the municipality to achieve their strategic goals by deriving optimal value from ICT through the realisation of benefits and optimising resources and risk.

2. BACKGROUND

As a set of Governance of ICT and management processes, COBIT will provide Managers, ICT users and Auditors with the following:

- Standard indicators;
- Processes for implementing the Governance of ICT;
- Good practice to maximise the corporate value in using ICT.
- Identification of the accountability and responsibilities of business and ICT process owners.

3. INTERNET USAGE

The Business Connection - service provider appointed with effect from June 2019 has successfully installed Enterprise Internet solution in April 2020. The challenge that has been experienced for low bandwidth has been resolved by increasing Megabytes, as a result the internet speed has improved. Interruption of the internet supply at Technical department

continues to be a problem due to the stealing of copper cables. However, the problem will be hopefully resolved since the new service provider has been appointed wherein it is expected that the solution to deal with this atrocious act will be provided. The ICT section in the scope of work for the new service provider did specify how the problem should be resolved.

4. REVIEWS CONDUCTED

As per clause 6.10 of the User Account Management policy reviews should be conducted on a monthly or quarterly basis. Hence, ICT systems reviews for Pastel, Sage VIP, Conlog and Network controller server were conducted throughout the year and the quarterly reports were submitted to the director for reviewing and further to PMS unit for evaluation and performance assessment. The PoEs for the reviews conducted were also attached to the reports submitted to the director for signing off. All the reports are then ultimately submitted to the PMS unit for assessment and storage.

5. DISASTER RECOVERY PLAN

The ICT unit is implementing the physical backing up of information on a weekly and monthly basis and restores on a quarterly basis as per clause 4 of Backup and Restore policy. Should the disaster occur, for the equipment required the municipality would consider contacting the service providers to supply with the resources to ensure the continuity of the business using an alternative site identified, although it is not well-resourced. The DRP server was purchased and delivered in the fourth quarter. However, due to persisting challenges in terms of network inefficiency as a result of load shedding and the evolving of technology, the ICT unit deemed it necessary to divert from the physical backup method to the Cloud backup technology, which is seamless and not susceptible to network disruptions. The shortness of time to seek and appoint the service provider to perform the service of Cloud backup solution had made it impossible to achieve such an objective before the end of the 2022-2023 financial year. Hence, the process of appointing the service provider will be finalized in 2023-2024 financial year, subsequent to that the DRP test will be implemented. The process of diverting to new solution thwarted the process of installing the DRP server, and then the purchased server was deployed at the server room to beef up the existing panel of servers to increase the space for the storage of information. However, The ICT section is in a process of establishing the DRP site where in an event of a disaster the municipal staff may converge and continue with the business as usual.

6. Backups performed

ICT unit regularly implement information backups on a weekly and monthly basis as well as doing restores on a quarterly basis as per clause 4 of Backup and Restore policy. It must be noted that the online backup of information is also performed on a daily basis should any disaster or disruption of the systems occur. The manual backups and restores screenshots and backups registers are prepared as evidence (PoEs) and submitted to PMS after signed off by the Director Corporate services on a monthly report. The implementation of this task

ensured compliance and achievement of the targets as set out on the SDBIP for 2022-2023 financial year

7. ICT Contracts

Name of Service Provider	Service provided	Performance status	Expiry Date	Contract current status
1. Itec Company– copier machines	The service provider supplied and maintains the copier machines.	The performance is satisfactory. However, the refurbishment is required to some machines.	31 May 2025	Ongoing
2. Business Connexion (Pty) Ltd– Internet	The service provider supplies with Internet service.	The service is uninterrupted except in a situation of the total interruption of the network in town caused by Telkom for particular reasons. The main challenge is the stealing of cables at location.	30 September 2022	The process of appointing a new service provider was finalized however the service provider has not resume the service to supply with the Internet.
3. Conlog – Electricity (Finance)	The service provider provides with electricity sales services.	The service is well performed. The SCM process was initiated to appoint new service provider.	30 June 2025	Ongoing
4. PABXs – Telephone system	Business Connexion (Pty) Ltd supplied and delivered with PABX system on an outright purchase condition.	The telephone system is well handled by the municipality by controlling the outgoing calls to avoid the exorbitant loss on this service.	Telkom for voice data – no fixed contract	Ongoing
5. CCG Systems – Financial management	Contract expired in August 2017. MEMORANDUM OF AGREEMENT was signed between the municipality and CCG	This financial system is well monitored by ICT unit; hence it is functioning well and gets upgraded timeously.	Ongoing	Ongoing

Systems (Camelsa Consulting Group).

6. Sage VIP – Payroll

This is the payroll system responsible for paying employees' salaries and wages

This payroll system functions well and gets upgraded timely when necessary.

Ongoing

Ongoing

8. ICT Challenges and Proposals

Challenge	Proposed Solution
1. The ADSL is susceptible to weather conditions and network equipment is ageing.	<ul style="list-style-type: none">• The Internet connection mode has to change from ADSL to Fibre optic and Wireless Internet Access solutions to better improve speed and ensuring reliability and protection from theft.
2. Shortage of working tools and equipment.	<ul style="list-style-type: none">• There is still a shortage of computers or laptops for other municipal staff. However, at least about 11 laptops were purchased in 2022-2023 financial year and additional budget has to be made available to add more equipment.
3. The improvement of the server room is inadequate.	<p>The ICT unit still have to purchase the following lacking equipment for the server room:</p> <ul style="list-style-type: none">• Purchase the steel door• Concrete ceiling• Smoke detector• Fire suppressor
4. DRP/BCP is not tested, therefore in an event of a disaster (i.e. burnt building, floods etc.) the municipality may encounter difficulties responding to the incident as there is inadequate preparation for the event and this could result a delayed business recovery from the event.	<p>In the 2023-2024 financial the ICT unit will ensure that these equipment are purchased.</p> <p>As stated above the ICT unit will ensure that the DRP site is established in 2023-2024 financial year. The DRP server equipment was purchased and delivered. However, the Cloud backup solution has been recommended to substitute the physical DRP server system for information backup.</p>
5. The municipality ICT policies are still using old software version of King III version instead of King IV. Hence the ICT policies and ICT Strategy need a review and approval by the Council.	<p>The appointment of service provider for reviewing the ICT policies to align with the King IV version is required. The 2023-2024 financial budget should cater for the outsourcing of service.</p>
There is shortage of software products licenses (Microsoft office and windows, network firewall).	<p>The ICT unit should ensure that in 2023-2024 the software licenses are renewed and also purchase more licenses e.g. Ms Office 365 and OS licenses.</p>
6. Information Security and Cyber-attacks. The network infrastructure currently in place is inadequate and vulnerable to external and internal attacks (Cyber-attacks and Fraud). The software license for firewall or Licensed firewall had not been purchased in 2022-2023 financial year due to financial constraints	<p>Software license for firewall or Licensed firewall had to be purchased in 2023-2024 financial year.</p>

9. PROCUREMENT UNDERWAY

The repair and maintenance of the UPS unit which was broken in February 2023 is in a process of getting fixed. The process of requisition process was initiated, and then the insurance company was consulted for incurring the cost of the damage. After engaging

into a lengthy process the insurance company ultimately agreed to sponsor for the repair of the UPS.

10. MUNICIPAL WEBSITE

The ICT section ensures that all necessary documents as per section 71 of MFMA, 2003 and other documents that need to be uploaded on the website are getting uploaded on time after delivered by the relevant department that requires for such service. The ICT section also ensures that the reporting about this function is done on a monthly basis through the SDBIP reports and signed off by the director for Corporate and Community Services department.

11. COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

ICT section as a support function unit within the municipality; it works with other directorates and departments to ensure that services reach the community through such facilities as community libraries and multi-purpose community halls. Furthermore, access has been increased by ensuring upwards and backwards compatibility of our systems, to ensure that anyone with a device that can process data and that has access to the Internet can open and access our website content. The municipality should monitor and report on the use of its website by the public, for example, by measuring the number of hits on the website.

12. CONCLUSION

ICT as a section that plays an integral part in ensuring that all departments of the municipality are seamlessly receiving support with technology as the 4th generation compels that we move to the digitisation model, the municipality equally has a task to ensure that the budget is adequately available for ICT section to fulfil its institutional mandate.

B. PUBLIC SAFETY

1. Vehicles Testing Station {VTS}

The sub-section deals mainly with Testing of vehicles for Roadworthiness. This sub-section has 12 in number of equipment that needs to be calibrated and it is inspected by SABS annually. The revenue generated by this sub-section is for municipality. South African Bureau of Standards {SABS} only takes 3% of each vehicle that has been tested. This sub-section is manned by x2 Examiners with Grade A, X1 Pit Assistant.

REVENUE COLLECTED JULY 2022 TO JUNE 2023

ITEM	July - Sept 2022	Oct-Dec 2022	Jan - Mar 2023	Apr – Jun 2023
COR Application	R12'140.00	R14'480.00	R17'480.00	R14'260.00
COR Issued	R4 920.00	R6'240.00	R5'760.00	R7'200.00

2. Drivers Licence Testing Centre {DLTC}

The sub-section deals mainly with applications of Driving licence and learners licence, testing and issuing of Learners Licence and Driving Licence, Driving Licences renewals, application and issue Professionals Driving Permits{PrDP}as well as Eye Test. The total revenue generated by this sub-section is for the municipality. This sub-section is manned by 6 employees x 1 Examiners with Grade A, x 1 Examiner with Grade B, x 1 Examiner with Grade L, x 1 Examiner with Grade F, x 1 Front office Supervisor and x 2 Cashiers.

REVENUE COLLECTED FROM JULY 2022 TO JUNE 2023

ITEM	July - Sep 2022	Oct - Nov 2022	Jan - Mar 2023	Apr - Jun 2023
Drivers test	R11 350.00	R10'450.00	R18'400.00	R11'700.00
Learners Test	R19 500.00	R22'350.00	R29'700.00	R16'500.00
Learners License Issued	R2 940.00	R4'280.00	R7'220.00	R4220.00
PrDPs	R21 300.00	R14'100.00	R32'700.00	R23'400.00
Driving Licence Cards Issued	R51' 984.00	R43'434.00	R74'898.00	R56'772.00
Temporary & Duplicates	R7 920.00	R10'319.00	R15'120.00	R13'410.00

3. Registration and licensing of vehicles:

This sub-section deals with functions related to vehicles mainly Registration and Licensing. Agency fee calculated at 10% of the total revenue is retained by the municipality. This sub-section is manned by 3 employees comprising of x1 Supervisor, x2 Cashiers.

Agency fee calculation increased from 8.69% TO 10%

M	July - Sept 2022	Oct - Dec 2022	Jan-March 2023	ril-June 2023
ency Fee	R2,054.00	R8,654.00	R3'239.38	R7'462.44

4. Traffic

This sub-section deals with all traffic related matters through National Road Traffic Act, Criminal procedure act and Municipal By-Laws. The revenue generated by this sub-section is for the Municipality. It is manned by x1 Traffic Chief Officer, x1 Superintendent, x 2 Assistant Superintendent, x4 Traffic officers and x1 Traffic clerk.

5. SECTION 56 NOTICES ISSUED FOR THE MONTH OF JULY 2022 TO JUNE 2023

CTION 56 NOTICES ISSUED	TAL	OUNT
July 2022- December 2022	\$	R33,850,00
uary- June 2023	0	R56'2500.00

6. REVENUE COLLECTED ON SECTION 56 NOTICES FOR JULY 2022 TO JUNE 2023

- Sept 2022	t - Dec 2022	i-Mar 2023	ril-June 2023
R3'520,00	R7'771,00	R3'705.00	R7'450.00

5. ROAD PAINTING

Road markings were performed successfully during the month of November 2022 and January 2023.

Road Safety Awareness Campaign was successfully done with the assistance from the His Worship the Mayor, Cllr MS Mkhabela on the 06 of April 2023.

6. STAFF TRAINING AND ORGANISATIONAL STRUCTURE CHANGES

Three traffic officers have been trained by the service provider for MFMP and is still continuing.

7. OVERTIME

Overtime was paid during this period to all staff members from Public Safety

8. FIRE

This sub-section deals with fire related functions throughout the whole of eDumbe Area {10 Wards}. It is controlled by the Fire Brigade Act, Standard Municipal By-Laws and Building Regulation SABS 0400-1990. The equipment to service the community is one two bakkies with bakkie sakkies, one truck SAMAL 50 of which is dilapidated, and 12 beaters. It is manned of 9 Fire Fighters that do all the functions.

Achievements

- None

9. Disaster Management

These sub-section deals with all issues related to Disaster and it works hand in hand with Fire Sub-section. This sub-section report all incidents occurred in eDumbe area to Council and District Disaster Management. It is manned by Acting Disaster officer (Manager Public Safety) and Nine Fire Fighters

DISASTER MANAGEMENT REPORT FOR JULY 2022 TO JUNE 2023

Below is the summary of statistics on HR-HEAVY RAIN, FI-FIRE, LT-LIGHTNING, HS-HAILSTORM, F-FLOODS, SW-STRONG WIND

Purpose

The report provides an overview of the incidents which affected eDumbe municipality in all wards from July 2022 to June 2023. Furthermore the report indicates the extent of damages and response measures executed by eDumbe Municipality in responding to the incidents. eDumbe Municipality experienced strong wind, lightning, fire and storm that caused damages in some areas.

eDumbe municipality summary statistics

Ward	Types of incidents	Number of incidents	Household affected	People affected	Fatalities	Injuries	ASSISTANTS GIVEN
1	HEAVY RAIN & STRONG WIND	19HR , 1SW,1FI & 2LT	23	141	0	0	9 BLANKETS'3 B BOX'3 SPONGE & 9 PLASTIC SHEETS
2	HEAVY RAIN , LIGHTNING & FIRE	29HR , 3LI,1ST & 1F	34	215	0	0	25 BLANKETS, 6 PLASTIC SHEETS 2B Box & 4 TEMPORAL SHELTER
3	HAIL STORM , HEAVY RAIN & FIRE	2HS , 19HR & 3F	27	114	0	0	23 BLANKETS, 17 PLASTIC SHEETS,3 SPONGE & 6 B BOX

4	HEAVY RAIN	3HR	3	16	0	0	2 BLANKETS & 1PLASTIC SHEETS
05	HEAVY RAIN	13HR	13	116	0	0	4 BLANKETS, 3 PLASTIC SHEETS & 2 B BOX
6	HEAVY RAIN, LIGHTNING & FIRE	2HR, 2L & 2FI	6	22	0	0	7 BLANKETS, 3 PLASTIC SHEETS, 3B BOX & 1 TEMPORAL SHELTER
7	STRONG WIND, FIRE & HEAVY RAIN	2SW, 1 FI & 27HR	30	280	0	0	13 BLANKETS, 8 PLASTIC SHEETS, 1 B BOX & 3 SPONGE
8	HEAVY RAIN, HAIL STORM & FIRE	8HR , 1HS & 2F	10	75	0	0	13 BLANKETS, 5PLASTIC SHEETS & 1 B BOX
9	STRUCTURAL FIRE	1FI	1	4	0	0	1BOX-B
10	STRUCTURAL FIRE & HEAVY RAIN	1FI & 2HR	3	13	0	0	3 PLASTIC SHEETS & 1 B BOX
TOTAL	FI, SW,HS & HR	2FI, 2SW,114HR, 4L & 3HS	134	939	0	0	96 BL, 10 B BOX & 6 T. SHELTER, 46 PLASTIC SHEETS & 3 SPONGE

10. CHALLENGES

- Alarm System and Fencing of the premises/yard
- Office Space
- Shortage of Fire Equipment
- Disaster officer or Fire Chief

11. GENERAL

Desired State for Public Safety

- To have Disaster Centre and Fire Equipment
- Disaster Officer
- Fire Engine
- Alco testers/Breathalyzers
- New blue lights
- New Speed Machine
- Fine control system
- Renovation of the Building to better state

- Fixing of Ablution system

C: ADMINISTRATION UNIT

1. BACKGROUND

The Administration Section comprised of Council Support, Registry and Cleaning services. In the Committee Section there is Committee Officer, Committee Clerk and two In-service Trainees, Registry have Registry Officer and Registry Clerk and In-service Trainee. Cleaners have acting supervisor who is not compensated for her acting duties, fifteen (15) Cleaners and four additional EPWP employees are cleaning administration buildings such as main offices and community hall. There are three in service trainees at Administration Section.

2. KEY ADMINISTRATION ACTIVITIES

ITEM NO	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	STATUS	REASON FOR NONE ACHIEVEMENT
1.	04 Council Meetings facilitated by July 2022 to June 2022	04 Council Meetings	The following 17 Meetings were held: <ul style="list-style-type: none"> • 26 July 2022 • 25 Aug 2022 • 30 Aug 2022 • 30 Sept 2022 • 27 Oct 2022 • 22 Oct 2022 • 24 Nov 2022 • 06 Dec 2022 • 12 Jan 2023 • 23 Jan 2023 • 21 Feb 2023 • 28 Feb 2023 • 16 Mar 2023 • 29 Mar 2023 • 19 Apr 2023 • 17 May 2023 • 29 May 2023 • 30 June 2023 	
KPI 66	04 EXCO Meetings facilitated by July 2022 to June 2022	04 EXCO Meetings	The following 10 Meetings were held: <ul style="list-style-type: none"> • 13 July 2022 • 30 Sep 2022 • 27 Oct 2022 • 18 Nov 2022 • 21 Dec 2022 • 07 Feb 2023 • 21 Feb 2023 • 23 Feb 2023 • 29 Mar 2023 • 19 May 2023 	
KPI 67	04 Finance Portfolio Committee	04 Portfolio	The following 5 Meetings were held:	

	meetings held from July 2022 to June 2022	Meetings	<ul style="list-style-type: none"> • 26 July 2022 • 26 Sept 2022 • 30 Jan 2023 • 30 Mar 2023 • 09 June 2023
KPI 68	04 Infrastructure & Planning Portfolio Committee meetings held by July 2022 to June 2022	04 Portfolio Meetings	<p>4 Meetings were held:</p> <ul style="list-style-type: none"> • 18 Aug 2022 • 24 Nov 2022 • 20 Feb 2023 • 31 May 2023
KPI 69	04 Corporate & Community Services Portfolio Committee meetings held by July 2022 to June 2022	04 Portfolio Meetings held	<p>03 meetings held:</p> <ul style="list-style-type: none"> • 26 July 2022 • 30 August 2022 • 26 September 2022 • 16 Feb 2023
KPI 70	04 MPAC meetings held by July 2022 to June 2022	04 MPAC Meetings	<p>05 meeting were held:</p> <ul style="list-style-type: none"> • 25 July 2022 • 30 Aug 2022 • 16 Nov 2022 • 23 Mar 2023 • 28 June 2023

1. AMAKHOSI TRAVELLING ALLOWANCE CLAIMS

All claims were made in 4th quarter and submitted to Finance Department for processing.

2. COUNCIL RESOLUTION CERTIFICATES

Council resolutions are filed at Registry and issued to the relevant departments for implementation as and when necessary.

3. CORRESPONDANCE REGISTER

On daily basis emails and hand delivered mail are received, insert appropriate reference numbers and register the work related letters in the above mentioned register.

Copies are made and distributed to the relevant officials after Municipal Manager's comments.

4. INVOICE REGISTER

All invoices received by post or hand delivered are recorded in the invoice register and distributed to creditor's office.

5. REGISTER OF OPENED FILES

This register is used when there is a record that is created or received and is not

accommodated to the existing files.

There is also an allocation of reference numbers for records and they are registered in the register of opened files.

6. TENDER OPENING REGISTER

Registry staff is part of tender box opening; they register bid documents and quotations received for that particular tender.

7. PHOTOCOPYING, PRINTING AND SCANNING

These duties are performed on daily basis as per personnel request.

8. FILING OF CORRESPONDANCE AND CONTRACTS

Filing of correspondence is updated on daily basis and also filing of contracts is done when new contracts are received.

9. RECEIVING OF APPLICATIONS

Following the closure of the nearest post office the applications for new vacancies are received via email, printed, registered and are submitted to Human Resources office after the closing date.

10. GAZETTING OF MUNICIPAL BY-LAWS

In February 2023 the unit managed to gazette Control of Public Nuisance By-Law and in May 2023 the Informal Trading By-law was gazetted.

11. CHALLENGES

Council Chamber	Computers	Records
<ul style="list-style-type: none">Recording microphones needs to be added in order to accommodate the number of Councillors that has increased.More Chairs and desks are needed to accommodate other stakeholders.Air-conditioner machine needs to be fixed urgently.	The Committee Office needs more laptops, desktop in order to store more information and perform efficiently.	<ul style="list-style-type: none">The Registry Office needs a counter and that was a finding from Provincial Archives office. We use to include this on departmental budget input but it always doesn't appear on our final budget.A new postbag with padlock and chain is needed.A new desktop is needed.There are challenges regarding disposal process as other records are written in Afrikaans which makes it difficult for us to sort and list but a letter requesting assistance have been sent to Provincial Archives Pietermaritzburg and they responded by saying the department does not have fund to cater for translation of bundles of recordsPost is now collected once a week in Vryheid post office since our nearest post office is closed until further

notice.

E: HUMAN RESOURCES MANAGEMENT SECTION

Hereunder are the different components of Human Resources:

Human Resources Management
Labour Relations
Human Resource Skills Development
Human Resource Planning & Development
Occupational Health and safety

The field of Human Resources combines administrative personnel functions such as recruitment, employment, training and other personnel issues, with employee relations and resource planning and development. The objective is to maximize the return on investment from the human capital within the Municipality and to minimize financial risk. It is therefore the responsibility of the Human Resources Unit in consultation with Management to conduct these activities in an effective, legal, fair and consistent manner. The Human Resources Unit aimed at being an active partner in the facilitation and creation of a self-motivated and progressive Municipal workforce that is focused on Municipal service delivery objectives whilst also achieving personal and career growth as well as self-fulfilment.

1. ORGANISATIONAL STRUCTURE:

The recruitment process used by the Municipality is a consultative and incorporated process. A request to fill a vacant position is received from the relevant Head of Department and once the Municipal Manager approves the request, the position is advertised. On receipt of applications, Human Resources do the initial sorting and summary of applicants. Employment Committee is then called to short list candidates. Once this is completed, the interview is arranged and conducted with the applicants. The interviewing panel consists of the (Municipal Manager, Departmental Directors, two councillors (if it's senior position), Human Resources representative and the relevant Unions).

1.1 Positions Advertised for 2022/23

- Accountant Budget (Internal)
- Revenue Officer (Internal)
- PMS Officer (Internal)
- Billing Officer (Internal)
- Youth Development Manager (External)
- Director Corporate Services x2 (Provincial & National)
- Asset Officer (Internal)
- Director Infrastructure Services (Provincial & National)
- Audit Committee Member (Provincial)
- Manager Electrical & Mechanics (Provincial)
- Chief Internal Auditor & Risk (Provincial)

1.2 Interviews seated for a period of 2022/23

- Librarian (06 -07- 2022)
- Library Assistant (06-07-2022)
- Supervisor Road & Maintenance (17-08-2022)
- Accountant Budget (12-12-2022)
- Revenue Officer (12-12-2022)
- PMS Officer (08-12-2022)
- Billing Officer (12-12-2022)

- Asset Officer (12-12-2022)
- Youth Development Manager (16-02-2023)
- Manager Electrical & Mechanics (19-06-2023)
- Chief Internal Auditor & Risk (19- 06- 2023)

1.3 Recruitment and Selection employees appointed for a period of 2022/23:

NO	INITIALS AND SURNAME	DEPARTMENT	POSITION	DATE OF APPOINTMENT	DURATION
1	Ms T.G. Bhekiswayo	Corp & Comm Serv	General Assistant	01-03-2022	On contract
2	Mr S.H. Khaba	Corp & Comm Serv	General Assistant	01-03-2022	On contract
3.	Ms H.G. Sibya	Corp & Comm Serv	Receptionist	01-07-2022	Permanent
4.	Mr C.V. Mthethwa	Cashier	Budget & Treasury	01-07-2022	Permanent
5.	Mr S.N. Ntuli	Planning Depart.	Housing & Estate Manager	01-08-2022	Permanent
6.	Mr S.M. Vundla	Infrastructure Serv	Supervisor Road & Maintenance	01-09-2022	Permanent
7.	Mr N.M. Nkala	Infrastructure Serv	Director Infrastructure	01-10-2022	On Contract
8.	Mr Z.R. Thusi	Budget Treasury	& CFO	01-10-2022	On Contract
9.	Mr M. Mkhize	Executive	VIP Guard	10-10-2022	Link to term of Council
10.	Mr J.F.K. Khumalo	Executive	Municipal Manager	01-11-2022	On Contract
11.	Mrs S.P.N. Maseko	Corp Services	Leave & Auxiliary Management Clerk	01-12-2022	On contract
12.	Ms L.C. Shabangu	Finance	Accountant Budget	01-01-2023	Permanent
13.	Ms N.P. Khumalo	Finance	Revenue Officer	01-01-2023	Permanent
14.	Ms T. Mavuso	Finance	PMS Officer	01-01-2023	Permanent
15.	Ms N.H. Nhleko	Finance	Billing Officer	01-01-2023	Permanent
16.	Ms N.S. Nkosi	Finance	Asset Officer	01-01-2023	Permanent
17.	Mr X.W. Lukhele	Executive	Youth Clerk	01-02-2023	Permanent
18.	Ms N. Sila	Executive	PA to MM	01-02-2023	Permanent
19.	Mr F.P. Kunene	Executive	PA to Mayor	01-02-2023	Link to term of Council
20.	Ms P. Sigubudu	Infrastructure Serv.	Fleet Clerk	01-02-2023	On contract
21.	Ms B.P. Thwala	Finance	Debtors Control Clerk	01-02-2023	On contract
22.	Mr X.S. Sibya	Executive	Youth Development Manager	01-03-2023	28-02-2028
23.	Mr K. Xaba	Executive	Supervisor Security	01-03-2023	Link to term of Council
24.	Mr T.C Dlongolo	Executive	VIP Guard	27-03-2023	On contract
25.	Mr S.C. Jele	Executive	VIP Guard	27-03-2023	On contract
26.	Mr C.E.	Executive	VIP Guard	27-03-2023	On contract

Khumalo

1.4 Fixed Term Contracts for a period of July 2022 to December 2022:

The Municipality has appointed:

- 30 Weekend Workers (General Assistant) to end of June 2023
- 65 EPWP (General Assistant) from the 16th of January 2023 to 31st of January 2024

1.5 Staff Induction

All appointed staff are always inducted by Human Resources Section.

1.6 Promotion

The municipality does not have the policy for promotion; we follow selection and recruitment policy approved by Council.

1.7 Employees Resigned/Retired/Contract Ended/Deceased & Dismissed

ME & SURNAME	SITUATION	ASON	TE
1. Zulu	Guard	ssed away	October 2022
J. Maseko	& Culture Coordinator	ssed away	October 2022
C. Letsoale	ing CFO	tract Ended	October 2022
J. Nkala	ector Infrastructure	signed	December 2022
I.M. Mkhabela	ervisor	Waste ssed away	
	Management		
Z.L. Mazibuko	ef Internal Audit & Risk	signed	March 2023
M.B. Buthelezi	nager	Electrical & signed	March 2023
	Mechanics		
N.S.S. Khumalo	countant Revenue	signed	April 2023
M.W. Mmako	ervisor	Building tirement	May 2023
	Maintenance		

2. LEAVE RECORDS

2.1. Leave Administration and Management

Municipal leave records are updated on weekly basis and also captured on the system. Municipal staff have adapted the culture of taking 16 days leave compulsory and employees ensures that the leave that the vacation leave is approved before taking it. Senior Managers also take 10 days compulsory in a cycle those who have not taken the compulsory leave Human Resource Unit has choice to forfeited them, each employee has two files one is for personnel (Particulars) documents and the other is for leave records.

2.2. Leave taken in a period of 2022/23:

Leave Description	Vacation Leave	Sick leave	Family Responsibility	Study Leave	Maternity	Time Off
July – Dec 2022	1409	87	21	11	59	0
Jan – June 2023	1517	152	13	03	58	0
Total	2926	239	34	14	117	0

2.3. Leave paid in a period of 2022/23:

- Mr Z.I. Zulu
- Mr S.S. Maseko
- Mr V.B. Mbatha
- Mr M.I. Mkhabela
- Ms L.C. Shabangu
- Ms N.P. Khumalo
- Ms T. Mavuso
- Ms N.H. Nhleko
- Ms N.S. Nkosi
- Ms N.S.S. Khumalo

2.4 Pro -Rata bonuses paid for a period of 2022/23:

- Mr S.S. Maseko
- Mr M.I. Mkhabela
- Ms L.C. Shabangu
- Ms N.P. Khumalo
- Ms T. Mavuso
- Ms N.H. Nhleko
- Ms N.S. Nkosi
- Mr M.W. Mmako
- Mr Z.L.S. Mazibuko
- Mr M.B. Buthelezi
- Ms N.S.S. Khumalo

2.5 PAID LONG SERVICE

	NAME & SURNAME	NUMBER OF YEARS
1.	Mr S.S. Maseko	14
2.	Mr M.I. Mkhabela	13
3.	Mr M.B. Buthelezi	7
4.	Ms N.S.S. Khumalo	8
5.	Mr A.L. Mervia	15
6.	Mr M.W. Mmako	20
7.	Mrs Z.L. Nxumalo	20
8.	Mr B.E. Thabede	20
9.	Ms N.S.S. Xaba	10
10.	Mrs P.M. Zwane-Madi	20
11.	Ms N.E. Khumalo	35
12.	Ms B.W. Mtetwa	10
13.	Ms N.S. Nkosi	10
14.	Ms S.M. Nkosi	10
15.	Mr T.R. Nkosi	30
16.	Mr S.G.Z. Sibya	15

3. JOB PROFILES AND WAGE CURVE IMPLEMENTATION:

The Municipality did the Job Evaluation in 2015 and the outcome was implemented, the salary and wage collective agreement was implemented for 2021 July to 2024 June.

3.1. JOB DESCRIPTION

All Municipal employees have signed job descriptions and are kept on their personal files.

4. EMPLOYMENT EQUITY:

In compliance with the Employment Equity Act, Act 55 of 1998, the éDumbe Local Municipality appointed Mr V.B. Mbatha to develop a five year Employment Equity Plan, starting from 2022 to 2027. The progress and

developments of the Employment Equity Plan are annually reported to the Department of Labour at the end of January of each year.

5. WORKPLACE SKILLS PLAN:

The Workplace Skills Plan for 2023/24 for the Municipality was finalized and delivered to LGSETA together with the Annual Training report for 2022/23 on due date, i.e. 30 April 2023.

6. TRAINING & DEVELOPMENT:

The annual training budget (grant plus council provision) is centralized and managed by Human Resources; for this financial year we had:

20 Employees did Municipal Financial Management Programme.
05 Employees did Registry Management Coarse
05 Employees did Management Performance Training Programme

7. HUMAN RESOURCES POLICIES:

Human Resources and Administrative Policies were drafted and approved by Council. The process commenced with the identification of critical areas of concern, prioritisation and selection of HR interventions and agreement on time frames for delivery. Various presentation sessions to all Departments as well as Councillors took place and the Council have already adopted the following Policies in 2022 such as:

Recruitment and Selection

Remuneration Policy

- Leave policy
- Acting policy
- Subsistence & Travelling policy
- Overtime policy
- Housing policy
- Training and Development policy

9. ATTENDANCE BY EMPLOYEES AT WORK:

All departments have attendance registers, the registers are checked by Manager: Human Resources on monthly basis before processing the salary of each and every employee. It is the responsibility of Supervisors to check attendance registers on daily basis, if the employee did not sign the attendance register and no leave form, the Municipality applies no work no pay principle.

10. OVERTIME/STANDBY

The following is both overtime and standby allowance paid to employees eligible to work overtime and being on standby:

Quarterly	Overtime	Standby
July – Sept 2023	R293 123.73	R297 037.55
Oct – Dec 2023	R165 869.38	R296 167.07
Jan – March 2023	R114 945.69	R179 525.03
April – June 2023	R102 428.54	R136 980.89
Total	R676 367.34	R909 710.54

It is noticeable that a lot of money is spent on overtime and this should be adequately managed to avoid dependency on it by certain employees.

11. LOCAL LABOUR FORUM

Meetings were held as follows:

- 06 July 2022
- 06 October 2022

12. STAFF MEETING

The meeting was held on the 18 January 2023

13. GENERAL

The challenges in Human Resource section:

- Being under staff only two employees to deal with Human Resource Unit.
- Not having sufficient Budget for Human Resources operations

14. CONCLUSION

In the absence of sufficient resources to address service delivery requirements, challenges will always be there in any public sector organisation and therefore this Municipality is no exception but gradually the impact to the well-being of people about what we do, will be felt no matter how small it would be to the citizens of eDumbe in its entirety.

COMMUNITY AND SOCIAL SERVICES SECTION

1. BACKGROUND

The Community Services department remains as one of the departments that interact mostly with the community at a very local level. With a total of 8 sub-units namely Sports Development, Social Cohesion, Special Programs, Waste Management, Parks & Gardens, Public Participation, Libraries & HIV/AIDS; Most of the activities performed in this department are those that emanate from community structures that are recognized by the municipality. Some of the activities performed are derived from the SDBIP of the municipality whilst others are performed as per the mandate of the department in general. This report covers the activities and programs performed by the department from the months of 1st July 2022 – 30th June 2023

2. DELIBERATIONS

2.1 DISCUSSION

The approach for this report is to elaborate briefly on the activities performed per sub-unit within Community Services during the year in question.

3. PERFORMANCE PER SUB-UNIT / SECTION

1. SPORTS DEVELOPMENT

This Sub-Unit achieved 6 targets in this financial year. The first target met was the Dundee July Horse Racing event which was held in Dundee under eNdumeni Local Municipality. The event was held from the 16th – 17th July 2022. eDumbe Municipality transported x4 horses and x4 jockeys to this event who took part. The 16th July was used for parade activity and the actual race was on the 17th July 2022.

The second target met was that of hosting the Local Senior Citizens games. These games were held on the 20th July 2022 in Ward 3 Dumbe Regional Stadium. Participating wards were Ward 1, 3, 4, 6 and 10. A team to represent eDumbe Municipality in the District games was then successfully selected this day. The Municipality provided the playing facility as well as refreshments (breakfast and lunch) for the participants. Department of Sports, Arts & Culture District provided transport, tents, chairs, toilets, playing materials and medical services.

The 3rd target met was that of hosting the Local Mayoral Cup Games. The sport codes that participated in the local Mayoral Cup Games are Soccer Males & Females, Netball Females, Athletics, Boxing Males & Females, Volleyball Males & females. The sports fields that were used were Bilanyoni Sports field, Kanye-Kanye Sports field, Dumbe Regional Stadium & Bilanyoni Community Hall.

The results per code were as follows:

CODE	POSITION 1	POSITION 2	AWARD POSITION 1	AWARD POSITION 2
Soccer Males	Ward 3	Ward 6	Soccer Kit, Trophy & gold medals	Soccer kit & silver medals
Soccer Females	Ward 4	Ward 10	Soccer Kit, Trophy & gold medals	Soccer kit & silver medals
Netball Females	Ward 9	Ward 2	Trophy & gold medals	Trophy & silver medals
Volleyball Males	Ward 3	Ward 4	Trophy & gold medals	Trophy & silver medals
Boxing	Ward 4	Ward 2	Gold medals	Silver medals
Athletics	Ward 4	Ward 10	Gold medals	Silver medals

The following codes did not participate in the local Mayoral Cup:

-Dance, Rugby, BB, Chess & Karate-However they did participate in the District Mayoral Cup Games.

The 4th target met was that of participating in the District Senior Citizens Games. These games were held in Ulundi on the 17th August 2022. The eDumbe municipality supported out teams with x2 taxis. 13 senior citizens from eDumbe were selected to represent the Zululand District Municipality in the Provincial Senior Citizens Games scheduled for October 2022.

The 5th target met was that of participating in the Zululand District Mayoral Cup Games which were held in Vryheid under Abaqulusi Local Municipality. The event was held on the 01st October 2022.

Number of Codes Participating in District Mayoral Cup Games 2022 was 17 if divided by Gender, but in actual fact they were 10.

- Football Males & Females
- Netball Males & Females
- Ruby Males & Females
- Athletics Males & Females
- Boxing Males & Females
- Karate Males
- Basketball Males & Females
- Volleyball Males & Females
- Dance
- Chesss

**Representation of Codes by Numbers for 2022 DMCG AS PER KZN SALGA
GUIDELINES:**

CODE	NO OF PLAYERS	TECHNICAL TEAM	TOTAL
Athletics	56	4	60
Soccer Males	23	4	27

Soccer Females	23	4	27
Netball Males	12	4	16
Netball Females	12	4	16
Rugby Males	12	3	15
Rugby Females	12	3	15
Boxing	18	3	21
VB Males	12	3	15
VB Females	12	3	15
BB Males	12	3	15
BB Females	12	3	15
Karate	12	3	15
Dance	20	3	23
Chess	8	3	11

TOTAL PLAYERS FOR EDUMBE TEAM = 306

TOTAL TECHNICAL OFFICIALS FOR EDUMBE TEAM = 50

Representation of Wards as Per Selected Players:

WARD	NUMBER OF PLAYERS
1	20
2	18
3	70
4	139
5	20
6	10
7	4
8	10
9	10
10	7

Results for eDumbe Municipality were as follows:

CODE	GENDER	POSITION OBTAINED
Netball	Males	1
Netball	Females	1
Karate	Mixture	1
Rugby	Males	1
Basketball	Females	1
Athletics	Mixture	2
Dance	Couples	2
Basketball	Males	2
Chess	Males	2
Rugby	Females	2
Volleyball	Females	2
Boxing	Mixture	3
Volleyball	Males	3

2022 District Mayoral Cup Log Standings:

MUNICIPALITY	POINTS	POSITION
Nongoma LM	10	4
Abaqulusi LM	11	3
Ulundi & uPhongolo LM's	22 each	2
eDumbe LM	29	Overall Winner of the 2022/2023 ZDM Mayoral Cup Games

The 6th and final target met by this unit was that of participating and attending the 2022 KZN SALGA DSR Games. These games were held from the 08th – 11th December 2022 in Newcastle Local Municipality as the host LM. AmaJuba District was the hosting district for the games. Zululand District as our district also took part in these games and +_ 60 of their players were from eDumbe Municipality. The results for 2022/2023 KZN SALGA Games were as follows:

SPORTS CODE	DISTRICT & POSITION
DANCE	EThekwini Metro – 1 Zululand – 2 iLembe - 3
Karate	Amajuba – 1 King Cetshwayo -2 iLembe - 3
Basketball Females	EThekwini Metro – 1 Umgungundlovu – 2 Amajuba - 3
Basketball Males	Amajuba – 1 Umgungundlovu – 2 EThekwini Metro - 3
Indigenous Games	King Cetshwayo – 1 Umgungundlovu – 2 Amajuba, EThekwini & Ugu - 3
Netball Females & Males	King Cetshwayo – 1 Zululand – 2 EThekwini - 3
Rugby Females	Amajuba – 1 EThekwini – 2 Umgungundlovu - 3

Rugby Males	Amajuba – 1 Umzinyathi – 2 Zululand -3
Athletics	EThekwini – 1 Amajuba – 2 UMzinyathi -3
Volleyball Females	Amajuba -1 UMkhanyakude – 2 Ugu - 3
Volleyball Males	Amajuba – 1 UMkhanyakude -2 EThekwini - 3
Football Females	iLembe – 1 Amajuba - 2
Football Males	UMkhanyakude – 1 King Cetshwayo -2 iLembe - 3

NOTE: EThekwini Metro was the overall winner of the 2022/2023 KZN DSR SALGA GAMES with 131 medals. Number 2 was King Cetshwayo and Number 3 was the Zululand District Municipality.



2022 SALGA Games- Newcastle LM





Above: Participating wards were taking on against each other for the coveted Mayoral Cup prize

2. YOUTH DEVELOPMENT

Although Youth Development falls under the Executive department in the municipality, an arrangement was made for the Manager Community Services to take the Youth clerk under wing for a short period whilst the recruitment process of the Manager Youth Development was still being pursued. The youth desk achieved 5 targets in this period they were still under the auspices of Community Services department.

The 1st target achieved was that of successfully electing Youth Committees in all 10 wards of the municipality. The elections were conducted under the leadership of the Speaker's office as follows:

WARD NUMBER	ELECTION DATE
1	28 July 2022
2	18 July 2022
3	NOT ELECTED
4	18 July 2022
5	28 July 2022
6	19 July 2022
7	19 July 2022
8	15 July 2022
9	15 July 2022

The 2nd target achieved was that of hosting a Youth Summit where eDumbe Municipality Youth Council was elected successfully. The Youth summit was held on the 29th July 2022 at Muloro B&B in Vryheid. An Executive of x5 members was elected to hold positions of Chairperson, Deputy Chairperson, Whip, Speaker and Secretary. X4 additional members were also elected to form part of the Youth Council. This youth council is aligned to the term of office of the current council of the municipality. The Youth Council structure is as follows:

NAME	SURNAME	POSITION	WARD
Mthokozisi	Radebe	Chairperson	2
Sphamandla	Mthethwa	Dep Chairperson	1
Anne	Xulu	Speaker	6
Fisokuhle	Kunene	Whip	5
Mduduzi	Sangweni	Secretary	10
Sphezihle	Ngobese	Additional Member	7
Xolani	Zikode	Additional Member	8
Mduduzi	Dlamini	Additional Member	9
Thembelani	Nsibande	Additional Member	4

The 3rd target achieved was that of hosting an Educational Advocacy program for the Youth at large. The program was held on the 06th October 2022 at the Paulpietersburg Town hall. Target number 4 that was also achieved was that of having the Cyber Safety awareness campaign. It was conducted on the 28th October 2022; youth representatives from all 10 wards were in attendance of the campaign.

In response to the scourge of GBV F+, the youth section hosted two Campaigns on GBV on the 19th October 2022 at Kwasa High School (Ward 2) and also on the 30th November 2022 in Dumbe location. These campaigns were conducted in partnership with other stakeholders e.g. SAPS, DSD, NGO's, etc.

3. SOCIAL COHESION

Social Cohesion is the unit that deals with programs that promote social unity in communities. These programs bring together people with different tastes in entertainment, talent, etc. These programs range from Arts, Sports, Culture, talent, skills, heritage, etc. This sub-unit achieved 4 targets in the 2022/2023 financial year.

The 1st target achieved is that of successfully participating/attending the Umkhosi Womhlanga (Royal Reed Dance). Umkhosi Womhlanga for 2022 was held in eNyokeni Royal Palace from the 17th – 18th September 2022. A total of 366 Maidens and 20 Matrons represented eDumbe Municipality in this year's edition of Umkhosi Womhlanga. The Municipality assisted with transport (x4 buses) and t-shirts for the attendees. The Provincial Department of Sports, Arts & Culture was responsible for tents, 4 taxis, water and meals. The number of eDumbe maidens per ward was as follows:

WARD	NUMBER OF MAIDENS
1	44
2	28
3	16
4	37
5	41
6	38
7	44
8	35
9	54
10	29
TOTAL	366

The maidens were first addressed at the Paulpietersburg town hall by the Council Speaker Cllr DJ Nhlelengethwa and Deputy Mayor Cllr SJ Kunene. They then embarked on a parade from the municipal offices to the Tourism Offices where they were bid farewell by the municipality's management and councilors before taking off. They left Paulpietersburg on Friday 16th September 2022 and came back on Sunday 18th September 2022.



Above: eDumbe maidens on departure day to Umkhosi Womhlanga 2022



The 2nd target achieved was the hosting of the eDumbe Horse Riding Competition. It was held on the 17th December 2022 at the Dumbe Dam. It was attended by Jockeys from the district of Zululand and also from other districts. The winners for the horse riding were as follows for the main Race:

PROGRAM	DATE	VENUE	WINNERS
Horse Riding Competition	17 th December 2022	EDumbe Dam Ward 9	Pos 1 – Nxakanxaka
			Pos 2 – Zamcolo
			Pos 3 – Trouble Maker
			Pos 4 – Album

Below: His Worship, the Mayor Cllr MS Mkhabela officially opening the horse racing held at Dumbe Dam race course



Th



Above : His Worship Cllr MS Mkhabela, Inkosi Mthethwa, Cllr VA Mthethwa, Cllr ND Ndlangamandla and Winning horses

The 3rd target achieved by the Social Cohesion unit was that of successfully hosting the 4 Ingoma Competitions for the year in question. The Ingoma competitions were held in different dates & venues in December 2022 and April 2023. The results were as follows:

PROGRAM	DATE	VENUE	WINNERS
Ingoma Competition	26 th December 2022	Magosuthu – Ward 10	Pos 1 – Ikameli Pos 2- Izinyathi Pos 3- Selimathunzi Pos 4 – Amaphikankani Pos 5- Amagcokama
Ingoma Competition	28 th December 2022	KwaVova-Ward 5	Pos 1- Selimathunzi Pos 2- Ikameli
Ingoma Competition	31 st December 2022	KwaNgwanya Ward 2	– DISCLAIMER: results were withheld.





The 4th target achieved was that of hosting the Cothoza & Oswenka Competition. The completion was held successfully on the 27th December 2022 at the Paullpietersburg town hall. In attendance were Councilors, municipal officials and the Council Spear who announced the results and awarded the winners. The results for the Cothoza competition were as follows:

PROGRAM	DATE	VENUE	WINNERS
Cothoza	& 27 th December 2022	Townhall – Ward 9	Pos 1- Dumbe Jealous Down
Oswenka			Pos 2- Amalanda Amhlophe
Competition			Pos 3- Abafana

Bothando
Pos 4-Ophuzane Young
Boys
Pos 5- Blue Khwezi





The 5th target achieved by this unit was that of successfully hosting the Good Friday edition of Ingoma Competition. The competition was held on the 08th April 2023 in Ward 1, Luneburg sports field. The competition was a success and the results were as follows:

PROGRAM	DATE	VENUE	WINNERS
Ingoma Competition	8 th April 2023	Luneburg – Ward 1	Pos 1 – Uthuli Lwezinyathi Pos 2- Amaphikankani Pos 3- Amagcokama Pos 4 – Abafana Benkululeko Pos 5- Amathole Amnyama

The total budget for Ingoma is R30 000 (Thirty Thousand Rands Only). The below table shows the Winners from Position 1 – 5 and the amounts paid per winning group. The winners are as follows:

Group Name	Pos	Amount Won	Cell No
Uthuli Lwezinyathi	1	R7000	0731597299
Amaphikankani	2	R5000	0761366002
Amagcokama	3	R4000	0715719096

Abafana Benkululeko	4	R3000	0713945791 0767280140
Amathole Amnyama	5	R1000	0788953557
Bongumuzi Nkosi	All Groups	R10 000	0761366002

The amounts in the above table totals to R20 000. The remaining R10 000 was paid to the Deputy Chair of the Ingoma Committee account for distribution to all the 12 groups that participated in this competition. This was agreed upon in the planning meeting that each group that participated in the competition will be rewarded. This means each group that took part in the competition received R833, 00 only.

4. SPECIAL PROGRAMS

The South African legal and policy framework defines the vulnerable groups as being mainly constituted by children, women, older persons, people with disabilities and to some extent young people as well. As part of the democratic government's commitment of improving the quality of life of all the citizens, vulnerable groups are one of the critical citizens of the society that require special focus. The eDumbe Local Municipality is also mandated to mainstream and advocate for the needs and interest of the special groups (children, women, men, disability, elderly, gender) with the special consideration of their programmes. The community Services department, Special programmes Unit coordinates and has an obligation of addressing challenges relating to socio-economic and cultural marginalization of women, children, elderly, men and people with disabilities.

In an attempt to accomplish what the legislation prescribes, the Special Programs unit embarked on a number of initiatives in the 2022/2023 financial year. The sub-unit achieved 2 targets this year.

The 1st target achieved was that of successfully electing Special Programs Committees in all 10 wards of the municipality. The committees elected under this unit were Elderly, Men & Women Committees per ward. These structures are also aligned to the term of office of the current municipal council. The elections were conducted under the leadership of the Speaker's office as follows:

WARD NUMBER	ELECTION DATE
1	28 July 2022
2	18 July 2022
3	NOT ELECTED
4	18 July 2022
5	28 July 2022
6	19 July 2022
7	19 July 2022
8	15 July 2022
9	15 July 2022
10	18 July 2022

The 2nd target achieved was that of hosting a Mayoral Dinner with Disabled People where eDumbe Municipality Disability Forum was elected and launched successfully. The dinner was held on the 17th August 2022 at eDumbe Community Hall. An Executive of x5 members was elected to hold positions of Chairperson, Deputy Chairperson, Secretary, Deputy Secretary and Treasurer. X3 additional members were also elected to form part of the Forum.

The Disability Forum structure is as follows:

NAME	SURNAME	POSITION	WARD
Sthembiso	Zulu	Chairperson	4
Bongani	Zulu	Dep Chairperson	8
Lindiwe	Buthelezi	Secretary	5
Agreement	Thwala	Deputy Secretary	10
Mandla	Ndlovu	Treasurer	2
Max	Sibiya	Additional Member	3
Zakhele	Ngwenya	Additional Member	1
Mzobanzi	Malinga	Additional Member	6

The program was attended by the Councilors, SAPS, DSD, Home Affairs, municipal management, Business people, etc. the Mayor Cllr MS Mkhabela was the main speaker in the event. Disabled people were showered with gifts by the Mayor (backpacks, baskets with goodies, groceries & golf t-shirts). Below is the picture of disabled persons during their function at eDumbe Township Hall



5. WASTE & ENVIRONMENTAL MANAGEMENT

Subscribing to the National Environmental Management Act; this unit strives to ensure waste management & preservation of the environment so that it can sustain even the future generations. In ensuring compliance to the legislation this unit has implemented awareness campaigns on selected Environmental dates (as per the Environmental Calendar) as well as cleaning campaigns in general.

This sub-unit also managed to ensure that waste is collected as per the approved schedule for the quarter in question. As per the schedule this sub-unit collected waste in Ward 2, 3, 4 and 9. The waste collection is done both in households, shops and

industrial area. As part of its functions as well, thus sub-unit also cleans the town streets. Town cleaning is done during the week and also on weekends. On weekends cleaning is done by the EPWP weekend employees.

In terms of Environmental programs, this sub-unit conducted waste management campaigns in Wards 3 and 9 respectively in August 2022. Main activities included removal of waste heaps and trimming of trees. The program was hosted by the eDumbe Municipality, EDTEA & DFFE.

In celebration of Arbor Day, this unit in collaboration with EDTEA & DEFF visited Bilanyoni Primary School to conduct Environmental Management Awareness Campaign. The awareness was also attended by the Mayor; Cllr MS Mkhabela. The campaign was held on the 13th October 2022.

In terms of the B2B program, this sub-unit held a cleaning campaign in Ward 3 to clear and clean the illegal waste dump in the Mncelwini area. The cleaning campaign was collaboration between the municipality, EDTEA & CWP. It was held on the 13th December 2022.



6. HIV/AIDS

This sub-unit achieved only 1 target this financial year. Target achieved is that of electing the Civil Society structure of the eDumbe Municipality. Civil Society structure was elected in August 2022 at Paulpietersburg Town-hall. The structure is as follows:

NAME	SURNAME	POSITION	WARD
Zamile	Xaba	Chairperson	3
Thobile	Hlatshwayo	Dep Chairperson	2
Siphesihle	Zulu	Secretary	3
Phumzile	Shabangu	Dep Secretary	5
NOT YET ELECTED	NOT YET ELECTED	Organizer	-

7. LIBRARY & INFORMATION SERVICES

eDumbe Municipality has 3 libraries under its auspices. They are Dumbe Library (Ward 3) which is led by Mr. S Simelane, Paulpietersburg Library (Ward 9) led by Ms T Khumalo & the Bilanyoni Library (Ward 4) which is led by Ms L Ndlangamandla. These libraries operate from Monday – Friday 07:30 am – 16:30 pm. The services offered by our Libraries range from general library services, book loans, reading, assistance with internet searches, homework's, assignment, tertiary textbooks. Our libraries are also involved in Outreach programs for different calendar dates. They also do displays for specific holidays and days that are recognized by the SA Government & the world at large.

The 3 libraries performed as follows in this financial year:

LIBRARY	PATRONS STATS 2022- 2023	CYBERCADET STATS 2022-2023	DISPLAYS FOR 2022-2323
Paulpietersburg	528	109	August =Women's Month September = Heritage Month October =Breast Cancer Awareness December= World Aids Day Valentine's Day = February April =Freedom Day
Bilanyoni	623	155	May – Africa Month June = Youth Day

Dumbe	3985	4242	July = Mandela Month August = Women's Month October – Breast Cancer Awareness December= Day of Reconciliation February – Valentine's Day June- Youth Day
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CHAPTER 7 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Roads Infrastructure

Roads conditions in Paulpietersburg town, éDumbe Location, Bilanyoni and the entire wards in the Municipality area of jurisdiction are bad. The Municipality does not have enough funds to address the concerns around the in éDumbe roads. Roads need to be rehabilitated as they are ageing and cannot be patched anymore. MIG funds are not sufficient to cover this cost. In other ward roads are also eroded by water storms.

Municipal Buildings

Infrastructure Department is responsible for the planning and provision of new municipal buildings, maintenance of various structures. To create new facilities while upgrading existing ones to be easily accessible and suitable for community needs. These include pay points, libraries, community halls, municipal offices, dumping site offices, public ablutions and taxi rank, municipal houses, and other leased municipal buildings. The strategies of this department are as follows:

- Implementing programmes to upgrade existing municipal buildings and facilities
- Constructing new facilities for enhanced service delivery
- Constructing facilities closer to the communities
- Installing and implementing security measures that minimize vandalism and theft at municipal buildings
- Raising awareness of energy saving for users of municipal buildings
- Ensuring continuous usage of green materials for energy-saving retrofits on new and existing buildings
- The service delivery priorities are to interact smoothly with the community and other departments without disturbance to ensure accurate implementation of

planning and maintenance of municipal buildings while adhering to the National Building Regulations Act

In the 2022/2023 financial year the Municipality constructed the following Capital projects in line with the Municipal IDP.

MUNICIPAL INFRASTRUCTURE GRANT PROJECTS

The following projects were implemented through MIG funding:

NAME OF PROJECT	WARD	BUDGET	STATUS
Regravelling of KwaNyosi Road	6	R3 000 000.00	Completed
Rehabilitation of Road in CBD	9	R5 600 000.00	Completed
Regravelling of eMapayipini Road	8	R6 000 000.00	Completed
Installation of street lights and 2 sets of robots	9	R5 000 000.00	Completed
Construction of Mbedleni Bridge	7	R3 500 000.00	Completed
Construction of Ezixeni Sportfield	1	R2 255 250.00	Completed
Construction of Mashekela Sportfield	7	R3 000 000.00	Completed
Construction of Bilanyoni SMME Centre	4	R4 000 000.00	Completed

As per Service Delivery mandate which is the commitment of the Municipality to the Community of eDumbe, the following are the pictures of Capital projects executed during 2022/2023 financial year:



Mbedleni Bridge Ward 7





Ezixeni Sportfield – Ward 1





Regravelling of Mapayipini road





Regravelling of KwaNyosi Road

CHAPTER 8. FINANCIAL VIABILITY PERFORMANCE

The above Key Performance Area focuses on improving Municipal financial viability by ensuring revenue collection, expenditure on Capital and operational budget and submission of in-year financial reports in line with legislations.

Section 54 outlines Budgetary Control and early identification of financial problems, and states that

1) On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must:

- a) Consider the statement or report
- b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan.
- c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget.
- d) Issue any appropriate instructions to the accounting officer to ensure:
 - i. that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - ii. that spending of funds and revenue collection proceed in accordance with the budget.
- e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- f) In the case of a section 72 report, submit the report to the council by 31 January of each year.

- 2) If the municipality faces any serious financial problems, the Mayor must:
 - a) Promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include:
 - i. steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget.
 - ii. the tabling of an adjustments budget; or
 - iii. steps in terms of Chapter 13; and
 - b) Alert the council and the MEC for local government in the province to those problems.
- 3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

Chapter 13 (135) of MFMA – which outlines Resolution of Financial Problems; states that:

- a) The primary responsibility to avoid, identify and resolve financial problems in a municipality rest with the municipality itself.
- b) A municipality must meet its financial commitments.
- c) If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately:
 - i. Seek solutions for the problem.
 - ii. Notify the MEC for local government and the MEC for finance in the province; and
 - iii. Notify organized local government.

Whilst eDumbe has over years has been experiencing financial challenged it need to start maintaining a strong financial position through having sufficient reserves. Our reserves depleted long time as were financing long term contracts, capital and operational projects internally. The municipality is experiencing a service delivery backlogs and financial intervention is from National Treasury. Due to the rural nature of the municipality, we rely heavily on government grants as we have a low.

5.1 STATEMENT OF BUDGET VERSUS ACTUALS
REVENUE MANAGEMENT AS AT 30 JUNE 2023

FINANCIAL PERFORMANCE	ORIGINAL BUDGET	ADJUSTED BUDGET	YEAR TO DATE ACTUAL	VARIANCE	VARIANCE COMMENT (BUDGET VS ACTUAL)
Property Rates	R30 903 141.00	R 30 903 141	R 30 170 894	R 732 247	There was an increase on penalties charged on outstanding rates
Service Charges (Electricity and Refuse removal)	R61 165 965.74	R 61 165 965.74	R30 527 785.10	R30 638 180.36	There was a huge amount reversed due to provision of meters and abnormal meter readings
Interest on investments	R1 249 200.00	R 1 249 200.00	R926 088.70	R323 111.30	Interest earned on income received
Rental of facilities and equipments	R1 979 358.40	R 1 979 358	R1 619 119.69	R360 238.71	Interest earned on 6 months pro-rata lease rental paid by Mondi.
Fines, Licence and Permit	R5 157 207.00	R 5 157 207	R3 483 326.10	R1 673 880.90	Decrease in collection rate due to poor performance
Operational Revenue	R131 328 000		R99 549 921.99	R31 778 078.01	Decrease due to Equitable Share withheld by National Treasury for prior year unspent grant
Other owned revenue	R11 146 808.56		R9 101 828.82	R2 044 979.74	Decrease on collection rate

EXPENDITURE MANAGEMENT

FINANCIAL PERFORMANCE	ORIGINAL BUDGET	ADJUSTED BUDGET	YEAR TO DATE ACTUAL	VARIANCE	VARIANCE COMMENT (BUDGET VS ACTUAL)
Employee related costs	R73 078 570.28	R80 409 031.00	R80 529 431	R171 949.42	Variance was due to payment of 5.4% approved by SALGA made to employees as per collective agreement per employees excluding senior Managers
Remuneration for Councilors	R7 472 959.00	R8 423 095.00	R8 080 999.69	R342 095.31	Increment / Upper limit payments made to Councillors including previous financial year
Bulk Purchases	R34 802 297	34 802 297	R35 590 962.86	-R788 665.86	ESKOM charged the demand for this period under review that resulted to overspend on our budget. But its less than 10%
Depreciation and amortisation	R12 005 680	R 12 005 680	R17 511 882	R 5 506 202	List of assets that were on WIP for past years which resulted to increase in depreciation.
Contracted Services	R31 255 109	R 31 255 109	R22 472 929	R6 011 877.37	The municipality managed to implement cost cutting measures
Debt Impairment	R 8 784 000	R 8 784 000	R 11 685 965	R 2 901 965	This line items were under

					budget on a normal budget but also non cash items previously indigent debtors from eDumbe location and Bilanyoni.
Finance charges	R1 230 858.00	R1 230 858.00	R1 526 344.87	-R295 486.87	Loss on operational expenditure
Operational Expenditure	R18 872 003	R 18 872 003	R 21 420 463	-R344 979.71	Loss on operational expenditure for Municipality
Capital Expenditure	R 60 421 000	R 113 040 000	R113 040 000	R 54 005 000	Capital expenditure was all grant funding i.e. MIG, Energy and Small Town Rehabilitation, Grant from Department of Transport and own funding.

Based on the Revenue analysis, the collection levels are very low meaning that the municipality is depending on grant funding. Therefore, the municipality needs to invest in Infrastructure Assets i.e. to priorities in Road and Electricity Infrastructure and look at other Sources of funding that may increase revenue base such as New Developments, Property Investments, Rental of Municipal Houses and revising existing lease agreements to identify if what we get is market related or not

- Billing system needs to improve to work reasonably well also through the implementation of a Final Valuation roll. Audit also needs to take place to identify gaps, errors and areas which are not being billed.
- Electricity Meter readings- All queries need to be attended to and the fact that officials can't read some meters to access control.
- Disconnection on long outstanding debts. This must be implemented on monthly basis to create a culture of payment.
- Indigent policy - The municipality has a policy and indigent register, but not implemented. Further verification must be done in comparison with the latest Valuation roll.

eDUMBE LOCAL MUNICIPALITY

INVESTMENT REGISTER

SUMMARY INVESTMENT REGISTER (Regulation 3(1)(g)) 2022/2023

INSTITUTION	OPENING BALANCE 2022-07-01	Bank charges	INVESTED in current year	Withdrawal	INTEREST	BALANCE 2023-06-30	INTEREST Earned
FNB - 62033660376	335 519.08	-	96 200 000.00	97 100 000.00	591 435.56	26 954.64	591 435.56
GRINDROD - 154009	19 022.70	-	-	-	1 218.65	20 241.35	1 218.65
FNB - 624218433807	105 278.74	-	42 144 000.00	22 777 873.01	222 967.03	19 694 372.76	222 967.03
FNB - 61328003233	769 632.26	-	10 000 000.00	10 312 000.00	103 344.15	560 976.41	103 344.15
FNB - 62219848746	135 525.23	-	-	-	7 123.31	142 648.54	7 123.31
TOTAL	1 364 978.01	-	148 344 000.00	130 189 873.01	926 088.70	20 445 193.70	926 088.70

Debtors' ageing report as at 30 June 2023

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - Over year	Total -	%
Debtors Age Analysis By Income Source							
Electricity	R2 384 635.78	R378 526.34	R285 228.19	R133 012.52	R6 765 242.69	R 9 946 645.52	
Property Rates	773,030.97	1,428,675.58	1,341,445.31	1,301,065.85	56,839,709.61	61,683,927.32	
Waste Management	223,788.71	202,442.77	186,601.01	191,860.33	83,092,928.70	83,897,621.52	
Interest on Arrears	581,497.90	741,790.51	733,719.18	726,016.74	35,996,560.61	38,779,584.94	
Other	10,780.00	9,280.00	9,280.00	5,000.00	65,115.33	99,455.33	
Total By Income Source	182,759,556.94	2,356,955.44	2,556,273.69	2,760,715.20	3,973,733.36	194,407,234.63	
Debtors Age Analysis By Customer Group							
Organs of State	-97,699.37	1,118,544.61	950,473.30	775,349.88	30,179,036.01	32,925,704.43	
Commercial	2,681,341.09	412,492.52	421,375.21	399,506.93	14,515,597.70	18,430,313.45	
Households	904,948.82	848,967.32	818,267.16	815,604.74	113,204,593.29	116,592,381.33	
Other	484,165.31	379,736.72	365,183.99	365,521.23	24,864,228.17	26,458,835.42	
Total By Customer Group	3,972,755.85	2,759,741.17	2,555,299.66	2,355,982.78	182,753,516.67	194,407,234.63	

Creditors Age Analysis as at 30 June 2023

Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Bal
SALGA	500 000.00					858 503.21	7705.00	1 366
ESKOM HOLDINGS					2 447 898.07	2 866 257.24	5 435 372.65	10 749
ANESCO TOYOTA						48 288.96	12 072.24	60
AUDITOR GENERAL							4 860.75	4
AYANDA MBANGA							32 263.71	32
BIDVEST							17 622.43	17
BP SIBISI							700.00	
BURNING SPEAR							7 705.41	7
CAMELSA				53 439.50			57 275.00	110
CONLOG SOLUTION							65 005.49	65
DEPARTMENT OF TRANSPORT						13 351.00	13 193.00	26
DUCHARME ASSET						10 005.00	482 547.65	492
EKHETHETO LODGE							7 000.00	7
GIJIMA HOLDINGS							42 670.00	42
GOVERNMENT PRINTING							1 261.00	1
IZINQAMA TRADING							135 000.00	135
JUDY MAGWAZA						90 180.00	787 272.78	877
KAMBULA ELECTRICAL							48 311.50	48
KHANYISA CIVILS							1 309 068.00	1 309
KHUPHUKANI ELECTR				91 172.00				91
MANDLA-MATLA PUBL							25 125.34	25
MBD CONSULTING							144 793.52	144
MILLS FITCHET AFRICA						48 288.96	12 072.24	60
MTHETHWA SW							700.00	
NGWEKAZI SECURITY							468 126.47	468
NHLANSI PROJECTS						16 611.75		16
SIRAHAGROUP							181 110.05	181
								350 796.75
SM MBATHA INC								247 720.84
SUPER GOLD TRADING								247
UMNDENI FUNERALS							30 755.00	30
VRYHEID OFFICE SHOP							9 660.00	9
ZAKHELE LS MAZIBUKO							5 738.08	5
ZULULAND DISTRICT							149 600.36	149
TOTALS	500 000.00				2 592 509.57	4 162 943.80	9 878 680.71	17 134

CHAPTER 9: ORGANISATIONAL OVERVIEW ON PERFORMANCE MANAGEMENT SYSTEM

A Municipality's Performance Management System is the primary mechanism to monitor, review and to improve the implementation of the Municipal IDP, and to measure the progress made in achieving the objectives set out in the IDP. The system provides early warning on poor or non delivery of service and facilitate decision-making.

The Municipality should set out indicators and targets to compile a Municipal scorecard. Indicators are then cascaded into Departmental SDBIP's and are to be set on a SMART principle as follows:

- Specific
- Measurable
- Achievable
- Realistic, and
- Time bound

The Key Performance Areas as appear and reported on eDumbe Municipal Scorecard and SDBIP are as follows:

- Basic Service Delivery
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Local Economic Development
- Municipal Institutional Development and Transformation
- Cross Cutting Interventions

Timeous and regular reporting of performance by Departments on the above KPA's is crucial. It also allows for better preparation for audit. Section 54/56 Manager's performance are then assessed against two components weighting 80:20 allocated to the Key Performance Indicators (KPA's) and Core Competency Requirements (CCR's)

9.1. Political Governance

The current Council consists of 19 representatives from six different political Parties. All Councillors were inaugurated post the 2021 Local Government election (as per Section 29 of the Structures Act). The Council of eDumbe is represented as follows:

6 X NFP Councillors
5 X ANC Councillors
5 X IFP Councillors
1 x DA Councillor
1 X EFF Councillor
1 X ABC Councillor

Among the elected Councillors and during the inauguration, seats were allocated as follows:

Cllr MS Mkhabela – Honourable Mayor (NFP)
Cllr DJ Nhlengethwa – Honourable Speaker of the Council (NFP)
Cllr SJ Kunene – Honourable Deputy Mayor (ANC)
Cllr VA Mthethwa – Whip of Council (ANC)
Cllr ND Ndlangamandla – EXCO Member (IFP)

9.2. Administrative Governance

Administration is currently led by Mr JFK Khumalo the Municipal Manager who was appointed by Council in November 2022 after being on acting position since December 2020. The Council also appointed the Chief Financial Officer Mr ZR Thusi in October 2022 and Director Infrastructure Mr MN Nkala in October 2022. In January 2023, Mr Nkala resigned and the Council appointed Mr S Khanyile as an Acting Director while the post is vacant. Post for Director Corporate and Community Services is also vacant since February 2023, Mr VB Mbatha is currently acting while the recruitment process is ongoing.

Having filled positions for Section 54/56 Managers will assist the eDumbe Council to mitigate any risks identified and further improve the audit outcome.

eDumbe Municipality		BRIEF STATUS OF SECTION 54/56 MANAGERS FOR 2022/2023 FINANCIAL YEAR		
		No of posts approved	No of posts filled	No of vacant positions
Municipal Manager		1	1 Filled by Mr JFK Khumalo)	0
Chief Financial Officer		1	1 (Filled by Mr ZR Thusi)	0
Director Infrastructure Development & Planning		1	0 (Mr S Khanyile currently acts)	1
Director Corporate & Community Services		1	0 (Mr VB Mbatha currently acts)	1
TOTAL		4	2	2

Recruitment process for the above two vacant posts is currently ongoing

Having been allocated separate powers and functions entrenched in the Constitution; municipalities had to organize themselves in preparation to fulfill these functions and powers. Organizational transformation in local government is further explicitly prescribed in Section 51 of the Municipal Systems Act which provides as follows:

A municipality must, within its administrative and financial capacity, establish and organise its administration in a manner that would enable the municipality to:-

- a. be responsive to the needs of the local community;
- b. facilitate a culture of public service and accountability amongst its staff;
- c. ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the priorities and objectives set out in the municipality's integrated development plan;
- d. establish clear relationships, and facilitate co-operation, co-ordination and communication, between-
 - i. its political structures, political office bearers, its administration and the local community

- e. organise its political structures, political office bearers and administration in a flexible way in order to respond to changing priorities and circumstances;
- f. perform its functions—
 - i. through operationally effective and appropriate administrative units and mechanisms, including departments and other functional or business units; and
 - ii. when necessary, on a decentralised basis;
 - iii. assign clear responsibilities for the management and co-ordination of these administrative units and mechanisms;
 - iv. hold the municipal manager accountable for the overall performance of the administration;
 - v. maximise efficiency of communication and decision-making within the administration;
 - vi. delegate responsibility to the most effective level within the administration;
 - vii. involve staff in management decisions as far as is practicable; and
 - viii. provide an equitable, fair, open and non-discriminatory working environment

This key performance area focuses on organizational capacity and includes indicators that show progress on how the municipality has organized itself in terms of building capacity to deliver, compliance with equity targets as well as implementing both the organizational and individual performance management systems. Municipal performance in this KPA is assessed in the following six (6) focus areas:

- Performance Management Systems.
- Filling of Section 54/56 Manager positions;
- Signed performance agreements by Section 54/56 Managers;
- Disciplinary processes against Section 54/56 Managers;
- Employment Equity; and
- Skills development.

9.3. BACKGROUND TO MUNICIPAL PERFORMANCE REPORTING

PURPOSE OF THE REPORT

The main purpose of this report is to account to the MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of South Africa on progress being made by the Municipality towards achieving the overall goal of “a better life for all”.

Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, MSA and the MFA

The Assessment Process and the Methodology followed in Compiling the Report

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council, it must then be submitted to the MEC for Local Government.

CHAPTER 10: SDBIP PERFORMANCE STATUS 2022/2023 (COMPARISON'S WITH PREVIOUS FINANCIAL YEAR 2021/2022)

In terms of MSA (1) (a) A municipality must set key performance indicators ,including input indicators ,output iand outcome indicators,in respect of each of the developmental priorities and objectives referred to in section 26 (c) of the Act.

(b) A key performance indicator must be measurable,relevant,objective and precise.

(2) In setting key performance indicators ,a municipality must ensure that :

- Communities are involved.

The Municipal Scorecard reflects the 6 National KPs and local priorities .The Scorecard enables a wider assessment of how the municipality is performing.

The performance report is based on measures included within the Municipal SDBIP and incoperates priority measures selected from the IDP.

The set targets on the SDBIP and IDP strategies and objectives were approved by Council on 21 June 2022.

It should also be noted that the approved SDBIP was submitted together with the approved budget to Provincial Departments in terms of the MFMA which requires the budget and other related documents to be submitted by the Accounting Officer

At **Departmental** level, the measures are captured in the SDBIPs /Scorecards of the various departments that operate within the municipality. Performance management should occur at the various levels and relate to one another, as required by the 2001 Municipal Planning and Performance Regulations through cascading performance measures from organisational to departmental level, both the IDP and the SDBIP/Scorecard eventually link with individual performance management. Regarding performance management at individual level, the MFMA specifically requires that the annual performance agreements of Section 57 Managers must be linked to the SDBIP and the measurable performance objectives approved with the budget.

It should be noted that Section 72 (1) of the Municipal Finance Management Act stipulates that the Accounting Officer of a municipality must by 25 January of each year— (a) assess the performance of the municipality during the first half of the financial year, taking into account:

(ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan.

MFMA Section 72 (3) (b) further says: The Accounting Officer must, as part of the review recommend revised projections for revenue and expenditure to the extent that this may be necessary

After the Mid-Term assessment the Council recommended, among other, that The Mayor must consider revision to the 2022/2023 SDBIP, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the Council following the approval of an adjustment budget

The SDBIP was FIRST revised and approved by Council on the 28 February 2023. The Municipality received additional funding from COGTA and Department of Transport, the budget was adjusted, so as the SDBIP was again revised and approved on the 17 May 2023. During both adjustments, the following Key Performance Indicators were added on the SDBIP and one was removed:

KPI	STATUS	REASONS
IT Hardware components and software licenses purchased by 30 June 2023	Added	The Municipality considered a need for additional IT server for information Backups
Regravelling of eMapayipini road by 30 June 2023	Added	Additional funding was received in April for execution of Capital projects
Construction of Mashekelela Sportfield by 30 June 2023	Added	Additional funding was received in April 2023 for execution of Capital projects
‘Sourcing of funds from Sector Departments for rehabilitation of Paulpietersburg roads	Added	Indicator was added after the Municipality was granted a funding by Department of Transport in May 2023 for rehabilitation of Paulpietersburg roads
Procured Tipper Truck	Added	Indicator was added after the Municipality realize the need for additional fleet to assist in

		road maintenance
Participate in District and SALGA games by December 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Conduct Senior Citizens games by July 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Conduct Youth Summit by July 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Conduct Mayoral Disability Forum by 31 August 2022	Added	Own funding was raised in consideration of implementing public participation programmes for the well being of the Community
Participate in HIV/AIDS programmes by 31 March 2023	Removed	Funds were re-allocated to other programmes

The Annual Performance report (MFMA Section 46) is then compiled based on the approved Special Revised SDBIP which considers the above items.

The information provided on the table below indicates the overall performance of the Municipality during 2022/2023 financial year. It has been done in line with the 6 national KPAAs and in the focus of the MSA Section 46.

There's a very slight improvement when comparing with previous financial year. Percentage for achieved targets has gone up from 72% to 80%

TARGETS	2021/2022	2022/2023
Total targets	68	64
Achieved targets	49	51
Targets not achieved	19	13
Percentage of achieved targets	72%	80%
Percentage of targets not achieved	28%	20%



10.1. HIGHLIGHTS ON EACH KEY PERFORMANCE AREA AS LISTED ON MUNICIPAL SDBIP AND SCORECARD

Key Performance Areas is the area in which the Municipality plays a role towards delivering services. This may include Infrastructure, Community Services, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance, Financial Management, etc

10.1.1 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The approved Annual Performance Plan and SDBIP for the above KPA have the following strategic issues that were considered:

Human Resources Management
Performance Management
Information Technology
Administration

HUMAN RESOURCES MANAGEMENT

The field of Human Resources combines administrative personnel functions such as recruitment, employment, training and other personnel issues, with employee relations and resource planning and development. The objective is to maximize the return on investment from the human capital within the Municipality and to minimize financial risk. It is therefore the responsibility of the Human Resources Unit in consultation with Management to conduct these activities in an effective, legal, fair and consistent manner. The Human Resources Unit aimed at being an active partner in the facilitation and creation of a self-motivated and progressive Municipal workforce that is focused on Municipal service delivery objectives whilst also achieving personal and career growth as well as self-fulfillment.

ORGANIZATION STRUCTURE:

The recruitment process used by the Municipality is a consultative and incorporated process. A request to fill a vacant position is received from the relevant Head of Department and once the Municipal Manager approves the request, the position is advertised. On receipt of applications, Human Resources do the initial sorting and summary of applicants. Employment Committee is then called to short list candidates.

INFORMATION TECHNOLOGY

The Public Service Corporate Governance of Information and Communication Technology Policy Framework (2012) stipulate that COBIT (*Control Objectives for Information and Related Technologies*) should be adapted and implemented as the Governance of ICT Framework on the Governance of ICT layer.

COBIT will enable the municipality to achieve their strategic goals by deriving optimal value from ICT through the realisation of benefits and optimising resources and risk.

As a set of Governance of ICT and management processes, COBIT will provide Managers, ICT users and Auditors with the following:

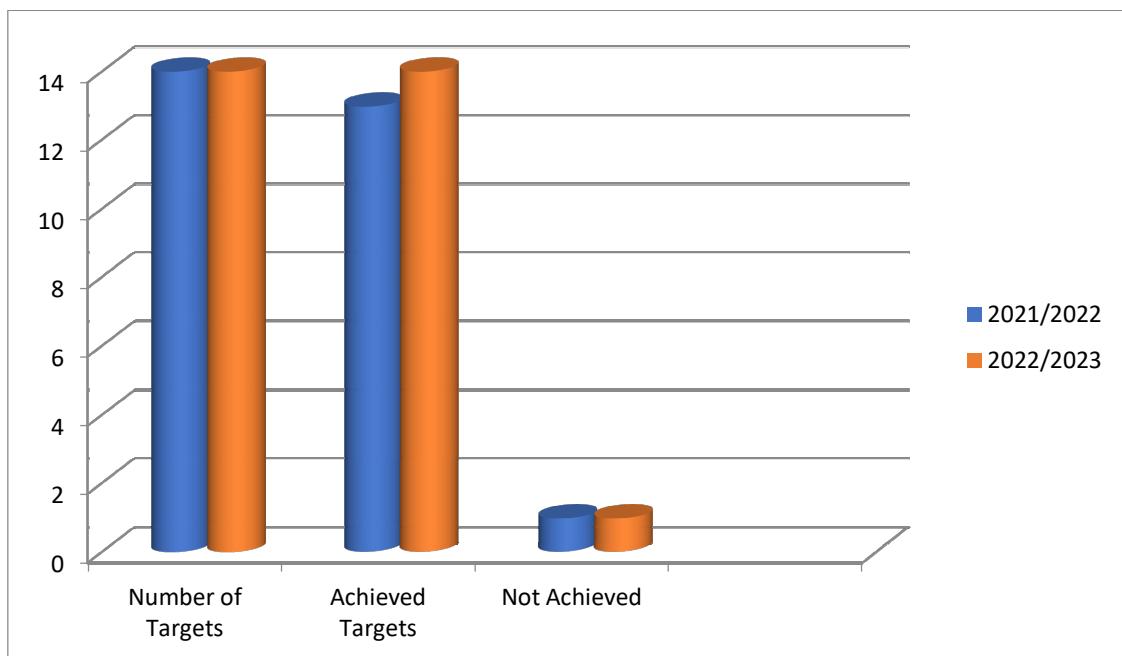
- Standard indicators;
- Processes for implementing the Governance of ICT;
- Good practice to maximise the corporate value in using ICT.
- Identification of the accountability and responsibilities of business and ICT process owners.

OVERALL PERFORMANCE ON KPA

The performance on these KPA indicated a very good improvement as all indicators planned for the financial year were achieved, this includes the compliance documents which were compiled and submitted within the stipulated timeframes as per legislations, i.e. approval of SDBIP, signing of Section 54/56 Performance agreements, approval of Annual report, Oversight report and submission of Workplace Skills Plan to LGSETA. Information Technology monitoring, backing up of Municipal information, access logs to financial system were monitored regularly. i.e performing of IT back ups, restores and registers reviewing of access logs. The listed IT functions were performed on monthly basis as required.

Below graph indicates the SDBIP performance on Municipal Transformation and Organisational Development

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	2021/2022	2022/2023
Total targets	14	14
Achieved targets	13	14
Targets not achieved	1	0
Percentage of achieved targets	93%	100%
Percentage of targets not achieved	7%	0%



10.1.2. BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The KPA focuses more on provision of infrastructure development, maintenance of basic infrastructure, and service delivery to ensure sustainable services to all communities. Among others are the targets within this KPA:

- Provision of free basic service delivery to qualifying consumers i.e. electricity and waste service
- Implementation of Capital Projects (Civil and Electrical)
- Roads and Storm Water/ Building and Maintenance

Municipal Buildings

The Municipality is also responsible for the planning and provision of new municipal buildings, maintenance of various structures. To create new facilities while upgrading existing ones to be easily accessible and suitable for community needs. This includes pay points, libraries, community halls, municipal offices, dumping site offices, public ablutions and taxi rank, municipal houses, and other leased municipal buildings.

Electricity Service

éDumbe Municipality is registered electrical service provider with the Energy Regulator of South Africa (NERSA) to supply electricity to Ward 3 while the other wards (1,2,4,5,6,7and 8) are supplied and maintained by Eskom Holdings SOC Limited. Under the license we are obliged amongst many other things, to provide electricity in a manner which is fair, safe and within the parameters of the law. We are also obliged to also ensure that our employees work in an environment which does not affect their health and safety in a negative way.

FREE BASIC SERVICES

The Municipality still provide first 50 KHW of electricity to all ESKOM indigent beneficiaries in all wards. The Municipal indigent register In ward 3, provision of free basic electricity could not be implemented, it was discovered that a large percentage of consumers have tampered with electricity meters. The Municipality is currently replacing those meters; verification will then be done to ensure qualifying indigent beneficiaries.

Free basic waste was provided throughout the financial year to all consumers with the property value of R110 000 and less as per the Municipal approved Policy.

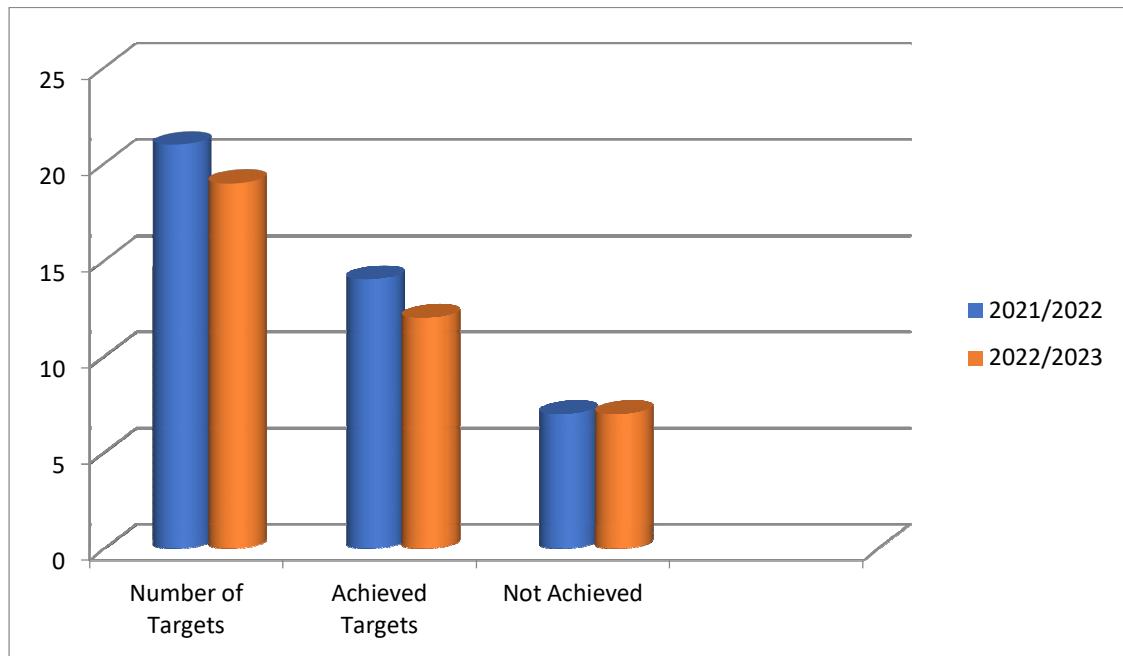
Capital Projects

Most of Capital projects were completed within the financial year, with few snags that have to be attended to. Among other projects the following ones are completed:

- Regravelling of KwaNyosi Road
- Rehabilitation of Road in CDB
- Regravelling of Mapayipini Road
- Installation of 2 sets of Robots and Street lights
- Mbedleni Bridge
- Ezixeni Sportfield
- Mashekelela Sportfield
- Bilanyoni SMME Centre

Below graph indicates the SDBIP performance on Basic Service Delivery and Infrastructure Development

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	2021/2022	2022/2023
Total targets	21	19
Achieved targets	14	12
Targets not achieved	7	7
Percentage of achieved targets	67%	63%
Percentage of targets not achieved	33%	37%



CHALLENGES

The Municipality still suffers a huge loss on electricity used by consumers in Ward 3. There's a high volume of electricity tempering. Replacement and installation of new meters is ongoing to reduce electricity loss.

Roads Infrastructure Challenges

- Roads conditions in Paulpietersburg town, éDumbe Location, Bilanyoni and the entire wards in the municipality area of jurisdiction are bad. The Municipality does not have enough funds to address the concerns in éDumbe roads. Roads need to be rehabilitated as they are ageing and cannot be patched anymore. MIG funds are not sufficient to cover this cost. In other ward roads are also eroded by water storms. Municipality needs to secure more funding to procure asphalt and proper equipment to do patching of potholes
- Due to insufficient Budget, the Municipality is unable to fix Graders as and when required, sometimes the Maintenance Section hire Grader and Roller to execute / maintain roads
- No stormwater and blockage material in stock to unblock the pipes

- Bad gradient / slopes on the drains makes the drains not to fall in a right manner, however the Technical team make means to open drains using TLB and some drains were fixed by hand in Town, Location and Bilanyoni

Challenges on implementation of MIG projects

Some Capital Projects were not completed during the financial year due to the following reasons:

- Late appointment of Service Providers
- Delays due to Heavy Rains
- Issues around Land Ownership
- Delays in conducting of Environmental Impact Assessment by EDTEA

Challenges on Electrical projects

All Electrical projects for the financial year under review were not completed due to delays in obtaining the way leave approvals from the land Owners.

MEASURES TAKEN TO IMPROVE PERFORMANCE ON ABOVE CHALLENGES

All Capital projects that were not completed before end of financial year are currently ongoing and some were subsequently completed just after the financial year.

The Municipality did engage with Sector Departments to source funds for the rehabilitation of bad road conditions. An amount of R78 577 000 was received from Department of transport through this engagement.

10.1.3. LOCAL ECONOMIC DEVELOPMENT

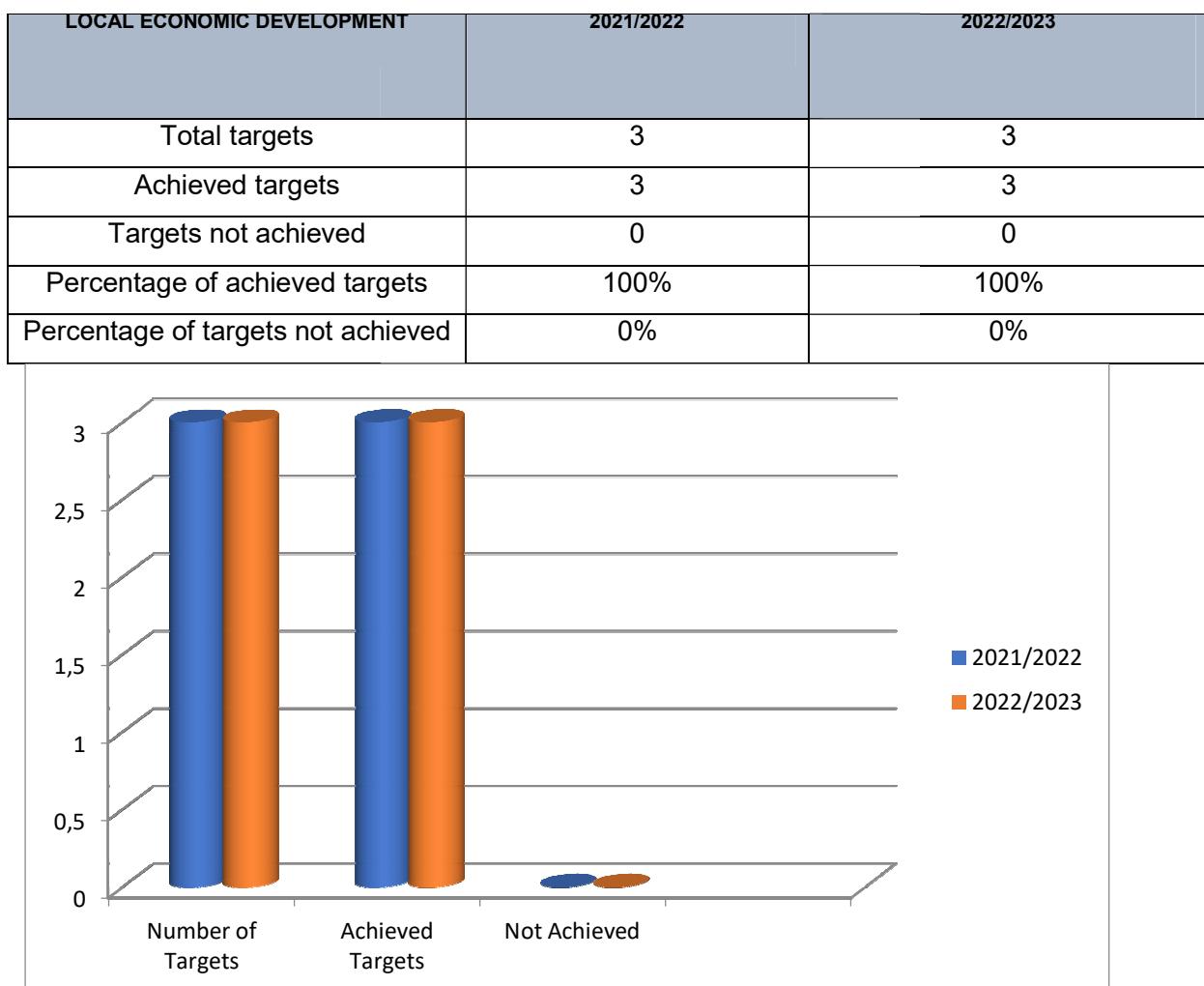
The KPA focuses on contributing towards a better life for society by coordinating sustainable, social, and economic developmental programmes. It further creates a conducive environment for business investment and growth for job creation.

An incentive EPWP grant of R1 500 000 was received by the Municipality. As per the incentive agreement between eDumbe Municipality and the Department of Public Works, eDumbe had a target of 155 Work Opportunities and 56 FTE's to be created in 2022/2023 Financial year. The Work Opportunities are created through EPWP grant, implementation of Capital projects funded by MIG, INEP and security services

Through implementation of Capital projects and EPWP grant eDumbe has created 251 Work Opportunities as 30 June 2023, which is 162% and 63 FTE's achieved. This indicates a very

huge improvement as compared to previous years and it may result in a grant increase in the next financial year.

Below graph indicates the SDBIP performance on Local Economic Development



10.1.4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Public Participation system were achieved during the financial year under review, i.e IDP and Budget road shows were held where the Honourable Mayor was taking Community's wish list for inclusion in the Municipal IDP.

- Special Programmes i.e Horse riding event was held with success in December 2022.
- Again the Art and culture programme, Cothoza was successfully held in December 2022.
- Council Structures i.e. Council, Portfolio Committees, MPAC meetings were held as per the schedule.

CHALLENGES

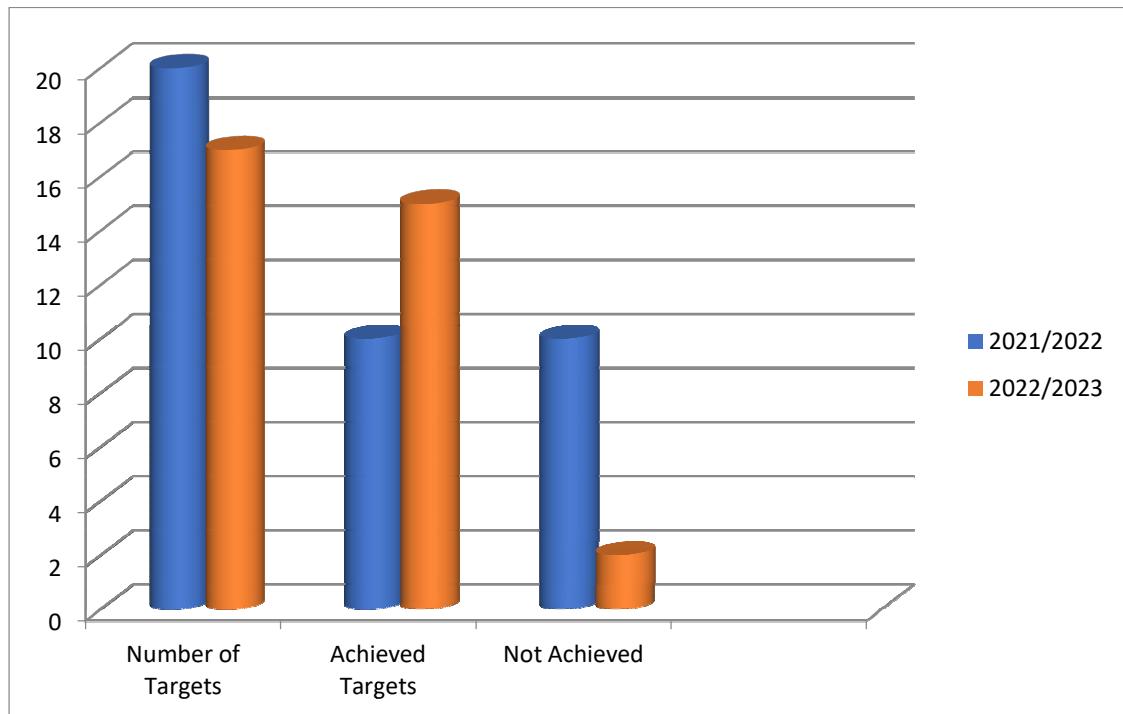
The only challenge faced was the resignation of the Chief Internal Audit Manager within the Financial year

Measures taken to improve Performance

The recruitment process was then initiated and the Chief Internal Audit Manager resumed duties in August 2023

Below graph indicates the SDBIP performance on Good Governance and Public Participation

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	2021/2022	2022/2023
Total targets	20	17
Achieved targets	10	15
Targets not achieved	10	2
Percentage of achieved targets	50%	88%
Percentage of targets not achieved	50%	12%



10.1.5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The above Key Performance Area focuses on improving Municipal financial viability by ensuring revenue collection, expenditure on Capital and operational budget and submission of in-year financial reports in line with legislations.

Based on the Revenue analysis, the collection levels are very low meaning that the municipality is depending on grant funding. Therefore the municipality needs to invest in Infrastructure Assets i.e. to priorities in Road and Electricity Infrastructure and look at other Sources of funding that may increase revenue base such as New Developments. Property Investments, Rental of Municipal Houses and revising existing lease agreements to identify if what we get is market related or not

Billing system needs to improve to work reasonably well also through the implementation of a Final Valuation roll. Audit also needs to take place to identify gaps, errors and areas which are not being billed.

Electricity Meter readings- All queries need to be attended to and the fact that officials can't read some meters to access control

Disconnection on long outstanding debts. This has to be implemented on monthly basis to

create a culture of payment.

Indigent policy - The municipality has a policy and indigent register, but not implemented.

Further verification has to be done in comparison with the latest Valuation roll.

Whilst eDumbe has over years been experiencing financial challenged, the Municipality need to start maintaining a strong financial position through having sufficient reserves. Our reserves depleted long time as were financing long term contracts, capital and operational projects internally. Due to the rural nature of eDumbe Area, the Municipality relies heavily on government grants.

Challenges

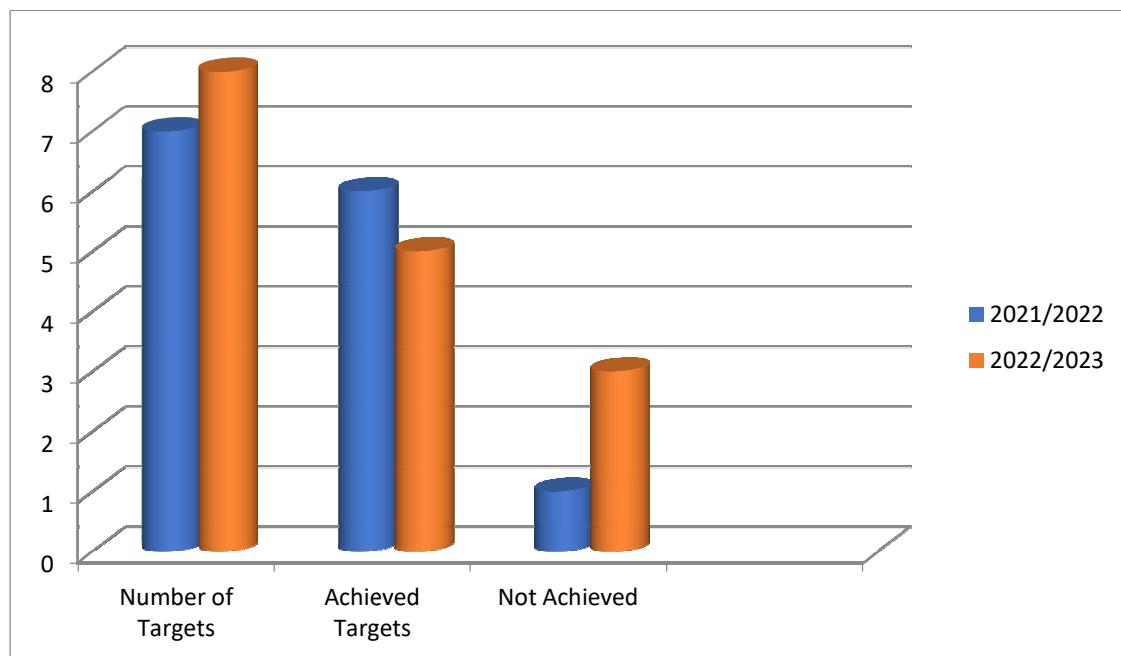
- Municipal Debtors book increases on monthly basis. This is due to high indigent rate and high level of tempered electricity meters at eDumbe. As a result revenue collection at eDumbe Municipality is still a huge challenge.
- Movable assets were not verified on quarterly basis due to capacity constraints
- Few Creditors were not paid within 30 days as per regulation, other Creditors were accumulated from previous financial years.
-

Measures taken to improve performance

- As part of the Revenue Enhancement Strategy, Meter audit is currently ongoing in Ward 3 and 9. All faulty meters are being replaced.
- Revenue Section has to ensure that monthly disconnection list is issued to Electrical department for disconnections. This will improve revenue collection for the Municipality
- The Municipality out-sourced the Assets service. This will enable the Municipality to keep proper record of its Assets and skills transfer in respect of assets verification.

Below graph indicates the SDBIP performance on Municipal Financial Viability and Management

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	2021/2022	2022/2023
Total targets	7	8
Achieved targets	6	5
Targets not achieved	1	3
Percentage of achieved targets	86%	63%
Percentage of targets not achieved	14%	37%



10.1.6. CROSS CUTTING INTERVENTIONS

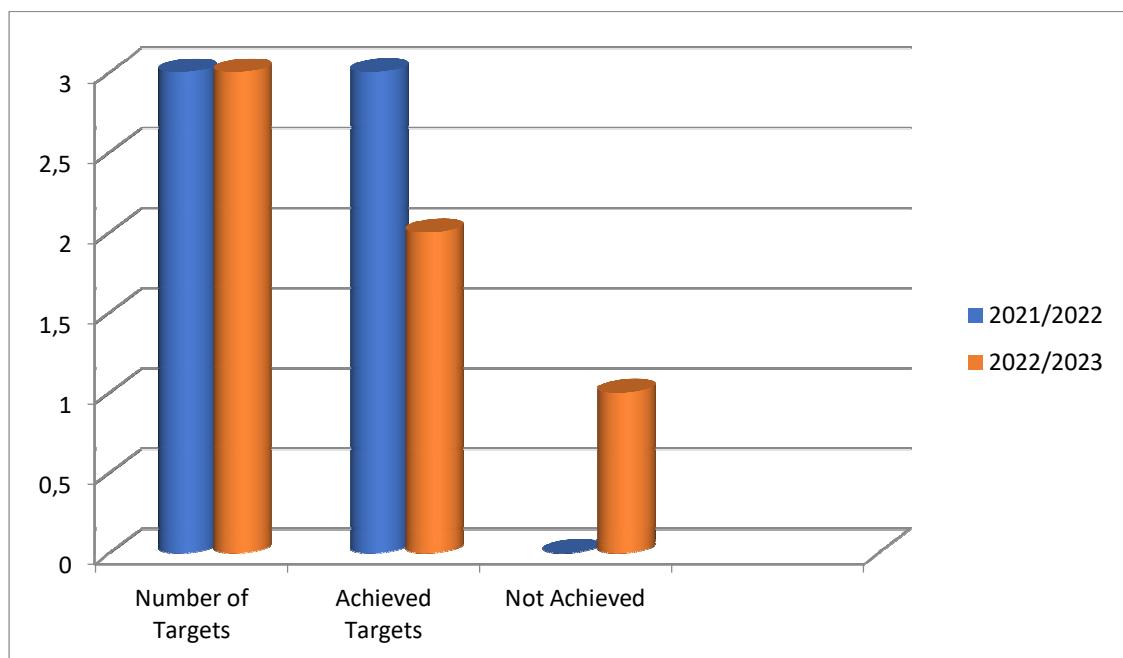
The KPA focuses on Municipal Planning and Development of primary functions, also to regulate and control all development.

- Regulation of land uses and building activities through enforcement of the Spatial Development Framework and the eDumbe Core Urban Scheme, 2014, as well as the National Building Regulations and Building Standards Act No. 103 of 1977.
- Provision of residential, business, industrial, and institutional sites to address the demand by the community
- Promotion of the correction of historically segregated spatial planning of settlements.
- Formalization of informal settlements.
- Creation of rural villages
- Formulation and enforcement of densification policy
- Encouragement of mixed land use
- Promotion of infill development
- Formulation of long term development plans

IDP and Budget road shows were held successfully where the Honourable Mayor met with the Community to present Budget and take wish list. A credible IDP was then developed and adopted by Council on the 29th of May 2023.

Below graph indicates the SDBIP performance on Cross Cutting Interventions

CROSS CUTTING INTERVENTIONS	2021/2022	2022/2023
Total targets	3	3
Achieved targets	3	2
Targets not achieved	0	1
Percentage of achieved targets	100%	67%
Percentage of targets not achieved	0%	33%



CHAPTER 11: PERFORMANCE ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2022/2023

11.1. INTRODUCTION

The Office of the Municipal Manager conducted an assessment of all service providers that are contracted in terms of Section 116 of the MFMA.

11.2. LEGISLATION

Section 46 of the Local Government Systems Act, No 32 of 2000 stipulates that (1) A Municipality must prepare for each financial year a performance report reflecting (a) the performance of the Municipality and of each External Service Provider during that financial year. The Municipal Performance Management Framework was amended to cater a provision for the assessment of service providers. The framework requires that the performance assessment of all service providers with contracts above a million rand have to be conducted on an annual basis.

Municipal Planning and Performance Regulations (2) stipulates that the performance monitoring system must be designed in a manner that enables the Municipality to detect early indications of under-performance and provide corrective measures where under-performance has been identified.

11.3. PERFORMANCE MONITORING PROCESS

The Municipality has engaged with a number of external Service Providers to execute capital projects and other logistical services like security companies, assets, financial systems, internet, etc. A contract agreement is then entered between the two Parties stipulating all requirements of the project. A Service Level Agreement is again signed as a monitoring tool.

Throughout the execution of the project, performance is evaluated to identify any signs of under-performance that may result to the project not being complete. Corrective measures are then provided by the Municipality (User Department) where required. The evaluation process is then performed by the Performance Management Unit and the User Department, where the Service Provider will be scored:

Assessments were performed per project and the results are as follows:

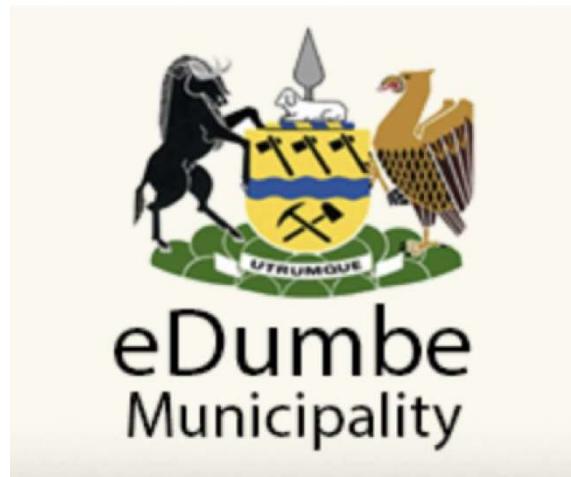
Assessment Key								
Good (G)	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>							
Satisfactory (S)	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>							
Poor (P)	<i>The service has been provided below acceptable standards</i>							

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
EDUM T08/2022/23	Isulami Trading and Projects	06 December 2022	Construction of Shayamoya Access Road Ward 5	R1 905 124.50	N/A	N/A	R1 905 124.50	R1 905 124.50	Good		
EDUM PRO02/2021/22	Afrilectrical Engineers	21 September 2022	Electrification of Infills	R851 287.50	N/A	N/A	R851 287.50	R851 287.50	Good		
EDUM PRO17/2019/20	Buthelezi Vilakazi Attorneys	22 April 2022	Legal representation	R225 230.00	N/A		R225 230.00	R225 230.00	Good		
RT25-2016	Camelsa	01 July 2022	Supply delivery and commissioning of financial system	R2 512 117.25	N/A	N/A	R2 512 117.25	R2 512 117.25	Good		
EDUM PT12/2022/23	Conlog Solutions	02 January 2023	Prepaid electricity vending	R1 274 750.19	N/A	N/A	R1 274 750.19	R1 274 750.19	Good		
EDUM PRO01/2022/23	Ducharme Asset Management	17 June 2022	Preparation of Financial Statements	R565 100.00	N/A	N/A	R565 100.00	R565 100.00	Good		
EDUM T07/2021/22	Ducharme Asset Management	01 July 2022	Fixed Asset Management	R1 954 311.84	N/A	N/A	R824 224.17	R824 224.17	Good		
S110	Eskom	2021-07-01	Electricity Supply	R47 760 27 0.35	N/A	N/A	R47 760 27 0.35	R47 760 27 0.35	Good		
EDUM T17/2018/19	Itec Newcastle	2019-06-11	Office automation lease	R424 380.34	N/A	N/A	R424 380.34	R424 380.34	Good		
EDUM T22/2018/1	Judy Magwaza Trading	2018-07-01	Event Coordinator	R2 680 839.98	N/A	N/A	R2 680 839.98	R2 680 839.98	Good		
EDUM	Khanyisa	25 April	Plant hire	R1 309 068	N/A	N/A	R1 309 068	R1 309 068	Good		

Financial Performance Report - Q3 2022/23										
Ref ID	Supplier Name	Contract Period	Service Description	Amount (R)	Actual (R)	Planned (R)	Variance (R)	Category	Comments	Review Status
T08/20 22/23	Civils	2023		.00			.00	.00	d	
PO013 74	Kura Uone Group	01 July 2022	Tipper Truck	R2 521 438 .99	N/A	N/A	R2 521 438 .99	R2 521 438 .99	Good	
EDUM T07/20 22/23	Kunene Makopo Risk Solutions	01 Decemb er 2022	Provision of Insurance Services	R1 285 229 .06	N/A	N/A	R1 285 229 .06	R1 285 229 .06	Good	
EDUM PRO02 /2018/1 9	Maximum Profit Recovery	2018-10- 19	Vat Recovery	R5 783 236 .08	N/A	N/A	R5 783 236 .08	R5 783 236 .08	Good	
EDUM T34/20 18/19	Ngwekazi Security	2020-08- 01	Provision of Security services	R15 342 45 6.24	N/A	N/A	R15 342 45 6.24	R15 342 45 6.24	Good	
EDUM PRO	MBD Consulting (Pty) Ltd	01 March 2022	VAT Recovery Services	R2 087 917 .84	N/A	N/A	R2 087 917 .84	R2 087 917 .84	Good	
EDUM PRO02 /2021/2 2	Ranijega Economic Developme nt	21 February 2023	Developme nt of Long term Spatial Economic Developme nt	R999 100.0 0	N/A	N/A	R999 100.0 0	R999 100.0 0	Good	
EDUM T11/20 22/23	Red Hawks Army Protection & Project	21 February 2022	Delivery of Protective Clothing	R336 015.0 0	N/A	N/A	R336 015.0 0	R336 015.0 0	Good	
S110	SALGA	2020/07/ 01	Affiliation fees	R3 048 528 .81	N/A	N/A	R3 048 528 .81	R3 048 528 .81	Good	
PO014 73	Smodeni Trading Enterprise	22 Decemb er 2022	Horse Riding Ingoma and Cothoza Events	R649 836.0 0	N/A	N/A	R649 836.0 0	R649 836.0 0	Good	
REQ18 67	Super Gold Trading 177 cc	24 March 2023	Renovation of the Council Chamber	R495 441.6 8	N/A	N/A	R495 441.6 8	R495 441.6 8	Good	
S110	Telkom	2020/07/ 01	Telephone service	R1 774 525 .89	N/A	N/A	R1 774 525 .89	R1 774 525 .89	Good	
EDUM T08/20 22/23	Isulami Trading and Projects	22 Decemb er 2022	Plant Hire	R1 905 124 .50	N/A	N/A	R1 905 124 .50	R1 905 124 .50	Good	
EDUM T01/20 21/22	Iziggama Trading	2022-02- 01	Grass Cutting Services	R3 885 000 .00	N/A	N/A	R2 160 000 .00	R2 160 000 .00	Good	
EDUM PRO01 /2022/2 3	Umcebo We Africa	01 July 2022	Events Coordinator	R203 250.0 0	N/A	N/A	R203 250.0 0	R203 250.0 0	Good	
EDUM	Zaidi	16	Delivery of	R230 149.7	N/A	N/A	R230 149.7	R230 149.7	Good	

Performance Monitoring and Evaluation Report										
Project ID	Project Name	Start Date	End Date	Project Description	Budget (R)	Actual Cost (R)	Completion (%)	Performance Rating	Comments	
									Planned	Actual
T13/20 22/23	Business Solutions And Supplies	January 2023		disaster recovery	4			4	4	d
S110	Zululand District Municipality	2021-07-01		Water services	R1 337 531 .70	N/A	N/A	R1 337 531 .70	R1 337 531 .70	Good
EDUM T09/20 18/19	Mills fitchet Africa	2018-08-27		Preparation and maintenance of general valuation roll	R1 358 060 .96	N/A	N/A	R1 358 060 .96	R1 358 060 .96	Good
EDUM T20/20 18/19	PIONEER BUSINESS Consulting	06 July 2022		MFMP Training	R680 000.0 0	N/A	N/A	R680 000.0 0	R680 000.0 0	Good
EDUM T06/ 2021/22	Isulami Trading and Projects	09 September 2022		Construction of Ezixeni Sportsfield Ward 1	R2 158 072 .67	N/A	N/A	R2 158 072 67	R2 134 487 .89	Good
EDUM PRO 01/2022 1/22	Dlamindlovu Consulting Engineers and Project Managers	24 January 2022		Construction of Mbhedleni Bridge Ward 7	R3 500 000 .00	N/A	N/A	R3 500 000 .00	R3 113 240 .92	Satisfactory
EDUM T05/ 2022/23	Sipho-Glad Construction and General Trading	09 September 2022		Construction of Phase V Community Hall Ward 2	R2 362 997 .86	N/A	N/A	R2 362 997 .86	R853 996.9 8	Satisfactory
EDUM T03/ 2022/23	MKF Trading and Projects (Pty) Ltd	09 September 2022		Construction of Bilanyoni SMME Centre Ward 4	R3 399 482 .46	N/A	N/A	R3 399 482 .46	R4 087 348 .86	Good
EDUM PRO 01/2022 1/22	Simpulwazi Engineers cc	24 January 2022		Regravelling of KwaNyosi Access Roads Ward 6	R3 000 000 .00	N/A	N/A	R3 0000 000.00	R2 558 337 .53	Good
EDUM PRO 01/2022 1/22	BTMN Engineers cc	24 January 2022		Construction of KwaNkomo Bridge Ward 7	R3 000 000 .00	N/A	N/A	R3 000 000 .00	R2 001 322 .21	Good
EDUM PRO 01/2022 1/22	Isando Structural Engineering Civils JV Simmukayyi Projects	13 September 2022		Construction of Mashekelela Sportsfield Ward 7	R3 000 000 .00	N/A	N/A	R3 000 000 .00	R2 654 428 .76	Good
EDUM PRO 01/2022 1/22	Isando Structural Engineering	19 August 2022		Regravelling of EmaPhayipi	R6 001 291 .68	N/A	N/A	R6 001 291 .68	R5 668 998 .86	Good

EDUM T01/ 2022/2 3	Civils JV Simmukayyi Projects	Zingezethu Trading and Projects 4cc	09 Septemb er 2022	ni Access Roads Ward 8	Construction of KwaNkomo Bridge	R4 537 416 .23	N/A	N/A	R4 537 416 .23	R0.00	Poor



eDumbe Local Municipality (KZN261)
Annual Financial Statements
for the year ended 30 June 2023

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	The main purpose of the municipality is to engage in local government activities, which include planning and promotion of integrated development planning, economic and environmental development and provision of services to the community. The municipality provides services such as electricity, refuse and other public services.
Mayoral committee	
Honourable Mayor	MS Mkhabela
Deputy Mayor	SJ Kunene
Speaker	DJ Nhlelengethwa
Chief Whip	SN Ntuli
Chairperson: MPAC	VA Mthethwa
Membership of Exco	HH Vilakazi
Councillors	ND Ndlangamandla
	ME Kunene
	NS Magagula
	MVS Mkhwanazi
	TS Mthethwa
	TE Kunene
	DM Mbokazi
	K Ngema
	CB Mthethwa
	ZG Masondo
	TTI Zwane
	ND Mngomezulu
	BM Nxusa
	ND Sibiya
Accounting Officer	JFK Khumalo
Chief financial officer	ZR Thusi
Business address	10 Hoog Street Paulpietersburg 3180
Postal address	Private Bag X308 Paulpietersburg 3180
Bankers	First National Bank
Auditors	Auditor-General of South Africa (AGSA)

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

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Abbreviations used:

COGTA	Department of Cooperative Governance and Traditional Affairs
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
KZN COGTA	Kwa-Zulu Natal Department of Cooperative Governance and Traditional Affairs
KWh	Kilowatt-hour
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act, 2000 (Act No. 32 of 2000)
mSCOA	Municipal Standard Charts of Accounts
PAYE	Pay As You Earn
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SCM	Supply chain management
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

eDumbe Local Municipality (KZN261)
Annual Financial Statements for the year ended 30 June 2023
WCA Workmen's Compensation Act

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 2024 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 mainly dependent on grants and own 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.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer
JFK Khumalo

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The main purpose of the municipality is to engage in local government activities, which include planning and promotion of integrated development planning, economic and environmental development and provision of services to the community. The municipality provides services such as electricity, refuse and other public services, and operates principally in South Africa.

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.

Net surplus of the municipality was R 13 870 060 (2022: deficit R 1 147 567).

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 340 495 667 and that the municipality's total liabilities exceed its assets by R 340 596 015.

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer

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

Name	Nationality
JFK Khumalo	South African

5. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

The annual financial statements set out on pages 5 to 83, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

Accounting Officer
JFK Khumalo

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Inventories	3	56 680	48 812
Receivables from exchange transactions	4	2 798 851	4 343 254
Receivables from non-exchange transactions	5	2 974 272	1 641 451
Other receivables from exchange transactions	6	81 551	160 049
Other receivables from non-exchange transactions	7	2 460 143	1 979 690
VAT receivable	8	743 706	-
Cash and cash equivalents	9	21 023 769	12 868 989
		30 138 972	21 042 245
Non-Current Assets			
Investment property	10	20 119 000	18 919 000
Property, plant and equipment	11	371 088 400	349 428 875
Intangible assets	12	4 307	9 511
Heritage assets	13	147 149	147 149
		391 358 856	368 504 535
Total Assets		421 497 828	389 546 780
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	30 326 605	23 749 470
Income received in advance	15	4 603 055	-
VAT payable	16	-	3 132 278
Consumer deposits	17	244 064	238 644
Employee benefit obligations	19	390 698	390 698
Unspent conditional grants and receipts	18	19 644 000	10 600 000
		55 208 422	38 111 090
Non-Current Liabilities			
Employee benefit obligations	19	12 196 000	12 217 000
Provisions	20	13 497 391	12 492 735
		25 693 391	24 709 735
Total Liabilities		80 901 813	62 820 825
Net Assets			
Reserves			
Housing development fund	21	100 348	100 348
Accumulated surplus		340 495 667	326 625 607
Total Net Assets		340 596 015	326 725 955

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Service charges	22	31 153 919	30 555 572
Rental of facilities and equipment	23	1 486 096	1 355 898
Licences and permits	24	1 184 534	1 179 394
Other income	25	2 684 526	774 414
Interest received	26	6 390 843	5 799 700
Infrastructure development construction contracts	27	6 275 601	9 454 553
Total revenue from exchange transactions		49 175 519	49 119 531
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	28 832 487	28 624 330
Interest received (non-exchange)	28	3 290 632	2 641 178
Transfer revenue			
Government grants and subsidies	29	141 604 003	122 763 711
Public contributions and donations	30	-	37 545 211
Fines	31	2 376 600	3 500 580
Total revenue from non-exchange transactions		176 103 722	195 075 010
Total revenue		225 279 241	244 194 541
Expenditure			
Employee related costs	32	(80 529 431)	(71 726 424)
Remuneration of councillors	33	(8 081 000)	(7 376 656)
Depreciation and amortisation	34	(17 421 906)	(16 918 819)
Impairment losses	35	(1 711 918)	(36 918 472)
Finance costs	36	(3 057 612)	(1 729 238)
Lease rentals on operating lease	39	(283 112)	(382 519)
Debt impairment	37	(15 582 569)	(18 921 777)
Bulk purchases	38	(35 590 192)	(36 000 303)
Contracted services	40	(22 472 929)	(24 330 518)
Loss on disposal of assets and liabilities	41	(854 515)	(5 440 203)
Infrastructure development construction contracts	27	(7 414 823)	(9 454 553)
General expenses	42	(21 420 463)	(17 852 717)
Total expenditure		(214 420 470)	(247 052 199)
Surplus for the year before extraordinary items		10 858 771	(2 857 658)
Fair value adjustments	43	1 200 000	1 539 000
Actuarial gains (losses)	19	1 811 289	171 091
Surplus (deficit) for the year		13 870 060	(1 147 567)

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	100 348	349 957 218	350 057 566
Adjustments	-	(22 184 044)	(22 184 044)
Prior year adjustments (Note 49)			
Balance at 01 July 2021 as restated*	100 348	327 773 174	327 873 522
Changes in net assets			
Surplus for the year	-	(1 147 567)	(1 147 567)
Total changes	-	(1 147 567)	(1 147 567)
Balance at 01 July 2022	100 348	326 625 607	326 725 955
Changes in net assets			
Surplus for the year	-	13 870 060	13 870 060
Total changes	-	13 870 060	13 870 060
Balance at 30 June 2023	100 348	340 495 667	340 596 015
Note(s)		21	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Taxation		32 686 445	22 698 590
Sale of goods and services		20 684 446	22 331 782
Grants and subsidies received		150 648 003	153 691 000
Interest income		1 021 695	539 373
		205 040 589	199 260 745
Payments			
Employee costs		(86 067 714)	(77 756 366)
Suppliers		(70 250 378)	(78 183 742)
Finance costs		(66 209)	(61 097)
		(156 384 301)	(156 001 205)
Net cash flows from operating activities	45	48 656 288	43 259 540
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(40 601 478)	(40 437 122)
Proceeds from sale of property, plant and equipment	11	99 970	231 545
Net cash flows from investing activities		(40 501 508)	(40 205 577)
Net increase/(decrease) in cash and cash equivalents		8 154 780	3 053 963
Cash and cash equivalents at the beginning of the year		12 868 989	9 815 026
Cash and cash equivalents at the end of the year	9	21 023 769	12 868 989

The accounting policies on pages 12 to 37 and the notes on pages 38 to 85 form an integral part of the annual financial statements.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

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						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	47 087 000	450 000	47 537 000	31 153 919	(16 383 081)	Note 59
Rental of facilities and equipment	1 928 000	51 000	1 979 000	1 486 096	(492 904)	Note 59
Licences and permits	1 842 000	77 000	1 919 000	1 184 534	(734 466)	Note 59
Other income	1 182 000	3 948 000	5 130 000	2 684 526	(2 445 474)	Note 59
Interest received - consumers	6 952 000	3 013 000	9 965 000	5 369 148	(4 595 852)	Note 59
Interest received - investments	1 249 000	-	1 249 000	1 021 695	(227 305)	Note 59
Construction cost revenue	-	-	-	6 275 601	6 275 601	Note 59
Total revenue from exchange transactions	60 240 000	7 539 000	67 779 000	49 175 519	(18 603 481)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	30 903 000	-	30 903 000	28 832 487	(2 070 513)	
Property rates - penalties	-	-	-	3 290 632	3 290 632	Note 59
Transfer revenue						
Government grants	97 923 000	13 990 000	111 913 000	141 604 003	29 691 003	Note 59
Fines	3 228 000	10 000	3 238 000	2 376 600	(861 400)	Note 59
Total revenue from non-exchange transactions	132 054 000	14 000 000	146 054 000	176 103 722	30 049 722	
Total revenue	192 294 000	21 539 000	213 833 000	225 279 241	11 446 241	
Expenditure						
Employee related costs	(72 836 000)	(7 573 000)	(80 409 000)	(80 529 431)	(120 431)	
Remuneration of councillors	(7 473 000)	(950 000)	(8 423 000)	(8 081 000)	342 000	
Transfer and subsidies	(1 003 000)	-	(1 003 000)	-	1 003 000	Note 59
Depreciation and amortisation	(12 006 000)	-	(12 006 000)	(17 421 906)	(5 415 906)	Note 59
Impairment loss	-	-	-	(1 711 918)	(1 711 918)	Note 59
Finance costs	-	(1 231 000)	(1 231 000)	(3 057 612)	(1 826 612)	Note 59
Lease rentals on operating lease	-	-	-	(283 112)	(283 112)	Note 59
Debt impairment	(7 384 000)	(1 400 000)	(8 784 000)	(15 582 569)	(6 798 569)	Note 59
Bulk purchases	(40 023 000)	5 220 000	(34 803 000)	(35 590 192)	(787 192)	
Contracted services	(29 065 000)	(2 391 000)	(31 456 000)	(22 472 929)	8 983 071	Note 59
Inventory consumed	(189 000)	-	(189 000)	-	189 000	Note 59
Loss on disposal of assets	-	-	-	(854 515)	(854 515)	Note 59
General expenses	(16 858 000)	(4 822 000)	(21 680 000)	(21 420 463)	259 537	
Total expenditure	(186 837 000)	(13 147 000)	(199 984 000)	(207 005 647)	(7 021 647)	
Operating surplus						
Fair value adjustments	-	-	-	1 200 000	1 200 000	Note 59
Actuarial gains/losses	-	-	-	1 811 289	1 811 289	Note 59
Loss on construction contracts	-	-	-	(7 414 823)	(7 414 823)	Note 59
	-	-	-	(4 403 534)	(4 403 534)	
Surplus for the year	5 457 000	8 392 000	13 849 000	13 870 060	21 060	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

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						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	49 000	49 000	56 680	7 680	Note 59
Other receivables from exchange transactions	-	-	-	81 551	81 551	Note 59
Other receivables from non-exchange transactions	3 755 000	26 888 000	30 643 000	2 460 143	(28 182 857)	Note 59
VAT receivable	-	-	-	743 674	743 674	Note 59
Consumer debtors	128 628 000	(107 839 000)	20 789 000	5 773 123	(15 015 877)	Note 59
Cash and cash equivalents	33 244 000	(103 821 000)	(70 577 000)	21 023 769	91 600 769	Note 59
	165 627 000	(184 723 000)	(19 096 000)	30 138 940	49 234 940	
Non-Current Assets						
Investment property	17 380 000	1 539 000	18 919 000	20 119 000	1 200 000	
Property, plant and equipment	60 221 000	386 185 000	446 406 000	371 088 400	(75 317 600)	Note 59
Intangible assets	215 000	(5 000)	210 000	4 307	(205 693)	Note 59
Heritage assets	147 000	-	147 000	147 149	149	
	77 963 000	387 719 000	465 682 000	391 358 856	(74 323 144)	
Total Assets	243 590 000	202 996 000	446 586 000	421 497 796	(25 088 204)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	(18 285 000)	118 248 000	99 963 000	30 326 605	(69 636 395)	Note 59
Income received in advance	-	-	-	4 603 055	4 603 055	Note 59
Consumer deposits	476 000	-	476 000	244 064	(231 936)	Note 59
Employee benefit obligations	-	-	-	390 698	390 698	Note 59
Unspent conditional grants and receipts	-	-	-	19 644 000	19 644 000	Note 59
	(17 809 000)	118 248 000	100 439 000	55 208 422	(45 230 578)	
Non-Current Liabilities						
Employee benefit obligations	-	-	-	12 196 000	12 196 000	Note 59
Provisions	-	24 710 000	24 710 000	13 497 391	(11 212 609)	Note 59
	-	24 710 000	24 710 000	25 693 391	983 391	
Total Liabilities	(17 809 000)	142 958 000	125 149 000	80 901 813	(44 247 187)	
Net Assets	261 399 000	60 038 000	321 437 000	340 595 983	19 158 983	
Net Assets						
Reserves						
Housing development fund	100 000	-	100 000	100 348	348	
Accumulated surplus	261 299 000	60 038 000	321 337 000	340 495 667	19 158 667	
Total Net Assets	261 399 000	60 038 000	321 437 000	340 596 015	19 159 015	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

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						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	20 798 000	-	20 798 000	32 686 445	11 888 445	Note 59
Sale of goods and services	35 600 000	-	35 600 000	20 684 446	(14 915 554)	Note 59
Grants	170 217 000	7 500 000	177 717 000	150 648 003	(27 068 997)	
Interest income	5 974 000	(3 476 000)	2 498 000	1 021 695	(1 476 305)	Note 59
Other receipts	26 489 000	6 527 000	33 016 000	-	(33 016 000)	Note 59
	259 078 000	10 551 000	269 629 000	205 040 589	(64 588 411)	
Payments						
Employee costs and suppliers	(167 393 000)	(48 924 000)	(216 317 000)	(156 318 092)	59 998 908	Note 59
Finance costs	-	(1 200 000)	(1 200 000)	(66 209)	1 133 791	Note 59
	(167 393 000)	(50 124 000)	(217 517 000)	(156 384 301)	61 132 699	
Net cash flows from operating activities	91 685 000	(39 573 000)	52 112 000	48 656 288	(3 455 712)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(60 421 000)	(92 819 000)	(153 240 000)	(40 601 478)	112 638 522	Note 59
Proceeds from sale of property, plant and equipment	-	-	-	99 970	99 970	Note 59
Net cash flows from investing activities	(60 421 000)	(92 819 000)	(153 240 000)	(40 501 508)	112 738 492	
Net increase/(decrease) in cash and cash equivalents	31 264 000	(132 392 000)	(101 128 000)	8 154 780	109 282 780	
Cash and cash equivalents at the beginning of the year	4 967 000	7 902 000	12 869 000	12 868 989	(11)	
Cash and cash equivalents at the end of the year	36 231 000	(124 490 000)	(88 259 000)	21 023 769	109 282 769	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand

Note(s)

2023

2022

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

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.

Impairment testing

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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher if an asset's fair value less costs to sell and value in use.

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.

Useful lives of property, plant and equipment

The municipality's management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. 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 significant impairment of the respective asset.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment is measured with reference to historical data and payment trend analysis per group consumers.

Selection of an appropriate reporting framework by the entity as a public entity

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.

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.

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.

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

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Investment property (continued)

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.

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, its 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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	
• Improvements		20 - 50 years
Plant and machinery	Straight-line	20 - 50 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	
• Motor vehicles		3 - 7 years
• Heavy machinery and vehicles		3 - 10 years
Office equipment	Straight-line	2 - 7 years
Infrastructure	Straight-line	
• Electricity		7 - 50 years
• Roads		8 - 50 years
• Sewerage and solid waste		5 - 50 years
• Stormwater		20 - 50 years
• Water		5 - 50 years
• Bridge		30 - 80 years
Community	Straight-line	
• Buildings		20 - 50 years
• Recreational facilities		7 - 50 years
• Security measures		3 - 5 years
Other property, plant and equipment	Straight-line	
• Other equipment		2 - 10 years
• Fences and gates		15 - 25 years
• Paving		3 - 10 years
Other equipment	Straight-line	3 - 10 years
Leased assets	Straight-line	2 - 3 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 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.

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).

Accounting Policies

1.7 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.

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:

Item	Amortisation method	Average useful life
Computer software	Straight-line	3 - 5 years

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

1.8 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.

Accounting Policies

1.8 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.

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.

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.

Subsequent measurement

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

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.

1.9 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.

Accounting Policies

1.9 Financial instruments (continued)

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').
- 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.

Accounting Policies

1.9 Financial instruments (continued)

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 unitised 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
- 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.

1.10 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.

Accounting Policies

1.10 Statutory receivables (continued)

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

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, 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.

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.

Accounting Policies

1.10 Statutory receivables (continued)

In estimating the future cash flows, a 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:

- 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.

1.11 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.

Accounting Policies

1.11 Leases (continued)

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.

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.

1.12 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.

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Accounting Policies

1.14 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.15 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.

Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

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:

- 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.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.16 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.

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 municipality 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.

Accounting Policies

1.16 Employee benefits (continued)

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.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount 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 obligation.

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.

Accounting Policies

1.16 Employee benefits (continued)

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.

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.

Accounting Policies

1.16 Employee benefits (continued)

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.

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.

1.17 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.

Accounting Policies

1.17 Provisions and contingencies (continued)

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.

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 53.

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.

Accounting Policies

1.17 Provisions and contingencies (continued)

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.

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 1.14 and 1.15.
- 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;

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

1.18 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.

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Accounting Policies

1.19 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.

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 services performed to date as a percentage of total services to be performed.

Interest

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.

1.20 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.

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.

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1.20 Revenue from non-exchange transactions (continued)

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.

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.

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.

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. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue in accordance with iGRAP 1. Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears based on historical trends.

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

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Accounting Policies

1.22 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.

1.23 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.

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 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.

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Accounting Policies

1.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No.56 of 2003), the Municipal Systems Act, 2000 (Act No.32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.28 Housing development fund

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

Accounting Policies

1.29 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.

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.

1.30 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 cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2010/04/01 to 2011/03/31.

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.

1.31 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.

Accounting Policies

1.31 Related parties (continued)

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.

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.

1.32 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.

1.33 Value added tax (VAT)

The municipality accounts for VAT on the accrual basis in the annual financial statements. However, VAT is declared to the South African Revenue Services as input or output VAT only when payments are made to suppliers or payments are received for goods and services. The net difference of VAT payable / receivable on output VAT on receivables (where money has not been received) and input VAT on payables (accruals where payment has not been made) is disclosed in the statement of financial position.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• The Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (revised): The Limit on a Defined Benefit Assets, Minimum Fund Requirements and Their Interaction	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Inventories

Consumables	56 680	48 812
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No inventories have been pledged as security for the overdraft facilities of the municipality.

Inventories is valued at the lower of cost and net realisable value (NRV). No inventory was written down during the year.

4. Receivables from exchange transactions

Gross balances

Electricity	12 209 717	11 882 891
Refuse	104 579 624	99 863 210
Housing rental	130 324	168 478
	116 919 665	111 914 579

Less: Allowance for impairment

Electricity	(11 019 273)	(10 913 382)
Refuse	(103 101 541)	(96 639 209)
Housing rental	-	(18 734)
	(114 120 814)	(107 571 325)

Net balance

Electricity	1 190 444	969 509
Refuse	1 478 083	3 224 001
Housing rental	130 324	149 744
	2 798 851	4 343 254

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4. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	303 989	582 781
31 - 60 days	39 005	47 073
61 - 90 days	18 742	85 148
91 - 120 days	29 397	17 571
> 120 days	799 311	236 936
	1 190 444	969 509
Refuse		
Current (0 -30 days)	16 184	1 812 033
31 - 60 days	3 699	409 839
61 - 90 days	3 919	325 429
91 - 120 days	4 795	310 960
> 120 days	1 449 486	365 740
	1 478 083	3 224 001
Housing rental		
Current (0 -30 days)	25 207	16 459
31 - 60 days	13 016	20 873
61 - 90 days	7 226	5 018
91 - 120 days	9 507	16 418
> 120 days	75 368	90 976
	130 324	149 744
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	1 941 132	1 468 469
31 - 60 days	622 466	641 373
61 - 90 days	627 603	611 778
91 - 120 days	1 161 897	605 409
> 120 days	105 035 450	100 036 918
	109 388 548	103 363 947
Less: Allowance for impairment	(106 769 419)	(99 619 641)
	2 619 129	3 744 306
Industrial / commercial		
Current (0 -30 days)	1 737 718	2 370 629
31 - 60 days	7 583	46 451
61 - 90 days	22 444	327 755
91 - 120 days	88 826	-
> 120 days	2 021 145	1 375 779
	3 877 716	4 120 614
Less: Allowance for impairment	(3 785 177)	(3 877 293)
	92 539	243 321

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4. Receivables from exchange transactions (continued)		
National and provincial government		
Current (0 -30 days)	573 802	873 068
31 - 60 days	223 033	204 804
61 - 90 days	63 620	163 792
91 - 120 days	205 318	82 454
> 120 days	2 587 629	3 105 900
	3 653 402	4 430 018
Less: Allowance for impairment	(3 566 217)	(4 074 392)
	87 185	355 626

Total		
Current (0 -30 days)	4 252 651	4 712 165
31 - 60 days	853 082	892 629
61 - 90 days	713 666	1 103 325
91 - 120 days	1 456 041	687 864
> 120 days	109 644 224	104 518 597
	116 919 664	111 914 580
Less: Allowance for impairment	(114 120 813)	(107 571 326)
	2 798 851	4 343 254

Less: Allowance for impairment		
Current (0 -30 days)	(4 142 477)	(4 529 293)
31 - 60 days	(832 724)	(857 987)
61 - 90 days	(696 635)	(1 068 069)
91 - 120 days	(1 421 294)	(653 606)
> 120 days	(107 027 683)	(100 462 372)
	(114 120 813)	(107 571 327)

Reconciliation of allowance for impairment

Balance at beginning of the year	(107 571 327)	(102 060 117)
Contributions to allowance	(6 549 486)	(5 511 210)
	(114 120 813)	(107 571 327)

Consumer debtors pledged as security

None of the consumer debtors have been pledged as security for the municipality's financial liabilities.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of consumer debtors

Management of the municipality is of the opinion that the current value of the consumer debtors recorded at amortised cost in the financial statements approximate their fair value.

Consumer debtors impaired

As of 30 June 2023, consumer debtors of R 114 120 813 (2022: R 107 571 326) were impaired and provided for.

The amount of the provision was R 114 120 813 as of 30 June 2023 (2022: R 107 571 326).

The ageing of these debtors is as follows:

0 to 3 months	5 671 836	6 455 348
Over 3 months	108 448 977	101 115 978

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4. Receivables from exchange transactions (continued)

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of receivables from exchange transactions, the municipality has pledged strong emphasis on verifying the indigent status of consumers. The provision for impairment in respect of the receivables from exchange transactions have been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the provision for impairment. Refer to details in the accounting policy for further details.

5. Receivables from non-exchange transactions

Gross balances

Rates	77 906 580	65 414 392
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Less: Allowance for impairment

Rates	(74 932 308)	(63 772 941)
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Net balance

Rates	2 974 272	1 641 451
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Rates

Current (0 -30 days)	158 771	100 951
31 - 60 days	71 830	41 267
61 - 90 days	71 783	39 231
91 - 120 days	91 625	38 989
> 120 days	2 580 263	1 421 013
	2 974 272	1 641 451

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	1 248 979	1 176 061
31 - 60 days	561 959	516 388
61 - 90 days	554 496	511 038
91 - 120 days	533 115	502 382
> 120 days	31 331 568	26 852 517
	34 230 117	29 558 386
Less: Allowance for impairment	(32 923 300)	(28 816 675)
	1 306 817	741 711

Industrial / commercial

Current (0 -30 days)	1 192 524	1 006 844
31 - 60 days	404 890	335 794
61 - 90 days	377 063	324 605
91 - 120 days	358 789	317 448
> 120 days	12 046 838	10 059 406
	14 380 104	12 044 097
Less: Allowance for impairment	(13 831 109)	(11 741 873)
	548 995	302 224

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4. Receivables from exchange transactions (continued)

National and provincial government

Current (0 -30 days)	1 761 654	1 840 145
31 - 60 days	727 440	792 360
61 - 90 days	711 729	727 786
91 - 120 days	702 309	733 933
> 120 days	25 393 227	19 717 684
	29 296 359	23 811 908
Less: Allowance for impairment	(28 117 899)	(23 214 393)
	1 178 460	597 515

Total

Current (0 -30 days)	4 203 157	4 023 050
31 - 60 days	1 694 289	1 644 543
61 - 90 days	1 643 288	1 563 429
91 - 120 days	1 594 213	1 553 763
> 120 days	68 771 632	56 629 607
	77 906 579	65 414 392
Less: Allowance for impairment	(74 932 308)	(63 772 941)
	2 974 271	1 641 451

Less: Allowance for impairment

Current (0 -30 days)	(4 042 692)	(3 922 099)
31 - 60 days	(1 629 605)	(1 603 275)
61 - 90 days	(1 580 552)	(1 524 198)
91 - 120 days	(1 533 350)	(1 514 774)
> 120 days	(66 146 109)	(55 208 594)
	(74 932 308)	(63 772 940)

Reconciliation of allowance for impairment

Balance at beginning of the year	(63 772 941)	(60 744 226)
Contributions to allowance	(11 159 367)	(3 028 715)
	(74 932 308)	(63 772 941)

Receivables impaired

Relating specifically to statutory receivables

As of 30 June 2023, statutory receivables of R 74 932 308 (2022: R 63 772 941) were impaired and provided for.

The amount of the provision was R 74 932 308 30 June 2023 (2022: R 63 772 941).

The ageing of these loans is as follows:

3 to 6 months	7 618 099	7 049 573
Over 6 months	67 314 209	56 723 368

Consumer debtors pledged as security

None of the consumer debtors have been pledged as security for the municipality's financial liabilities.

None of the financial assets that are fully performing have been renegotiated in the last year.

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4. Receivables from exchange transactions (continued)

Fair value of consumer debtors

Management of the municipality is of the opinion that the current value of the consumer debtors recorded at amortised cost in the financial statements approximate their fair value.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of receivables from non-exchange transactions, the municipality has pledged strong emphasis on verifying the indigent status of consumers. The provision for impairment in respect of the receivables from exchange transactions have been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the provision for impairment. Refer to details in the accounting policy for further details.

6. Other receivables from exchange transactions

Sundry deposits	81 551	160 049
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Other debtors consists of immaterial sundry deposits paid by the municipality from time-to-time.

7. Other receivables from non-exchange transactions

Fines	2 460 143	1 979 690
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Statutory receivables included in receivables from non-exchange transactions above are as follows:

Fines (gross balance)	21 146 797	19 000 108
Provision for impairment	(18 686 654)	(17 020 418)
	2 460 143	1 979 690

Total other receivables from non-exchange transactions	2 460 143	1 979 690
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Other receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 6 months past due are not considered to be impaired. At 30 June 2023, R 19 849 012 (2022: R 17 020 418) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Over 6 months	18 686 654	17 020 418
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Reconciliation of provision for impairment of other receivables from non-exchange transactions

Opening balance	(17 020 418)	(14 496 050)
Provision for impairment	(1 666 236)	(2 524 368)
	(18 686 654)	(17 020 418)

8. VAT receivable

VAT	743 706	-
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VAT is declared on the payments based and accounted for on the accrual basis for purposes of reporting.

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9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	82	82
Bank balances	21 023 687	12 868 907
	21 023 769	12 868 989

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

AAA	21 023 769	12 868 989
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Cash and cash equivalents pledged as collateral

The municipality has a call account, which has a portion of guarantee withheld by the bank for the Eskom license guarantee. The amount for the guarantee is R530 000 (2022: R530 000).

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
First National Bank - Current account - 532 8000 5944	578 494	11 503 929	3 863 224	578 494	11 503 929	3 880 296
First National Bank - Call account - 6221 9848 746	142 649	135 525	132 498	142 649	135 525	132 498
First National Bank - Call account - 6132 8003 233	560 975	769 632	1 678 748	560 975	769 632	1 678 748
First National Bank - Call account - 6203 3660 376	26 955	335 519	3 030 780	26 955	335 519	3 030 780
First National Bank - Call account - 6242 1843 807	19 694 373	105 279	1 074 259	19 694 373	105 279	1 074 259
Grindrod Bank - Investment account - 154 009	20 241	19 023	18 364	20 241	19 023	18 364
Total	21 023 687	12 868 907	9 797 873	21 023 687	12 868 907	9 814 945

10. Investment property

	2023			2022		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Investment property	20 119 000	-	20 119 000	18 919 000	-	18 919 000

Reconciliation of investment property - 2023

Investment property	Opening balance	Fair value adjustments	Total
	18 919 000	1 200 000	20 119 000

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10. Investment property (continued)

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	17 380 000	1 539 000	18 919 000

Pledged as security

Carrying value of assets pledged as security:

No investment property has been pledged as security for any liabilities of the municipality.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the valuation was 30 June 2023. The valuation was performed by an independent valuer, Mr. Alan Robert Stephenson of Mills Fitcher Property Valuers. Mills Fitcher Property Valuers are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use. These assumptions are based on current market conditions. The following criteria was used to determine whether a property should be classified as investment property:

- A building owned by the municipality and leased out to a third parties under one or more operating leases.
- Land currently held for undetermined future use.
- Property being constructed or developed for future use as investment property.

No restrictions exist unless a property is being leased out to a third party.

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	1 296 046	1 163 225
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Maintenance of investment property

No repairs and maintenance were incurred on the investment property during the financial year.

11. Property, plant and equipment

	2023		2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land	44 039 075	(8 809 035)	35 230 040	44 039 075	(8 809 035)
Buildings	57 484 726	(34 718 570)	22 766 156	57 484 726	(32 721 344)
Infrastructure	277 667 115	(114 768 988)	162 898 127	221 279 227	(80 675 677)
Community	172 097 991	(47 931 702)	124 166 289	164 015 697	(42 830 783)
Other property, plant and equipment	22 505 909	(12 626 043)	9 879 866	20 631 258	(11 089 271)
Work-in-progress	16 147 922	-	16 147 922	18 466 925	(361 923)
Total	589 942 738	(218 854 338)	371 088 400	525 916 908	(176 488 033)
					349 428 875

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through WIP	Disposals	Other changes	Depreciation	Impairment loss	Total
Land	35 230 040	-	-	-	-	-	-	35 230 040
Buildings	24 763 382	-	-	-	-	(1 997 226)	-	22 766 156
Infrastructure	140 603 550	-	31 980 409	(670 213)	(525 704)	(8 456 012)	(33 903)	162 898 127
Community	121 184 914	-	8 208 705	(106 204)	-	(5 122 119)	993	124 166 289
Other property, plant and equipment	9 541 987	2 369 443	-	(178 068)	-	(1 841 344)	(12 152)	9 879 866
Work-in-progress	18 105 002	36 877 363	(38 834 443)	-	-	-	-	16 147 922
	349 428 875	39 246 806	1 354 671	(954 485)	(525 704)	(17 416 701)	(45 062)	371 088 400

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Additions through WIP	Disposals	Depreciation	Impairment loss	Total
Land	35 969 076	-	-	-	-	(739 036)	35 230 040
Buildings	34 258 295	-	-	(53 979)	(2 001 727)	(7 439 207)	24 763 382
Infrastructure	146 006 694	655 291	27 730 997	(11 574 987)	(8 063 720)	(14 150 725)	140 603 550
Community	93 239 767	39 357 700	9 146 366	(3 260 243)	(4 860 895)	(12 437 781)	121 184 914
Other property, plant and equipment	8 873 339	1 930 086	485 825	(132 636)	(1 987 272)	372 645	9 541 987
Work-in-progress	14 391 392	36 501 984	(32 788 374)	-	-	-	18 105 002
	332 738 563	78 445 061	4 574 814	(15 021 845)	(16 913 614)	(34 394 104)	349 428 875

Pledged as security

No property, plant and equipment has been pledged as security for any liabilities of the municipality.

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11. Property, plant and equipment (continued)

Other information

Reconciliation of the purchase of property, plant and equipment for purposes of the cash flow statement:

Additions as per the reconciliation note	40 601 478	78 363 953
Public contribution and donations	-	(37 926 831)
	40 601 478	40 437 122

Reconciliation of work-in-progress 2023

	Included within infrastructure	Included within community	Total
Opening balance	17 574 012	530 989	18 105 001
Additions/capital expenditure	28 991 837	9 240 196	38 232 033
Transferred to completed items	(35 610 432)	(7 879 934)	(43 490 366)
	10 955 417	1 891 251	12 846 668

Reconciliation of work-in-progress 2022

	Included within infrastructure	Included within community	Total
Opening balance	7 705 336	6 686 056	14 391 392
Additions/capital expenditure	29 890 768	6 611 216	36 501 984
Transferred to completed items	(20 022 092)	(12 766 283)	(32 788 375)
	17 574 012	530 989	18 105 001

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:

Building	485 314	1 045 469
Equipment	5 930 104	7 409 324
	6 415 418	8 454 793

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

Discount benefit scheme

The land at eDumbe township was sub-divided into 769 portions (as per the council resolutions provided) of land title deeds (excluding church and business stands) and were disposed off to the eDumbe location citizens under the Council Resolution No. 93 of 2000, dated 29 August 2000.

The 769 portions of land which should have been transferred to the aforementioned citizens are currently still registered in the name of the municipality as per the deeds office and register, but the land however belongs to the different beneficiaries and they already in the position thereof.

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12. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	232 961	(228 654)	4 307	232 961	(223 450)	9 511

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	9 511	(5 204)	4 307

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	14 716	(5 205)	9 511

Pledged as security

All of the municipality's intangible assets are held under freehold interest and no intangible assets have been pledged as security of any liabilities of the municipality.

13. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	147 149	-	147 149	147 149	-	147 149

Reconciliation of heritage assets - 2023

	Opening balance	Total
Mayoral chain	147 149	147 149

Reconciliation of heritage assets - 2022

	Opening balance	Total
Mayoral chain	147 149	147 149

Pledged as security

No heritage asset has been pledged as security for any liabilities of the municipality.

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Figures in Rand	2023	2022
14. Payables from exchange transactions		
Trade payables	17 134 134	10 961 197
Payments received in advanced - contract in process	602 443	1 139 605
Consumer debtors with credit balances	314 335	549 599
Salary control accounts	2 660 626	1 173 249
Accrued leave pay	5 143 759	4 537 034
Accrued bonus	1 821 711	1 702 386
Retentions	2 540 942	3 657 537
Unallocated deposits	108 655	28 863
	30 326 605	23 749 470

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter the interest is charged in accordance with the credit of the various individual creditors that the municipality deals with.

The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. received in advance is due to payments received for hall hire and prepaid electricity. Payments in advance are consumer debtors' accounts paid in advance.

Accrued leave and bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions.

15. Income received in advance

Integrated National Electrification Programme (INEP)	4 603 055	-
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The grant is paid by National Treasury in order to implement the INEP by addressing the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure.

At yearend, not all funds were spent and the remaining portion was recognised as income in advance in accordance with GRAP 11.

16. VAT payable

VAT payable	-	3 132 278
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17. Consumer deposits

Electricity	244 064	238 644
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Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit for the outstanding account. No interest is paid on consumer deposits held.

The management of the municipality is of the opinion that the carrying value of the consumer deposits approximate their fair value.

The fair value of the consumer deposits were determined after considering the standard terms and conditions of the agreements entered into between the municipality and its consumers.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Provincial: Department of Transport	19 644 000	-
Provincial: Small town rehabilitation	-	10 600 000
	19 644 000	10 600 000

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18. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	10 600 000	-
Additions during the year	69 439 000	153 691 000
Income recognition during the year	(55 791 945)	(143 091 000)
Transferred to income received in advance (GRAP 11)	(4 603 055)	-
	19 644 000	10 600 000

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 29 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

In the previous financial year, the municipality received grant funding from the Kwa-Zulu Natal Department of Human Settlement amounting to R28 058 071 and the funding was spent in full by year end. Since the municipality only acts as an agent, no revenue was recognised from the funding and no asset was added to the asset register from the projects implemented.

19. Employee benefit obligations

Post retirement medical aid benefit

The amounts recognised in the statement of financial position are as follows:

Carrying value

Opening accrued liability	8 227 000	7 354 000
Current service cost	524 000	544 000
Interest cost	996 000	810 000
Benefits paid	(84 798)	(83 528)
Actuarial (gains) / losses	(1 638 202)	(397 472)
	8 024 000	8 227 000

Membership data

	Male	Female
Number of active employees	35	39
Subsidy weighted average	41,1	42,6
Subsidy weighted average past service	9,8	13,1
Number of spouses	15	5
Average salary payable during retirement (in Rands)	2 420	2 150

Continuation members (pensioners)

	Male	Female
Number of continuation members	-	3
Subsidy weighted average	-	71,2
Average monthly salary (in Rands)	-	2 440

Key financial variables / assumptions used

The two most important financial variables used in our calculation are the discount rate and salary inflation. The assumption has been made for these variables as follows:

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19. Employee benefit obligations (continued)

Assumed valuation for the current and preceding valuations

	Current valuation	Preceding valuation
Discount rate	Yield curve	Yield curve
Consumer price index	Difference between nominal and yield curves	Difference between nominal and yield curves
Medical aid contribution inflation	CPI + 2.5%	CPI + 2.5%
Net effective discount rate	Yield curve based	Yield curve based

Subsidy agreement:

The municipality has agreed to subsidise the pension fund contributions of retired members in the following way:

- New pensioners (those that are still currently in the service of the municipality) and their dependents will receive 60% subsidy; and
- Existing continuation members (pensioners) and their dependents will continue to receive a 60% subsidy.

Mortality rate

Average retirement age

- The average retirement age for all active employees was assumed to be 63 years of age. The assumptions implicitly allows for ill-health and early retirements.

Normal retirement age

- The normal retirement age for all active employees was assumed to be 65 years of age.

Mortality rates

- Mortality before retirement has been based on the 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Spouses and dependents

- We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Decremental withdrawal

Age band (in years) for withdrawal rates:

	Males	Females
20 - 24	16 %	24 %
25 - 29	12 %	18 %
30 - 34	10 %	15 %
35 - 39	8 %	10 %
40 - 44	6 %	6 %
45 - 49	4 %	4 %
50 - 54	2 %	2 %
55 - 59	1 %	1 %

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19. Employee benefit obligations (continued)

Long service award

Long service awards are granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The said award comprises of a certain number of additional vacation leave days as prescribed on the basic condition of employment. The effective date used for the purpose of the valuation was 30 June 2023.

The most recent actuarial valuation of the unfunded defined benefit obligation was carried out as at 30 June 2023 by ZAQ Consultants and Actuaries.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Opening accrued liability	3 990 000	3 613 000
Current service cost	385 000	348 000
Interest cost	465 000	391 000
Benefits paid	(494 913)	(588 381)
Actuarial (gains) / losses	(173 087)	226 381
	4 172 000	3 990 000

Membership data

	Male	Female
Number of active employees	100	72
Subsidy weighted average age (in years)	42,6	41,8
Subsidy weighted average past service (in years)	10,7	11,6

Formula used to calculate the total long service award liability

	Liability (% of Completed annual salary) years of service	
(10 / 250) x annual salary	4 %	10
(20 / 250) x annual salary	8 %	15
(30 / 250) x annual salary	12 %	20
(30 / 250) x annual salary	12 %	25
(30 / 250) x annual salary	12 %	30
(30 / 250) x annual salary	12 %	35
(30 / 250) x annual salary	12 %	40
(30 / 250) x annual salary	12 %	45

Key financial variables / assumptions used

The two most important financial variables used in our calculation are the discount rate and salary inflation. The assumption has been made for these variables as follows:

Assumed valuation for the current and preceding valuations

	Current valuation	Preceding valuation
Discount rate	Yield curve	Yield curve
Consumer price index	Difference between nominal and yield curves	Difference between nominal and yield curves
Medical aid contribution inflation	CPI + 1%	CPI + 1%
Net effective discount rate	Yield curve based	Yield curve based

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19. Employee benefit obligations (continued)

Mortality rate

Average retirement age

- The average retirement age for all active employees was assumed to be 63 years of age. The assumptions implicitly allows for ill-health and early retirements.

Normal retirement age

- The normal retirement age for all active employees was assumed to be 65 years of age.

Mortality rates

- Mortality before retirement has been based on the 85-90 mortality tables. These are the most commonly used tables in the industry.

Decremental withdrawal

Age band (in years) for withdrawal rates:

	Males	Females
20 - 24	16 %	24 %
25 - 29	12 %	18 %
30 - 34	10 %	15 %
35 - 39	8 %	10 %
40 - 44	6 %	6 %
45 - 49	4 %	4 %
50 - 54	2 %	2 %
55 - 59	1 %	1 %

Employee benefit obligations

Non-current liabilities	12 196 000	12 217 000
Current liabilities	390 698	390 698
	12 586 698	12 607 698

20. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	12 492 735	(525 704)	1 530 360	13 497 391

Reconciliation of provisions - 2022

	Opening Balance	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4 983 000	467 141	7 042 594	12 492 735

Environmental rehabilitation provision

The provision for the rehabilitation of the landfill sites relate to the legal obligation to rehabilitation sites used for waste disposal.

As at 30 June 2023, the estimated cost to be incurred by the municipality to restore its landfill sites at the end of their useful lives will be R13 497 391 (2022: R12 492 735). The amount of the rehabilitation is dependent on future costs, technology, inflation and site consumption. The landfill provision represents management's best estimate of the municipality's liability.

eDumbe Local Municipality (KZN261)

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20. Provisions (continued)

The municipality currently has two landfill sites:

- The old landfill site is situated near Esikhaleni; and
- The new landfill site by the Coal Siding.

The municipality has not utilised the old site as a landfill site since January 2014 and the current status of the old landfill site reflects that there are no traces of a landfill site. Therefore, the old landfill site does not acquire any provision for closure. The landfill site conditional assessment for both sites were conducted by Ducharme Consulting.

The new landfill site is expected to be fully operational until 30 June 2026 and it is assumed that the rehabilitation will only take place thereafter. The calculation of the provision amount for the new landfill site was done at 30 June 2023 by Ducharme Consulting, whereafter the report was issued to the municipality with a report date of July 2023.

21. Housing development fund

The fund contains all proceeds from housing developments, which include rental income and proceeds through the sale of houses.

Monies standing to the credit of the fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The balance of the funding is included in the municipality's primary and call bank accounts.

Housing development fund	100 348	100 348
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22. Service charges

Sale of electricity (conventional)	16 867 927	17 637 271
Sale of electricity (prepaid)	11 519 800	11 345 123
Refuse removal	2 766 192	1 573 178
	31 153 919	30 555 572

The amounts disclosed above for revenue generated from service charges are in respect to services rendered and billed to the consumers on a monthly basis in accordance with the approved tariffs, except in the case of service rendered to consumers registered as indigent debtors. Its the municipality's practice not to bill indigent consumer debtors for services rendered.

23. Rental of facilities and equipment

Premises		
Land	8 334	19 374
Plantation	1 296 046	1 163 225
Premises	181 716	173 299
	1 486 096	1 355 898

24. Licences and permits

Business	24 454	12 783
Driver and learner	617 112	682 970
Motor vehicle	542 968	483 641
	1 184 534	1 179 394

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Figures in Rand	2023	2022
25. Other income		
Building plan fees	12 940	23 443
Burial fees	32 132	33 074
Clearance certificates	9 077	6 485
Connection and re-connection fees	8 993	28 729
Hall hire	51 222	37 693
Insurance refund	22 220	18 743
Recoveries	1 618 045	75 745
Sale of meters	156 473	228 409
SETA refund	36	81 093
Staff rental income	81 802	55 703
Tender fees	91 586	185 297
Other income	600 000	-
	2 684 526	774 414
26. Investment revenue		
Interest revenue		
Bank	1 021 695	539 373
Consumer debtors	5 369 148	5 260 327
	6 390 843	5 799 700
The amount included in investment revenue arising from exchange transactions amounted to R 6 390 843.		
27. Infrastructure development construction contracts		
Revenue received	6 275 601	9 454 553
Expenditure incurred	(7 414 823)	(9 454 553)
	(1 139 222)	-
The Infrastructure Development Construction Contracts relates to agreements entered into between the municipality and Ekom in respect to electrification infrastructure projects where the municipality is a project developer in this arrangement.		
The Infrastructure Development Construction Contract expenses consists mainly of contracted services wherein the municipality procure the services of contractors and other consultants in the construction of the infrastructure.		
28. Property rates		
Rates received		
Residential	4 314 080	3 534 247
Commercial	5 950 571	5 553 655
State	13 092 824	13 568 224
Small holdings and farms	37 085	937 080
Industrial	1 240 328	1 006 068
Agricultural	4 261 553	3 999 686
Vacant land/stands	1 065 548	1 081 165
Less: Income forgone	(1 129 502)	(1 055 795)
	28 832 487	28 624 330
Property rates - penalties imposed	3 290 632	2 641 178
	32 123 119	31 265 508

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Figures in Rand	2023	2022
28. Property rates (continued)		
Valuations		
Residential	667 768 720	668 617 720
Commercial	351 394 000	342 104 000
State	645 338 000	641 646 000
Municipal	22 185 000	22 185 000
Place of Worship	15 348 000	17 463 000
Specialised non-market	-	1 577 000
Agricultural	2 158 852 000	2 093 782 000
Vacant land/stands	40 234 250	39 934 250
	3 901 119 970	3 827 308 970

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rebates of 10% (2022: 10%) are granted to businesses, while properties classified as Place of Worship, municipal properties, communal land and NPOs are 100% (2022: 100%) exempt.

29. Government grants and subsidies received

Operating grants		
Equitable share	93 029 000	82 382 000
National: Finance Management Grant (FMG)	3 000 000	2 900 000
National: Extended Public Works Programme (EPWP)	1 500 000	1 231 000
Provincial: Arts and Culture	3 390 000	3 231 000
National: Energy Efficiency and Demand Side Management (EEDSM)	-	2 000 000
Provincial: Small town rehabilitation	10 600 000	-
Provincial: Economic Development, Tourism and Environmental Affairs	1 000 000	-
	112 519 000	91 744 000
Capital grants		
National: Municipal Infrastructure Grant (MIG)	29 055 000	24 847 000
National: Integrated National Electrification Programme (INEP)	30 003	6 172 711
	29 085 003	31 019 711
	141 604 003	122 763 711

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day-to-day running and operational costs of the municipality.

The gazetted amount was R93 423 000 and only R93 029 000 was transferred to the municipality as a result of funds withheld against the equitable share amounting to R394 000.

All registered indigents receive a monthly subsidy of 50 KWh (2022: 50 KWh), which is funded from the grant.

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29. Remuneration of councillors (continued)

National: Finance Management Grant (FMG)

Current year receipts	3 000 000	2 900 000
Conditions met - transferred to revenue	(3 000 000)	(2 900 000)
	-	-

The grant is paid by National Treasury to municipalities to help with the implementation of the financial reforms required by the MFMA. The grant also pays for the cost of the financial management internship programme.

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

National: Extended Public Works Programme (EPWP)

Current year receipts	1 500 000	1 231 000
Conditions met - transferred to revenue	(1 500 000)	(1 231 000)
	-	-

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

Provincial: Arts and Culture

Current year receipts	3 390 000	3 231 000
Conditions met - transferred to revenue	(3 390 000)	(3 231 000)
	-	-

The grant funding is provided by the Department of Arts and Culture to fund library related costs including payment of salaries of library staff.

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

National: Energy Efficiency and Demand Side Management (EEDSM)

Current year receipts	-	2 000 000
Conditions met - transferred to revenue	-	(2 000 000)
	-	-

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

Provincial: Economic Development, Tourism and Environmental Affairs

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

The grant funding is provided by the Kwa-Zulu Natal Department of Economic Development, Tourism and Environmental Affairs to fund the compilation of the Long Term Integrated Spatial Economic Development Strategy

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

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29. Remuneration of councillors (continued)

Provincial: Small town rehabilitation

Balance unspent at beginning of year	10 600 000	-
Current year receipts	-	10 600 000
Conditions met - transferred to revenue	(10 600 000)	-
	-	10 600 000

Conditions still to be met - remain liabilities (see note 18).

The grant was allocated for the construction of roads and ablution facilities in terms of the submitted and approved business plan and memorandum of agreement (MOA). The funds were unspent in the previous financial year due to the fact that it was received during the month of June 2022.

All the conditions of the grant were met during the current financial year, and the grant was fully spent by the end of the financial year and no funds were withheld.

National: Integrated National Electrification Programme (INEP)

Current year receipts	11 850 000	26 500 000
Conditions met - transferred to revenue	(30 003)	(17 045 447)
Conditions met - GRAP 11 (construction contracts)	(7 216 942)	(9 454 553)
Transferred to income received in advance	(4 603 055)	-
	-	-

The grant is paid by National Treasury in order to implement the INEP by addressing the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure.

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

National: Municipal Infrastructure Grant (MIG)

Current year receipts	29 055 000	24 847 000
Conditions met - transferred to revenue	(29 055 000)	(24 847 000)
	-	-

The MIG was allocated for the construction of roads, maintenance of aging municipal infrastructure and to provide for new rehabilitation and upgrading of municipal infrastructure.

All the conditions of the grant were met, the grant was fully spent by the end of the financial year and no funds were withheld.

Province: Department of Transport

Current year receipts	19 644 000	-
	-	-

Conditions still to be met - remain liabilities (see note 18).

The grant funding received from the Department of Transport in line with the signed memorandum of agreement (MOA) aims at providing rehabilitation of roads within the jurisdiction of the municipality.

No conditions were met at the year end and the full amount received remained unspent.

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30. Public contributions and donations

Library	-	37 545 211
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The municipality received a library building and related movable assets as a donation during the previous year. The library was verified and has been included in the asset register of the municipality.

31. Fines

Traffic fines	2 376 600	3 500 580
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The fines issued, but not yet collected at 30 June 2023 amounted to R 2 460 143 (2022: R 1 979 690). Based on past experience, it is management's best estimate that only 4% (2022: 7%) of the outstanding traffic fines have not been impaired.

32. Employee related costs

Basic	56 011 152	49 660 050
Bonus	4 086 243	3 747 190
Acting allowances	220 366	827 690
Car allowances	2 474 797	2 307 407
Cellphone allowances	414 796	347 100
Housing benefits and allowances	427 965	363 882
Pensioners allowances	524 000	544 000
Risk allowances	165 171	152 618
Standby allowances	1 352 416	1 449 072
Overtime payments	1 131 188	1 144 374
Leave pay provision charge	1 247 946	525 837
Long service awards	385 000	348 000
Risk allowance	495 515	436 882
Defined contribution plans	8 571 061	7 209 595
Council contributions: Medical aid	2 564 253	2 227 535
Council contributions: UIF	423 520	400 388
Council contributions: SALGBC	34 042	34 804
	80 529 431	71 726 424

Remuneration of Municipal Manager: Mr JFK Khumalo

Annual remuneration	635 760	700 397
Backpay	43 061	-
Car allowance	177 895	292 308
Cellphone allowance	28 800	28 800
Housing allowance	87 164	-
Council contributions: Pension	100 573	-
Remote allowance	40 056	39 708
Council contributions: UIF	2 125	2 125
Performance bonus	94 339	52 117
	1 209 773	1 115 455

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32. Employee related costs (continued)

Remuneration of Chief Finance Officer: Mr ZR Thusi

Annual remuneration	371 057	-
Car allowance	55 659	-
Backpay	2 119	-
Cellphone allowance	35 653	-
Council contributions: Pension	92 764	-
Council contributions: Medical aid	80 396	-
Remote allowance	24 737	-
Council contributions: UIF	1 594	-
	663 979	-

Remuneration of Acting Chief Financial Officer: Mr GC Letsoalo

Annual remuneration	135 840	373 559
Car allowance	81 506	224 142
Cellphone allowance	9 600	26 400
Housing allowance	27 169	15 686
Council contributions: Pension	27 169	74 714
Remote allowance	10 868	29 886
Council contributions: UIF	708	1 948
	292 860	746 335

Remuneration of the Director Infrastructure and Planning: Mr MN Nkala

Annual remuneration	122 871	-
Backpay	2 119	-
Car allowance	18 431	-
Cellphone allowance	11 844	-
Housing allowance	26 622	-
Remote allowance	8 191	-
Council contributions: Pension	30 718	-
Council contributions: UIF	708	-
Leave payout	19 935	-
	241 439	-

Remuneration of the Acting Director Infrastructure and Planning: Mr MB Buthelezi

Acting allowance	14 478	-
Acting allowance backpay	7 239	-
	21 717	-

Remuneration of the Acting Director Infrastructure and Planning: Mr MS Khanyile

Acting allowance	35 980	64 186
Acting allowance backpay	8 736	-
	44 716	64 186

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Figures in Rand	2023	2022
32. Employee related costs (continued)		
Remuneration of Acting Director Corporate and Community Services: Mr VB Mbatha		
Annual remuneration	548 130	543 375
Backpay	42 799	-
Car allowance	155 304	153 957
Cellphone allowance	22 800	22 800
Housing allowance	210 116	208 294
Remote allowance	36 542	36 225
Performance bonus	-	163 013
Council contributions: UIF	2 125	2 125
Leave payout	80 015	-
	1 097 831	1 129 789
33. Remuneration of councillors		
Executive Mayor	948 170	900 145
Deputy Mayor	839 113	683 171
Speaker	765 681	891 724
Chief Whip	5 676	264 127
MPAC Chairperson	-	388 220
Exco Member	425 607	411 735
Councillors	5 096 753	3 837 534
	8 081 000	7 376 656
34. Depreciation and amortisation		
Property, plant and equipment	17 416 701	16 913 614
Intangible assets	5 205	5 205
	17 421 906	16 918 819
35. Impairment loss		
Impairments		
Property, plant and equipment	45 062	34 394 104
The impairment loss represents the losses identified during the preparation of the fixed asset register and is attributable to individual items in infrastructure - and community assets.		
Other receivables from non-exchange transactions	1 666 856	2 524 368
The impairment loss represents the movement in the provision for impairment for the fines debtors recognised.		
Total impairment losses recognised	1 711 918	36 918 472
36. Finance costs		
Employee benefit liabilities	1 461 000	1 201 000
Provisions (rehabilitation of landfill site)	1 530 360	467 141
Trade and other payables	66 252	61 097
	3 057 612	1 729 238

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
37. Debt impairment		
Debt impairment	15 582 569	18 921 777
38. Bulk purchases		
Electricity	35 590 192	36 000 303
Electricity losses		
	Number 2023	Number 2022
Units purchased (KWh)	20 700 259	23 989 475
Units sold (KWh)	(12 332 423)	(13 700 720)
Total loss	8 367 836	10 288 755
Comprising of:		
Technical and non-technical losses	40 %	43 %
39. Lease rentals on operating lease		
Lease rentals on operating lease		
Contractual amounts	283 112	382 519
Operating lease rentals represent rentals payable by the municipality for photocopiers. Leases are normally negotiated for an average term of three (3) years. The municipality entered into a contract with ITEC Solution for photocopiers for a period of three (3) years.		
40. Contracted services		
Outsourced services		
Burial services	148 124	186 813
Business and advisory	2 990 376	2 509 638
Catering services	1 469 322	852 118
Clearing and grass cutting services	1 620 000	1 162 500
Professional staff	249 532	1 036 377
Refuse removal	233 699	311 478
Security services	4 884 798	5 010 039
Transport services	847 431	713 050
Consultants and professional services		
Business and advisory	1 681 904	1 857 137
Infrastructure and planning	428 406	2 088 494
Legal cost	1 503 919	148 081
Contractors		
Maintenance of buildings and facilities	485 314	1 045 469
Maintenance of equipment	1 953 041	1 349 428
Maintenance of unspecified assets	3 977 063	6 059 896
	22 472 929	24 330 518

eDumbe Local Municipality (KZN261)

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41. Gain (loss) on disposal of assets and liabilities		
Proceeds with the disposal of assets and liabilities	99 970	231 545
Carrying value of assets disposed / written-off / derecognised	(954 485)	(5 671 748)
	(854 515)	(5 440 203)
42. General expenses		
Advertising	894 480	559 936
Auditors remuneration	2 025 780	1 615 413
Bank charges	129 217	211 890
Computer expenses	22 920	27 210
Consulting and professional fees	4 026 384	2 991 704
Consumables	(14 207)	847 461
Electricity	3 075 981	2 418 867
Accommodation	1 431 008	1 141 826
Seating allowance	38 541	22 400
Skills development levy	731 426	996 155
Fuel and oil	3 183 266	2 149 517
Ward committee	1 174 700	547 200
Prepaid electricity	407 902	517 133
Internet costs	13 265	12 665
Insurance	1 143 348	939 344
Motor vehicle expenses	-	5 217
Postage and courier	-	2 026
Printing and stationery	734 085	561 354
Protective clothing	497 062	29 000
Repairs and maintenance	-	520 000
Subscriptions and membership fees	908 208	820 822
Telephone and fax	558 884	470 591
Travel - local	438 213	444 986
	21 420 463	17 852 717
43. Fair value adjustments		
Investment property (fair value model)	1 200 000	1 539 000
44. Auditors' remuneration		
Fees	2 025 780	1 615 413

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45. Cash generated from operations		
Surplus (deficit)	13 870 060	(1 147 567)
Adjustments for:		
Depreciation and amortisation	17 421 906	16 918 819
Gain on sale of assets and liabilities	854 515	14 894 756
Fair value adjustments	(1 200 000)	(1 539 000)
Impairment of assets	1 711 918	34 394 104
Debt impairment	15 582 569	18 921 777
Movements in retirement benefit assets and liabilities	(21 000)	1 250 000
Movements in provisions	1 004 656	7 509 735
Public contributions and donations	-	(37 545 211)
Non-cash movement in property, plant and equipment	525 703	(5 037 543)
Changes in working capital:		
Inventories	(7 868)	41 888
Other receivables from exchange transactions	78 498	60 504
Consumer debtors	(15 370 987)	(14 230 358)
Other receivables from non-exchange transactions	(2 147 338)	(3 826 827)
Payables from exchange transactions	6 577 135	(1 161 458)
VAT	(3 875 954)	3 155 921
Income received in advance	4 603 055	-
Unspent conditional grants and receipts	9 044 000	10 600 000
Consumer deposits	5 420	-
	48 656 288	43 259 540

46. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	95 931 363	17 360 986
---------------------------------	------------	------------

Total capital commitments

Already contracted for but not provided for	95 931 363	17 360 986
---------------------------------------------	------------	------------

Total commitments

Total commitments

Authorised capital expenditure	95 931 363	17 360 986
--------------------------------	------------	------------

This committed expenditure relates to property and will be financed through grant funding from the Department of Cooperative Governance and Traditional Affairs (COGHTA) and the Department of Energy, with other portions funded through internally generated funds.

47. Related parties

Relationships

Members of council	Refer to the remuneration of management
Members of key management	Refer to note 32

All related party transactions are concluded at arm's length, unless stated otherwise. The municipality did not conduct any business with a party that was considered to be a related party.

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47. Related parties (continued)

Remuneration of management

Councillors

2023

Name	Basic salary	Cellphone allowance	Data allowance	Re-imbursement	Total
MS Mkhabela	897 051	40 800	1 500	8 820	948 171
SJ Kunene	720 146	40 800	1 500	76 667	839 113
DJ Nhlelengethwa	714 750	40 800	1 500	8 631	765 681
SN Ntuli	24 340	3 400	300	5 676	33 716
VA Mthethwa	358 261	40 800	1 500	12 197	412 758
HH Vilakazi	362 941	40 800	1 500	7 062	412 303
ND Ndlangamandla	374 389	40 800	1 500	8 918	425 607
ME Kunene	238 096	34 000	900	7 301	280 297
NS Magagula	280 407	40 800	1 500	750	323 457
MVS Mkhwanazi	280 407	40 800	1 500	10 874	333 581
TS Mthethwa	280 407	40 800	1 500	3 962	326 669
TE Kunene	280 407	40 800	1 500	750	323 457
DM Mbokazi	280 407	40 800	1 500	-	322 707
K Ngema	280 407	40 800	1 500	10 720	333 427
CB Mthethwa	280 407	40 800	1 500	5 536	328 243
TTI Zwane	280 407	40 800	1 500	9 228	331 935
ND Mngomezulu	281 741	40 800	1 500	7 879	331 920
BM Nxusa	280 407	40 800	1 500	750	323 457
ND Sibiya	282 270	40 800	1 500	10 961	335 531
ZG Mosondo	280 407	40 800	1 500	10 657	333 364
Previous councillors (backpay)	15 606	-	-	-	15 606
	7 073 661	771 800	28 200	207 339	8 081 000

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47. Related parties (continued)

2022

Name	Basic salary	Cellphone allowance	Data allowance	Unpaid	Re-imbursement	Total
SJ Kunene	729 294	44 200	3 900	(55 599)	57 186	778 981
ND Ndlangamandla	389 192	44 200	3 900	(26 324)	82 817	493 785
MS Mkhabela	534 084	27 200	2 400	-	14 868	578 552
NS Magahula	181 620	27 200	2 400	(6 943)	-	204 277
MVS Mkhanazi	181 620	27 200	2 400	(6 943)	9 227	213 504
TE Kunene	181 620	27 200	2 400	(6 943)	23 943	228 220
DM Mbokazi	181 620	27 200	2 400	(6 943)	-	204 277
K Ngema	181 620	27 200	2 400	(6 943)	17 880	222 157
CB Mthethwa	181 620	27 200	2 400	(6 943)	15 480	219 757
ZG Masondo	181 620	27 200	2 400	(6 943)	-	204 277
VA Mthethwa	181 620	27 200	2 400	(6 943)	13 302	217 579
TTI Zwane	181 620	27 200	2 400	(6 943)	-	204 277
BM Nxusa	181 620	27 200	2 400	(6 943)	-	204 277
DJ Nhlelengethwa	429 208	27 200	2 400	-	51 187	509 995
SN Ntuli	235 080	27 200	2 400	(6 934)	6 390	264 136
ST Hlatshwayo	286 953	17 000	1 500	(45 025)	121 300	381 728
HH Vilakazi	371 263	44 200	3 900	(31 143)	-	388 220
ND Sibya	331 700	44 200	3 900	(31 793)	5 882	353 889
B Shabalala	113 513	17 000	1 500	(19 459)	-	112 554
MSE Mbokazi	68 108	10 200	900	-	-	79 208
DF Sukazi	113 513	17 000	1 500	(19 459)	-	112 554
TS Mthethwa	181 620	27 200	2 400	(6 943)	-	204 277
RC Gevers	113 513	17 000	1 500	(19 459)	-	112 554
JDvR Lourens	113 513	17 000	1 500	(19 459)	-	112 554
DP Masondo	113 513	17 000	1 500	(19 459)	-	112 554
ND Mngomezulu	295 133	44 200	3 900	(26 403)	4 021	320 851
DD Maseko	113 513	17 000	1 500	(19 459)	-	112 554
MS Zulu	113 513	17 000	1 500	(19 459)	-	112 554
ZP Mtetwa	113 513	17 000	1 500	(19 459)	-	112 554
	6 575 939	765 000	67 500	(455 266)	423 483	7 376 656

48. Change in estimate

Property, plant and equipment

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in depreciation for the mentioned asset categories for the financial year:

Other property, plant and equipment	841 816	54 765
Infrastructure assets	119 667	113
Buildings	927	-
Total change in estimate for useful life of property, plant and equipment	962 410	54 878

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49. 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:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	4	8 945 994	(4 602 740)	4 343 254
Receivables from non-exchange transactions	4	24 058 994	(22 417 543)	1 641 451
Property, plant and equipment	11	345 572 181	3 856 694	349 428 875
VAT	16	(961 860)	(2 170 418)	(3 132 278)
Accumulated surplus - opening balance		(349 957 218)	22 184 045	(327 773 173)
Accumulated surplus - (surplus) deficit		(2 002 396)	3 149 962	1 147 566
		25 655 695	-	25 655 695

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	22	(30 784 360)	378	228 409	(30 555 573)
Other income	25	(546 005)	-	(228 409)	(774 414)
Depreciation and amortisation	34	16 441 560	477 259	-	16 918 819
Infrastructure development construction contracts (revenue)	27	-	(9 454 553)	-	(9 454 553)
Debt impairment	37	17 667 613	1 254 164	-	18 921 777
Government grants and subsidies	29	(133 636 447)	10 872 736	-	(122 763 711)
Infrastructure development construction contracts (expenditure)	27	-	9 454 553	-	9 454 553
(Gains) losses with disposal of assets and liabilities	42	14 894 756	(9 454 553)	-	5 440 203
General expenses	42	17 852 739	(22)	-	17 852 717
Surplus for the year		(98 110 144)	3 149 962	-	(94 960 182)

Errors

The following prior period errors adjustments occurred:

Debts written-off pertaining to previous years' incorrect charges

During the current year various incorrect adjustments were identified on debtor accounts, which were corrected. As these pertained to previous charges and due to the amounts involved, these changes were made retrospectively

The effect of the adjustments were as follow:

Statement of financial position

Receivables from exchange transactions	(329 162)	(329 162)
Receivables from non-exchange transactions	(398)	(398)
VAT	11 039	11 039
Accumulated surplus	318 521	318 164

Statement of financial performance

Service charges	-	378
General expenses	-	(21)

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49. Prior-year adjustments (continued)

Debt impairment correction

In the previous financial year it was reported that the municipality's policy for the provision for doubtful debt is not compliant with the Standards of GRAP. In order to address the finding, the provision was recalculated and the necessary adjustment was made retrospectively.

The effect of the adjustments were as follow:

Statement of financial position

Receivables from exchange transactions	(1 803 165)	(1 803 165)
Receivables from non-exchange transactions	(494 390)	(494 390)
Accumulated surplus	2 297 555	-

Statement of financial performance

Debt impairment	-	2 297 555
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Accounting for verification results

The municipality conducted an asset verification during the year. During the evaluation of the results, it was found that the balances were misstated in the previous year, due to various factors. The one major issue was the fact that the municipality constructed assets within the Eskom area, which was expensed. The adjustment was made retrospectively.

The effect of the adjustments were as follow:

Statement of financial position

Property, plant and equipment	3 856 694	3 856 694
Accumulated surplus	(3 856 694)	(4 333 953)

Statement of financial performance

Depreciation and amortisation	-	477 259
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Accounting for verification results

The municipality conducted an asset verification during the year. During the evaluation of the results, it was found that the balances were misstated in the previous year, due to various factors. The one major issue was the fact that the municipality constructed assets within the Eskom area, which was expensed. The adjustment was made retrospectively.

The effect of the adjustments were as follow:

Statement of financial position

Property, plant and equipment	3 856 694	3 856 694
Accumulated surplus	(3 856 694)	(4 333 953)

Statement of financial performance

Depreciation and amortisation	-	477 259
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Infrastructure development construction contracts

During the current year management was made aware of the correct accounting treatment for INEP funded projects, which are constructed in the Eskom area of supply. This accounting treatment is based on GRAP 11 and the applicable guidelines issued by National Treasury. In addition to the correction, the loss on disposal of assets were reclassified in accordance with the standard and guideline.

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49. Prior-year adjustments (continued)

The effect of the adjustments were as follow:

Statement of financial position

VAT	(1 418 182)	(1 418 182)
Accumulated surplus	1 418 182	-

Statement of financial performance

Government grants and subsidies	-	10 872 736
Infrastructure development construction contracts (revenue)	-	(9 454 553)
Infrastructure development construction contracts (expenditure)	-	9 454 553
Loss with disposal of assets and liabilities	-	(9 454 553)

Provision for doubtful debts

The municipality embarked on a process of ensuring that the provision for doubtful debt policy and the calculation is in accordance with the requirements of the standard. It was found that the government consumer balances should be provided for due to various reasons. The adjustment was made retrospectively.

The effect of the adjustments were as follow:

Statement of financial position

Receivables from exchange transactions	(2 470 414)	(2 470 414)
Receivables from non-exchange transactions	(21 922 754)	(21 922 754)
VAT	(763 274)	(763 274)
Accumulated surplus	25 156 442	26 199 833

Statement of financial performance

Debt impairment	-	(1 043 391)
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Reclassifications

The following reclassifications adjustment occurred:

Reclassification of the sale of meters

During the current financial year, management identified a vote number that was mapped as service charges but was for the sale of meters. The vote was reclassified from service charges to other income, resulting in a reclassification of R 228 409 from the service charges to other income.

50. Unauthorised expenditure

Opening balance as previously reported	122 650 599	92 305 491
Add: Unauthorised expenditure - current (operational)	25 204 078	67 163 099
Add: Unauthorised expenditure - current (capital)	-	1 766 202
Add: Unauthorised expenditure - current (INEP)	4 603 055	-
Less: amounts written-off - prior period	-	(38 584 193)
Closing balance	152 457 732	122 650 599

The amount of unauthorised expenditure is as a result of actual amounts exceeding approved and adjusted budgets. The amount also includes non-cash items.

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50. Unauthorised expenditure (continued)

The over expenditure incurred by municipal departments during the year is attributable to the following line items:

Employee related costs	120 431	816 424
Depreciation and amortisation	5 415 906	4 678 443
Impairment of assets	1 711 918	36 918 472
Finance cost	1 826 612	529 238
Lease rentals on operating lease	283 112	382 519
Debt impairment	6 789 569	7 127 417
Bulk purchases	787 192	-
General expenses	-	105 739
Loss with disposal of assets and liabilities	854 515	14 894 756
Loss with construction contracts	7 414 823	-
Fair value adjustment	-	1 539 000
Actuarial loss	-	171 091
Infrastructure assets (Esikhaleni Project)	-	1 766 202
Integrated National Electrification Programme expenditure	4 603 055	-
	29 807 133	68 929 301

Analysed as follows: cash

Employee related cost	120 431	816 424
Lease rentals on operating lease	283 112	382 519
General expenses	-	105 739
Bulk purchases	787 192	-
Infrastructure assets (Esikhaleni Project)	-	1 766 202
Integrated National Electrification Programme expenditure	4 603 055	-
	5 793 790	3 070 884

Analysed as follows: non-cash

Depreciation and amortisation	5 415 906	4 678 443
Impairment of assets	1 711 918	36 918 472
Finance cost (employee benefit liabilities)	1 826 612	529 238
Debt impairment	6 789 569	7 127 417
Loss with disposal of assets and liabilities	854 515	14 894 756
Loss with construction contracts	7 414 823	-
Fair value adjustment	-	1 539 000
Actuarial loss	-	171 091
	24 013 343	65 858 417

51. Fruitless and wasteful expenditure

Opening balance as previously reported	7 884 609	8 231 696
Add: Fruitless and wasteful expenditure identified - current	66 252	61 097
Less: Amount written off - prior period	-	(408 184)
Closing balance	7 950 861	7 884 609

Fruitless and wasteful expenditure is presented inclusive of VAT.

The fruitless and wasteful expenditure incurred during the year was for the interest raised by Eskom, SARS, pension funds and other service providers for non-payments. The cash flow challenges faced by the municipality was the root cause for failure to settle the debts within the prescribed period as per section 65 of the MFMA.

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51. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest on overdue creditors	Council to investigate and write-off expenditure / recover expenditure	66 252	61 097

52. Irregular expenditure

Opening balance as previously reported		28 595 769	57 147 458
Opening balance as restated		28 595 769	57 147 458
Add: Irregular expenditure - current		3 097 739	23 519 277
Add: Irregular expenditure - current (additionally identified)		22 623 604	-
Less: Amount written off		-	(52 070 966)
Closing balance		54 317 112	28 595 769

Irregular expenditure is presented inclusive of VAT.

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

SCM process not followed	16 135 755	3 867 049
Surplus VIP guard salaries	-	2 187 839
Tax affairs not in order	2 070 389	10 923 340
Incorrect disqualification	221 061	1 869 218
Awards to person in the service of the state	12 074	1 135 060
Unjustifiable deviation	40 000	1 979 320
Bid committee non-compliance	754 215	943 214
No statement of municipal rates	-	228 673
Excess maximum threshold	-	385 564
Rebates granted incorrectly	439 087	-
Non-compliance to local content requirement	6 048 762	-
	25 721 343	23 519 277

Amount written-off

No irregular expenditure was written-off during the year.

53. Contingencies

Mgemfu Trading Projects

The municipality has been sued by Mgemfu Trading Projects for the amount of R120 000 (2022: R120 000), claiming that he was appointed to deliver 100 000 refuse bags for the municipality, R60 000 (2022: R60 000) in respect to unpaid invoices for partial delivery of the aforesaid and R114 000 (2022: R114 000) for loss of income as a result of the unlawful cancellation of the appointment. The matter has become stagnant as SCM processes were not followed.

MMSD Transport and General Services

The municipality is being sued by MMSD Transport and General Services for loss of income of claiming that he was appointed by the then acting Municipal Manager for the supply and delivery of wet fuel, for which those services were never utilized. The matter was addressed by the then acting Municipal Manager, which has led to the matter not further being pursued by the claimant.

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53. Contingencies (continued)

Maximum Profit Recovery

The municipality is being sued by Maximum Profit Recovery for the deemed unlawful terms surrounding the advertisement and appointment of MBD consulting for the recovery of VAT. The claim totals R600 000 (2022: R600 000). The matter is currently at the SCA.

Illegal Invader and Occupants of Compartments

The municipality lodged a urgent application to stop illegal occupiers and/or invaders from cosntructing unauthorised structures and/or dwellings in said land. The estimate costs are R350 000. The matter is currently pending.

Mott MacDonald Africa (Pty) Ltd

The plaintiff alleged that the municipality had failed to settle their six outstanding invoices amounting to R812 777. The estimated costs are R120 000. The matter is currently pending.

Mondi

The municipality has instructed its attorneys to assist in the establishment of a new township. The estimated costs are R200 000. The matter is currently pending.

54. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

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

It is the policy of the municipality to disclose information that enables the user of its annual financial statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

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.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial environment.

Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. 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.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

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54. Risk management (continued)

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2023				
Payables from exchange transactions	30 326 605	-	-	-
Consumer deposits	244 064	-	-	-
At 30 June 2022				
Payables from exchange transactions	23 749 470	-	-	-
VAT payable	3 132 278	-	-	-
Consumer deposits	238 644	-	-	-

Credit risk

Financial instrument	2023	2022
Receivables from exchange transactions	2 798 851	4 343 254
Receivables from non-exchange transactions	2 974 272	1 641 451
Other receivables from exchange transactions	81 551	160 049
Other receivables from non-exchange transactions	2 460 143	1 979 690
Cash and cash equivalents	21 023 769	12 868 989

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Cash and cash equivalents:

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with ABSA Bank, First National Bank, Nedbank and Standard Bank.

Receivables from exchange and non-exchange transactions:

Receivables from exchange and non-exchange transactions are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.

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54. Risk management (continued)

- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of financial position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting.

A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment /discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Market risk

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with ABSA Bank and First National Bank. No investments with a tenure exceeding twelve months are made.

Consumer debtors (included in Receivables from exchange and non-exchange transactions) comprise of a large number of ratepayers, dispersed across different industries and geographical areas.

Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer deposits are increased accordingly.

Long-term receivables and other debtors are individually evaluated annually at the reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment /discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

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54. Risk management (continued)

The municipality's exposures to interest rates on Financial assets and Financial liabilities are detailed in the Credit Risk Management section of this note.

Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market prices.

These changes are caused by factors specific to the individual financial instruments for its users or by factors affecting all similar financial instruments in the matrix. The municipality's financial instruments are affected by the whole sale price of electricity from Eskom.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

55. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	2 798 851	2 798 851
Receivables from non-exchange transactions	2 974 272	2 974 272
Other receivables from exchange transactions	81 551	81 551
Other receivables from non-exchange transactions	2 460 143	2 460 143
VAT	743 706	743 706
Cash and cash equivalents	21 023 769	21 023 769
	30 082 292	30 082 292

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	30 326 605	30 326 605
Consumer deposits	244 064	244 064
Unspent conditional grants	19 644 000	19 644 000
Income received in advance	4 603 055	4 603 055
	54 817 724	54 817 724

2022

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	4 343 254	4 343 254
Receivables from non-exchange transactions	1 641 451	1 641 451
Other receivables from exchange transactions	160 049	160 049
Other receivables from non-exchange transactions	1 979 690	1 979 690
Cash and cash equivalents	12 868 989	12 868 989
	20 993 433	20 993 433

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55. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	23 749 470	23 749 470
VAT payable	3 132 278	3 132 278
Consumer deposits	238 644	238 644
Unspent conditional grants	10 600 000	10 600 000
	37 720 392	37 720 392

56. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	791 822	1 334 204
Current year membership/subscription fee	901 208	820 822
Amount paid - current year	(326 822)	(29 000)
Amount paid - previous years	-	(1 334 204)
	1 366 208	791 822

Audit fees

Opening balance	-	259 472
Current year audit fee	2 679 322	1 860 819
Current year interest expense	4 815	73
Amount paid - current year	(2 679 322)	(1 860 892)
Amount paid - previous years	-	(259 472)
	4 815	-

PAYE and UIF

Opening balance	1 110 756	-
Current year deductions and council contributions	12 780 625	11 853 552
Amount paid - current year	(11 784 124)	(10 742 796)
Amount paid - previous years	(1 110 756)	-
	996 501	1 110 756

Pension and medical aid fund deductions

Current year deductions and council contributions	17 369 684	14 702 456
Amount paid - current year	(15 925 568)	(14 702 456)
	1 444 116	-

VAT

VAT payable	743 674	(3 132 278)
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All VAT returns have been submitted by the due date throughout the year.

eDumbe Local Municipality (KZN261)

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
K Ngema	2 829	14 303	17 132
SJ Kunene	427	27 721	28 148
VA Mthethwa	930	5 891	6 821
	4 186	47 915	52 101
30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
RC Gevers	2 781	1 057	3 838
ST Hlatshwayo	4 044	31 389	35 433
	6 825	32 446	39 271

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the SCM Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Anesco Toyota (Strip and quote, impractical to follow SCM processes)	-	1 639 872
Anesco Case (Pty) Ltd (Strip and quote)	-	81 084
Isibani Sethu Enterprise (Already started with the surveys)	-	600 000
Waphatha Group (Pty) Ltd (Assessment and quote)	-	2 856 139
Provincial Panelbeaters CC (Strip and quote)	-	44 795
Velezinhle Consulting and Projects (Pty) Ltd (Emergency situation as service delivery was a priority)	-	260 000
Cartime (Vryheid) (Strip and quote)	-	27 475
Afrihost (E-mail account host)	14 520	13 250
Khuphukani Electrical CC (Emergency situation)	91 172	74 256
Isulami Trading and Projects (Emergency situation)	-	264 730
Philangwane Projects	-	230 946
Balju / Sheriff (Court order)	-	141 471
Kambula Electrical CC (Emergency repairs)	142 364	141 746
Lexis Nexis (Subscriptions)	-	4 503
Sibanesihle Trading and Projects (Strip and quote for repairs)	179 975	-
Igunundu Agency	-	71 200
Thokomela Engineering (Emergency situation)	105 145	-
The Truth Verification Specialist	36 740	-
	569 916	6 451 467

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57. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is|are as follows:

The municipality is the principal in the principal-agent arrangement with Conlog. Conlog undertakes pre-paid electricity sales through the use of third party vendors on behalf of the municipality.

The municipality is the agent in the principal-agent arrangement with the Department of Human Settlements. The municipality undertakes to appoint third party contractors and serve a project managers. No fees are charged for the project management.

The municipality is the agent in the principal-agent arrangement with the Department of Transport. The municipality is responsible for the issuing of vehicles and drivers licences on behalf of the department in exchange for commission of 8.55% (2022: 8.55%).

No significant judgements were applied in determining if the municipality was the principal or agent.

No changes have been made to the terms and conditions for the arrangements during the reporting period.

No significant risks and benefits associated with the arrangements have been identified.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R- (2022: R 380 835).

Expenses paid or accrued

Entity as principal

Fee paid

Fee paid (inclusive of VAT) as compensation as the agent	-	482 030
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The municipality paid 4% commission and other administrative cost to Conlog for acting as the agent on its behalf during the financial year.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Resources under custodianship of the agent, nor have they been recognised as such. All resources provided to third party vendors are that of the agent and not the municipality. There is no direct recourse or cost implications for the principal if the principal-agent arrangement is terminated, however this will directly impact on the service delivery continuity and revenue generation negatively due to the reduction in service points.

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58. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

The four major functional areas comprise of:

- Executive and council which includes the mayor and council; and municipal manger, town secretary and chief executive. Revenue is derived through grants that are allocated to the department.
- Finance and administration which includes administrative and corporate support; asset management; finance; information technology; and legal services. The department derive revenue through a number of sources, which includes property rates; service charges; grants and subsidies received; licences and permits; and other income.
- Community and social services which includes aged care; animal care and diseases; community halls and facilities; disaster management; fire fighting and protection; police force, traffic and street parking control; libraries and archives; recreational facilities; economic development; regional planning and development; town planning buildind regulations and enforcement; and road and traffic regulation. Grants and subsidies are allocated to the department, and in addition to this, the department furthermore generates income through other income, service charges and public contributions and donations received.
- Techncial services which includes energy sources (electricity); and solid waste removal. The department's main source of revenue is service charges, with less significant revenue generated by rental of facilities and equipment. In addition to the aforementioned, government grants and subsidies is allocated to the department.

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.

Management does not monitor performance geographically and does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

The surplus or deficit for each reported segment is calculated by subtracting the segmental expenditure from the segmental revenue. The assets and liabilities per segment is measured in accordance with the accounting policies and no adjustment has been made to the method of measurement.

eDumbe Local Municipality (KZN261)

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58. Budget differences (continued)

Segment surplus or deficit, assets and liabilities

2023

	Executive and council	Finance and administration	Community and social services	Technical services	Total
Revenue					
Service charges	-	6 690 003	2 766 192	21 697 724	31 153 919
Rental of facilities and equipment	8 334	-	-	1 477 762	1 486 096
Licences and permits	-	1 184 533	-	-	1 184 533
Other income	-	423 025	2 092 087	169 413	2 684 525
Property rates	-	28 832 488	-	-	28 832 488
Government grants and subsidies	13 954 350	41 508 700	21 995 800	64 145 153	141 604 003
Fines	-	2 376 600	-	-	2 376 600
Interest revenue	-	9 681 475	-	-	9 681 475
Infrastructure development construction contracts	-	-	-	6 275 601	6 275 601
Fair value adjustment	-	-	1 200 000	-	1 200 000
Actuarial gain	-	-	1 811 289	-	1 811 289
Total segment revenue	13 962 684	90 696 824	29 865 368	93 765 653	228 290 529
Entity's revenue					228 290 529
Expenditure					
Salaries and wages	16 907 108	35 982 198	15 675 221	20 047 605	88 612 132
Other expenses	6 646 628	10 564 858	541 918	3 948 467	21 701 871
Depreciation and amortisation	-	17 421 906	-	-	17 421 906
Interest expense	-	1 527 252	1 530 360	-	3 057 612
Impairment loss	-	1 711 918	-	-	1 711 918
Debt impairment	-	15 582 569	-	-	15 582 569
Bulk purchases	-	-	-	35 590 192	35 590 192
Contracted services	253 917	11 426 399	2 580 252	8 212 363	22 472 931
Loss on disposal of assets and liabilities	-	854 515	-	-	854 515
Infrastructure development construction contracts	-	-	-	7 414 823	7 414 823
Total segment expenditure	23 807 653	95 071 615	20 327 751	75 213 450	214 420 469
Total segmental surplus/(deficit)	(9 844 969)	(4 374 791)	9 537 617	18 552 203	13 870 060
Assets					
Segment assets	124 313 438	141 744 067	92 466 807	62 973 116	421 497 428
Total assets as per Statement of financial position					421 497 428
Liabilities					
Segment liabilities	-	(19 032 174)	1 044 000	(62 913 639)	(80 901 813)
Total liabilities as per Statement of financial position					(80 901 813)
Other information					
Capital expenditure		2 369 443	8 208 705	30 023 329	

eDumbe Local Municipality (KZN261)

Annual Financial Statements for the year ended 30 June 2023

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58. Budget differences (continued)

2022

	Executive and council	Finance and administration	Community and social services	Technical services	Total
Revenue					
Service charges	-	7 680 570	1 573 178	21 301 824	30 555 572
Rental of facilities and equipment	19 374	-	-	1 336 524	1 355 898
Licences and permits	-	1 028 748	150 646	-	1 179 394
Other income	-	472 400	50 164	251 852	774 416
Property rates	-	28 624 330	-	-	28 624 330
Government grants and subsidies	12 357 300	27 614 600	19 707 400	63 084 411	122 763 711
Fines	-	3 500 580	-	-	3 500 580
Public contributions and donations	-	-	37 545 211	-	37 545 211
Interest revenue	-	8 440 878	-	-	8 440 878
Infrastructure development construction contracts	-	-	-	9 454 553	9 454 553
Fair value adjustment	-	-	1 539 000	-	1 539 000
Actuarial gain	-	-	171 091	-	171 091
Total segment revenue	12 376 674	77 362 106	60 736 690	95 429 164	245 904 634
Entity's revenue					245 904 634
Expenditure					
Salaries and wages	15 086 746	27 576 307	20 052 770	16 387 255	79 103 078
Other expenses	5 205 266	8 457 845	661 775	3 910 352	18 235 238
Depreciation and amortisation	-	16 918 819	-	-	16 918 819
Interest expense	-	1 262 097	467 141	-	1 729 238
Impairment of assets	-	36 918 472	-	-	36 918 472
Debt impairment	-	18 921 777	-	-	18 921 777
Bulk purchases	-	-	-	36 000 303	36 000 303
Contracted services	337 633	10 866 085	1 876 646	11 250 156	24 330 520
Loss on disposal of assets and liabilities	-	5 440 203	-	-	5 440 203
Infrastructure development construction contracts	-	-	-	9 454 553	9 454 553
Total segment expenditure	20 629 645	126 361 605	23 058 332	77 002 619	247 052 201
Total segmental surplus/(deficit)	(8 252 971)	(48 999 499)	37 678 358	18 426 545	(1 147 567)
Assets					
Segment assets	47 265 836	209 518 950	69 079 843	63 682 152	389 546 781
Total assets as per Statement of financial position					389 546 781
Liabilities					
Segment liabilities	-	(30 006 179)	1 044 000	(33 858 639)	(62 820 818)
Total liabilities as per Statement of financial position					(62 820 818)
Other information					
Capital expenditure	435 456	1 449 258	43 080 081	43 448 460	

59. In-kind donations and assistance

No in-kind donations and assistance were received during the year under review.

60. Events after the reporting date

After the financial year end, bad weather resulted in assets being damaged. As this is an event after reporting date, the asset conditions will be assessed in the next financial year and the resulting impairment losses will be accounted for in the following year's financial results.

61. Budget differences

Material differences between budget and actual amounts

The reasons for the material differences (in excess of 10%) between the budget and actual amounts is attributed to the following:

Statement of financial performance:

1. Service charges: The municipality has an approved policy that allows indigent households with residential values of R110 000 or less not to be billed. In addition to the aforementioned, the municipality embarked on a process to recover outstanding debt by providing discount on debtor current accounts.
2. Rental of facilities and equipment: Management expected more revenue to be generated through rental of land and premises, which did not occur.
3. Licences and permits: Less revenue generated as expected, which is directly linked to the economic pressure being experienced by the community of the municipality.
4. Other income: Management over-budgeted for other income as it planned to open revenue sources to boost its revenue.
5. Interest received on outstanding debtors: Although included in the budget, the actual results were not in line with managements' expectation.
6. Interest received on external investments: The decrease in the municipality's bank balances resulted in the target amount not being reached.
7. Property rates - imposed penalties: Budget included in the Interest received on outstanding debtors.
8. Infrastructure development construction contracts: During the current financial year the INEP-related projects that are undertaken in the Eskom area of supply were accounted for in accordance with GRAP 11 and the related guidelines. Due to the timing thereof, it was not taken into consideration during the budgeting process.
9. Transfer payments: Although budgeted for, no such expenditure / transfers occurred.
10. Depreciation and amortisation: Management based their budgeted figure on the results of previous financial years. Due to an increase in the municipal expenditure and completed assets, the depreciation expense increase more than expected.
11. Impairment loss (reversal): Non-cash flow item not budgeted for as no impairment of fixed assets were expected.
12. Finance cost: The movement in the Employee benefit liabilities are based on actuarial valuations. Management included the budgeted figure based on their best estimate.
13. Lease rental in operating lease: Budget included in general expenses.
14. Debt impairment. Due to non-payment of consumers, the movement in the provision for impairment of consumer debtors increased significantly. In addition to this, management wrote off a significant portion of outstanding debt in an attempt to boost recoveries.
15. Contracted services: Due to cash flow constraints, cost containment measures were taken.

61. Budget differences (continued)

16. General expenses: If the grants paid and inventory consumed budgeted figures are taken into consideration, there is no significant fluctuation.
17. Inventory consumed: Although budgeted for separately, this is classified as general expenses and included as such.
18. Fair value adjustment: Not budgeted for by management.
19. Actuarial gains (losses): This is part of the movement due to the actuarial valuation conducted on the employee benefit obligations, and was therefore budgeted for as part of the employee related costs.

Statement of financial position:

20. Inventory: More inventory was consumed as expected.
21. Other receivables from exchange transactions: Management over-budgeted for other income as it planned to open avenues to boost its revenue. The increase in the other income would have resulted in the increase in the other receivables.
22. Other receivables from non-exchange transactions: Represented by fines issued during the year, but not paid or provided for. Management expected to recover all funds.
23. Consumer debtors: The balance at yearend is significantly less than the budgeted balance, which is due to the material prior period adjustment made to the provision for doubtful debt, the majority of which is based on the government debt at each of the year ends.
24. VAT receivable (payable): Municipality did not budget for any outstanding VAT receipts at yearend.
25. Cash and cash equivalents: Managements' expectation was that it would not be able to generate sufficient cash for the year through its operations.
26. Property, plant and equipment: The balance is less than the budgeted figure as cash flow constraints limited the number of constructions costs incurred during the year.
27. Intangible assets: Due to the amortisation expense being recognised every year.
28. Heritage assets: Immaterial assets and asset balances.
29. Payables from exchange transactions: Due to cash flow constraints, the municipality was not able to settle its creditors by year end.
30. Consumer deposits: Less consumer deposits were generated.
31. Employee benefit obligations: Not included in the budget.
32. Unspent conditional grants: Due to funds being transferred to the municipality at a late stage in the year, which could not be utilised.
33. Income received in advance: During the year INEP funds were utilised for projects that were not approved, resulting in the revenue being written back and the income received in advance being recorded, as required by GRAP 11. This was not budgeted for as management was of the opinion that the costs related to approved projects.
34. Provisions: Management included the budgeted balance based on their best estimate, which were materially different to the actual results.
35. Accumulated surplus: The material difference is the combined result of all listed reasons.

61. Budget differences (continued)

Cash flow statement:

36. The net decrease in the cash and cash equivalent balances is mainly attributable to:

- Material increase in spending due to operations returning to a more normal basis after the Covid-19 restrictions that had a significant effect on the previous year.
- Although budgeted for, no finance cost were incurred as the municipality does not have any finance obligations.
- The capital expenditure was materially more than was expected.

62. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 340 495 667 and that the municipality's total liabilities exceed its assets by R 340 596 015.

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. Management considered the following matters relating to the going concern assumption:

- The 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 municipality's budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.
- The ability of the municipality to continue as a going concern is dependant 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.

The municipality is currently not experiencing financial difficulties. Indicators of the municipality's sound financial position are:

- Surplus of R 13 870 060 (2022: deficit of R 1 147 567) was realised and government grants and subsidies contributed R 141 604 003 (2022: R 122 763 711).
- The municipality's unspent conditional grants for the current year amounted to R 19 644 000 (2022: R 10 600 000) and its income received in advance to R 4 603 055 (2022: R 0). This is an indication that monies received are utilised for the specific projects under construction.
- The creditors were paid within 30 days as required by the MFMA.
- Debt collection period has improved during the current financial year.
- The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets should be impaired (GRAP 104). A provision for doubtful debt amounting to R 189 053 122 (2022: R 171 344 268) has been disclosed in the financial statements.
- As at 30 June 2023 the municipality's current liabilities amounted to R 55 208 422 (2022: R 38 111 090), whilst the current assets amounted to R 30 138 972 (2022: R 21 042 245).
- The current and acid test ratios are above the required ratio of 0.55:1 and 0.55:1, respectively.

62. Going concern (continued)

~~Management have considered the risks, but based on their evaluation of the following mitigating factors have concluded that the going concern assumption is appropriate for the following 12 months:~~

- The eDumbe Local Municipality is a municipality within the local government sphere. Currently, in the municipal environment, municipalities within South Africa rely heavily on government's financial assistance through the provision of grants. For the 2024 financial year, the allocated Equitable Share allocation amounts to R 98 746 000 and the Financial Management Improvement Grant to R 3 000 000.
- No intention by government has been identified that indicates the discontinuing of financial assistance through the provision of government grants. The DoRA and the Division of Revenue Bill, 2022 furthermore disclosed government's proposed allocation of the 2024 and 2025 financial years. This is evidence of government's continued financial support to be provided to the municipality for the following 36 months.
- The municipality has not been placed under administration for the 12 months ending 30 June 2023.



AUDITOR-GENERAL
SOUTH AFRICA



AUDIT REPORT

eDumbe Local Municipality
2022-2023

Date: 30 November 2023

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on eDumbe Local Municipality

Report on the audit of the financial statements

OPINION

1. I have audited the financial statements of the eDumbe Local Municipality set out on pages 192 to 276, which comprise the statement of financial position as at 30 June 2023, 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 eDumbe Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practice (SA standards on 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, 2022 (Act No. 05 of 2022) (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 responsibilities of the auditor-general 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 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at and for the year ended 30 June 2023.

MATERIAL IMPAIRMENTS – RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

8. As disclosed in note 4,5 and 7 to the financial statements, receivables from exchange and non-exchange transactions were impaired by R189,05 million (2021-22: R171,34 million) and R18,69 million (2021-22: R17,02 million) respectively as the recoverability of these amounts were considered to be doubtful.

MATERIAL LOSSES – ELECTRICITY

9. As disclosed in note 38 to the financial statements, material electricity losses of R14,39 million (2021-22: R2,06 million) was incurred, which represents 40% (2021-22: 43%) of total electricity purchased. Losses were as a result of illegal connections and other technical losses.

OTHER MATTER

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

UNAUDITED DISCLOSURE NOTES

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

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measure the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Strategic objective
Basic service delivery and infrastructure development	176 – 179	To ensure provision of basic services in a fair, equitable and sustainable manner

18. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. The material finding on the reported performance information for the selected key performance area is as follows:

PERCENTAGE OF QUALIFYING INDIGENT CONSUMERS AS PER ESKOM MONTHLY LIST PROVIDED WITH FREE BASIC ELECTRICITY

22. An achievement of 100% was reported against a target of 100% qualifying ESKOM indigent consumers provided with free basic electricity (first 50KWH) by 30 June 2023. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

OTHER MATTERS

23. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material finding on the reported performance information.

MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported a material finding in this regard.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, receivables from exchange and non-exchange transactions, construction contracts, segment reporting and budget versus actual identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

31. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year.

32. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).

EXPENDITURE MANAGEMENT

33. Reasonable steps were not taken to prevent irregular expenditure amounting to R25.72 million as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with regulation 19(a) of the Municipal Supply Chain Management Regulations.
34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R29,81 million, as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the approved budget.
35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

HUMAN RESOURCE MANAGEMENT

36. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

GRANT MANAGEMENT

37. The INEP grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2022).

ASSET MANAGEMENT

38. Capital assets were disposed of without the municipal council having, in a meeting open to the public ,decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets ,as required by section 14(2)(a) and 14(2)(b) of the MFMA.

CONSEQUENCE MANAGEMENT

39. Some of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
40. Some of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information in the annual report

41. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
42. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

43. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. 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 the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
47. The accounting officer did not exercise adequate oversight responsibility over internal controls relating to financial and performance reporting as well as compliance with key laws and regulations. This was evidenced by the misstatements identified during the audit process and subsequently corrected.
48. Senior management did not ensure that sufficient monitoring controls were in place to prevent non-compliance with applicable laws and regulations.
49. Senior management did not implement thorough review processes over financial and performance reporting. This resulted in inaccurate reporting as evidenced by the quality of the financial statements and annual performance report.

Other reports

50. I draw attention to the following engagements conducted by various parties. 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.
51. An incident involving allegations of misrepresentation of a service providers banking details was discovered in the 2018/19 financial period. The incident was reported to South African Police Services (SAPS) under case number 223/3/2018 and the municipality's banking institution. The investigation is currently in progress.

Pietermaritzburg
30 November 2023



Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 material performance indicators and on the municipality's compliance with selected requirements in key legislation.

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
- conclude on the appropriateness of the 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 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 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.

Compliance with legislation – selected legislative requirements

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure,</p> <p>Section 1 - Definition: service delivery and budget implementation plan,</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i),</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b),</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e),</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1),</p> <p>Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii),</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170,</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a),</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a),</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b),</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c),</p>

Legislation	Sections or regulations
	Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

