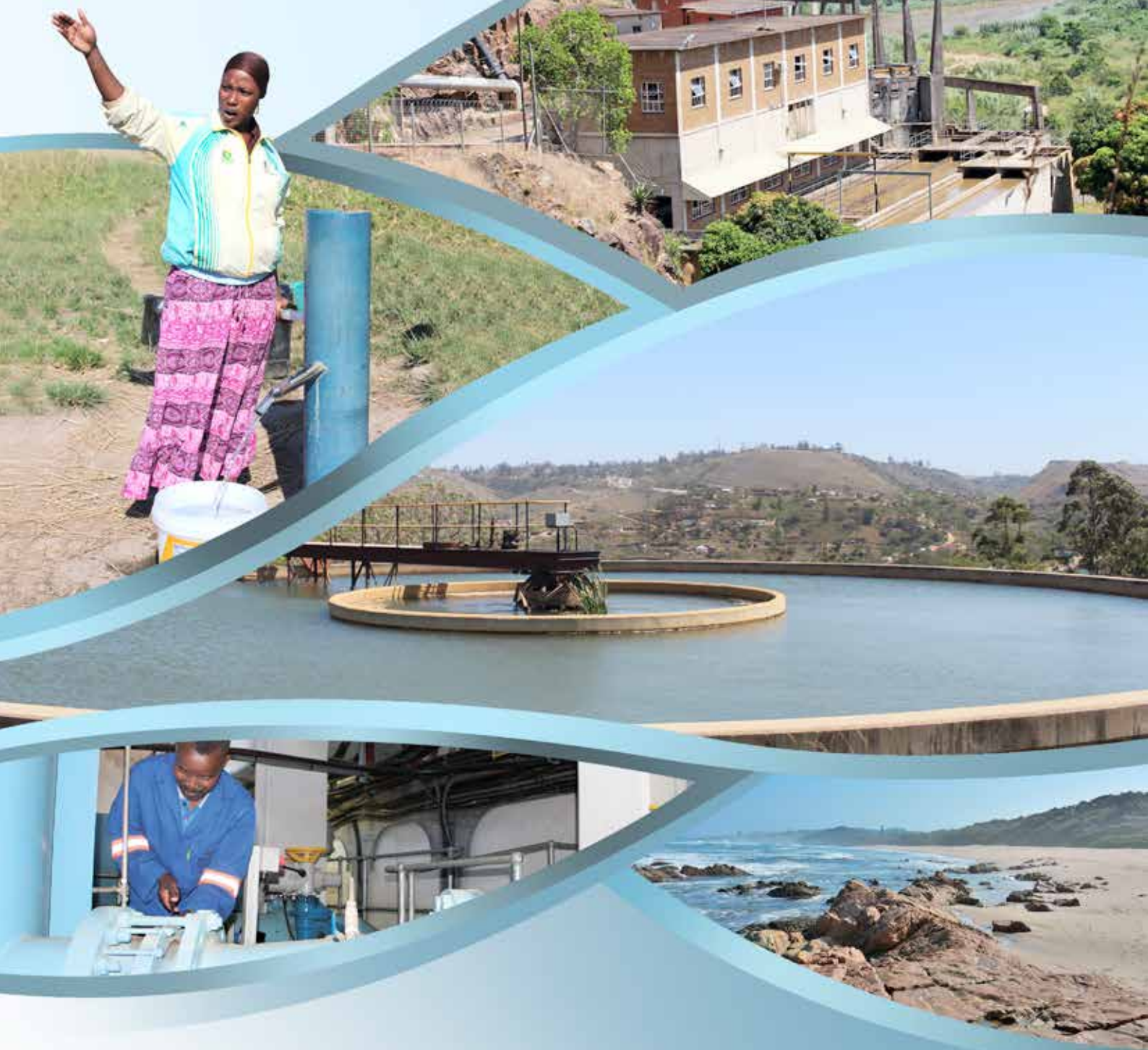


ANNUAL REPORT

2013/2014



green drop
CERTIFICATION
waste water service
REGULATION



blue drop
CERTIFICATION
drinking water quality
REGULATION



**Ugu District
Municipality**

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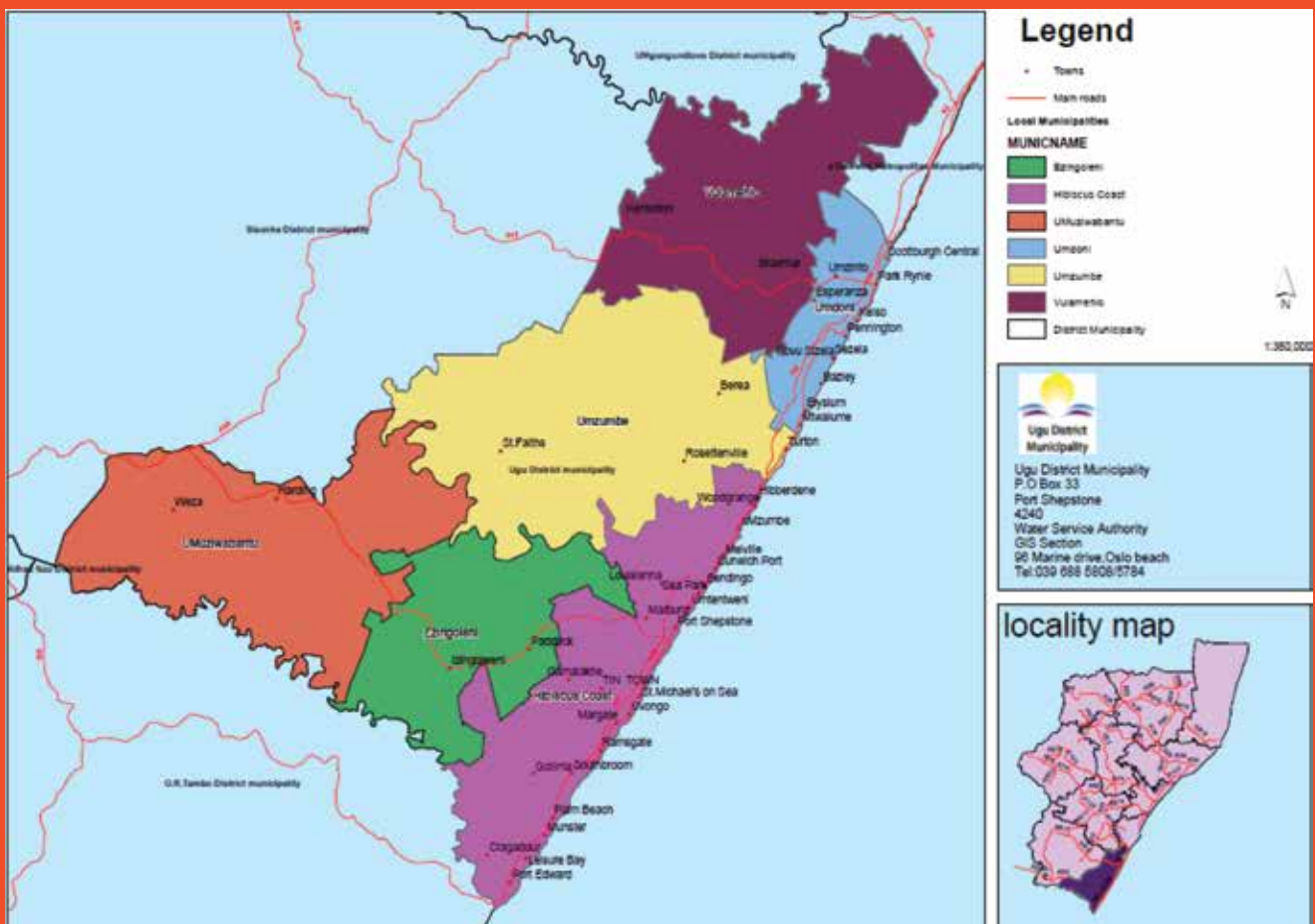
During the preparation of the five-year Integrated Development Plan (IDP) in 2012/2013, the Ugu District Municipal Council adopted a long-term Vision and Mission. Through this Vision and Mission, the Council expresses the desired future state for the District and commits to how it will achieve this objective.

VISION STATEMENT

“A place where everyone benefits equally from socio-economic opportunities and services.”

MISSION STATEMENT

“Create an enabling environment for social and economic development resulting in the provision of quality drinking water and access to decent sanitation. Ensure community participation and coordinate public and private players.”



CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

MAYOR'S FOREWORD

Ugu District Municipality has developed the District Growth Development Strategy which seeks to align the national and provincial developmental needs of the municipality with that of the National Government. The District Growth Development Strategy Summit was convened wherein various stakeholders participated to endorse this developmental blue print of the district.



A central principle of the Municipal Turn-Around Strategy is financial stability and sustainability. We have at this point, cash backed our grants and during the commencement of the 2014/2015 financial year we will ensure that our cash reserves which are retentions and consumer deposits are cash backed to the value of approximately R39 million. Key Service Delivery Improvements:

Ugu District Municipal Council has received an Infrastructure Grant which is targeted to rectify Ugu water supply challenges, the pipeline replacement project is registered at R705 million and will be allocated proportionally each year to deal with critical replacement of aged infrastructure throughout the district.

A highlight of this project is the town of Harding whereby 95% of replacing aged pipelines and the balance to be complete in the 2014/2015 financial year. We have also replaced pipes in Ramsgate (Marine Drive, Lynne Road, Linton Road) and Marburg (Valley Road, Crescent Street).

Public Participation

The Council is a legislative political structure which is entrusted with an oversight responsibility on matters pertaining to the developmental progress and implementations of service delivery projects. There are various portfolio committees which are chaired by the members of the Executive Committee who are playing a political oversight on various activities that are implemented by municipal administration departments, those portfolio committees are as follows:

- Finance
- Water and Sanitation

- Local Economic Development
- Corporate Services
- Special Programmes

Financial management and administration performance is further monitored and evaluated by the committees below,

- Internal Audit Committee
- Municipal Public Accounts Committee

There are various statutory participation mechanisms that have been established as to promote and enhance community participation on matters of service delivery namely;

Mayoral Izimbizo, which is an annual initiative by the District Mayor and Executive Committee members to reach out to communities in order to listen to the community views on service delivery projects being undertaken in their respective localities and further allow communities to identify needs to be incorporated in the next financial planning and budgeting processes. The Mayoral Izimbizo are conducted in the months of October and November every year and public comments are then incorporated to Integrated Development Plan annual reviewal process and the budgeted is allocated accordingly..

The Municipal Manager has seconded personnel to the Speakers Office, a Public Participation Practitioner is responsible for the coordination of ward committee activities within Ugu district family of municipalities as a result a District Public Participation Forum has been established. The District Public Participation Forum is comprised of representatives from all the local municipalities referred to as Public Participation Practitioners.

Support by the KZN Department of Cooperative Governance and Traditional Affairs, who advises, provide support and give strategic directions on matters of public participation. The Speakers Forum which is chaired by the District Speakers is meeting on a monthly basis to facilitate and also play a political oversight role on matters of public participation. The Intergovernmental Relations (IGR) District Mayors and Municipal Managers Forum further synthesise decisions of the Speakers Forum and ensures that resolutions taken are put into practice.

The special groups such as people living with disability, youth, farmers and women have established their respective forums and the Special Programmes Portfolio Committee facilitates and ensure a rapid responses to the needs of the vulnerable groups.

Future Actions

We have made tremendous progress in terms of future actions thus far, during our political term of office major projects of water and sanitation services are to be undertaken and these are funded from our capital budget.

The highlights of those projects that will characterise 2014/15 budget implementation process are aligned with our new turn around strategies, below is a list of projects;

- Umgeni will be handing over Ezinqoleni scheme to Ugu District Municipality, this follows an emergency pipeline replacement which was aimed at restoration of water supply to the Shobeni/ Mbeni areas and this system has stabilised.
- The tender for the completion of the gravity main from uMtanvuna water works to Nzimakwe has been awarded and we will shortly be able to supply water under gravity to the Nzimakwe area, this will also relieve pressure on the electricity network as previously water to Nzimakwe was pumped through various pump stations.
- The extension of the Nzimakwe gravity main to Port Edward will be the second phase of a project to ensure an additional water supply to the Port Edward area. This project is due to go to the tender process shortly.
- Pipeline assessment Survey is underway to detect the old pipes, each water services area Manager is currently focussing on the assessment survey within their operational areas. The outcome of this survey is to align the pipeline replacement project to the actual needs on the ground.
- The current upgrades of our two biggest purification plants namely Bhoboyi and uMtanvuna will ensure both additional quantity as well as improved quality of water emanating from these plants. Umgeni is assisting in monitoring of quality through regular sample analysis
- A water services operation has reviewed the use of the pilot shift program for plumbers and has subsequently realigned the shift to new working hours in line with a day shift. This has availed more resources to assist with preventative maintenance whilst still keeping a 24 hours repair service in place through a realigned standby system for artisans.
- Ugu currently has appointed a service provider to provide emergency repair works in the fields of mechanical, electrical, reinstatement, and plumbing. All internal staff overtime is capped at 40 hours in terms of the law. Should any emergency repair then be required the emergency service provider is called in to effect repairs.
- No water supply problem since the South Coast scheme was commissioned. Ugu embarked on a fast track project to link Scottsburg central to the south coast bulk pipeline. This was duly accomplished just prior to the last December season hence the reduction of water supply outages within the Scottsburg area.
- Telemetry system review project is underway, this project will focus on the revamp of the telemetry system to ensure that we are able to remotely monitor all our reservoirs and pump stations via internet access. This will enable us to detect any operations problems within a shorter space of time thus reducing the long outages that are currently being experienced by consumers
- We are busy developing a Vendor Performance Policy which its intended objective is to black list contractors with poor performance. This will ensure that all those contractors who are doing a shoddy work which compromise the quality of service delivery are prohibited from re-doing business with Ugu District Municipality
- The sanitation refurbishment project is currently being implemented at a cost of some R30 million for this phase. This project is focussing on mostly pump and electrical replacement at sanitation pump stations together with backup generators; however we are also replacing some aged sanitation pipelines especially in the boundary road, within the Port Edward area.
- Operation Sihamba Sonke has been identified as an initiative that will enhance and strengthen water supply provision in hinterland areas, these include the creation of rain water harvesting, boreholes, spring protection and continued supply of stationery tanks in areas that have not yet been reticulated.
- Further we have commenced engagements with KZN COGTA, Umgeni Water, Ethekwini Metro, Department of Water Affairs and Eskom to operationalise all our Dysfunctional Water Projects. We are convinced that the resolution of challenges around these projects can bring much needed relief especially to our rural communities thereby helping us to implement our mandate.
- Agreements/Partnerships:
- Ugu DM is working on a number of collaborations with Umgeni to resolve water supply challenges Ugu and urgent are partnering in emergency pipeline replacement projects as

well as abstraction assessment of some key critical schemes especially in the hinterland areas.

- A tender for the auditing of meters has been awarded and this project will encompass the auditing of all properties in the district with emphasis on the water and sanitation connections.
- Each property will be checked for a meter, meter number, actual reading, and type of sanitation system and consumer details. This in turn will be verified against our current data. This project also incorporates the monthly reading of meters.

Conclusion

We have publicly declared our challenges especially financial and gave an unequivocal commitment to turn around our situation. The complexity and degree of our challenges was clearly exemplified by the Auditor General Report (2012/2013) which was clearly an unacceptable state of affairs. Our challenges were crystal clear with all reports corroborating each other. Ours is then to implement all agreed strategies to drive the adopted Turnaround Strategy.

We report that to date we are cash locked on all grants, and in July 2014 all reserves will be cash backed.

Our focus is to give us a solid institutional foundation to give unfettered attention to our Core Mandate Provision of Access to Water and Sanitation to all our communities.

We are cautiously optimistic that our stringent cost-cutting measures are paying dividends and we thank all our communities who have so unselfishly participated and assisted us. This support is priceless and we commit to work with you.

CLLR NH GUMEDE
Mayor





MUNICIPAL MANAGER'S OVERVIEW

Any election involving the general populace is an ideal mechanism for a customer satisfaction survey. An objective analysis of the engagements between aspirant and existing political representatives should provide a very informed assessment of governments' performance translating into service delivery.

This assessment should be the yardstick by which we unconditionally measure our performance and look to implement initiatives to surpass the Service Delivery expectations of our beneficiary communities.

Water and Sanitation, our core mandate is still a basic necessity not accessible to all our communities. Our approach to this is two-fold whereby we must ensure that the present service is maintained to agreed acceptable standards and the programme to ensure all communities are beneficiaries is fast-tracked by employing creative and innovative measures.

We have together with other stakeholder's galvanised appropriate resources to focus on all dysfunctional water schemes whose sustained functionality can bring much needed relief especially to our rural communities. The capacity of our systems is being exhausted and our infrastructure expenditure must respond to this evaluation.

In keeping with national pronouncements, the District must facilitate a cohesive and coherent local economic development plan that is focussed on job creation and poverty alleviation. The Growth & Development Strategy must find expression in this initiative.

The Council's objectives with its core mandate being the primary focus of its IDP must be performance driven. The provision of services must be informed by outputs that achieve desired outcomes. Irrelevant outputs for compliance purposes will not influence a positive impact occasioned by Service Delivery objectives.

The year under review has seen a very concerted effort in ensuring alignment of Council's priorities, reflected in the IDP and given

expression in the performance indicators and expected service delivery outcomes. It is expected that this re-alignment will yield tangible positive service delivery outcomes in the coming year.

Our financial sustainability which was the focus in this year is still work in progress. Our status of "a going concern" is still under threat and whilst there is a remarkable improvement in our financial health, we still have a very long way to go before we can pronounce ourselves to be out of "danger".

We have been able to "cash back" our grants and hope to at the beginning of the new financial year "cash back" all our cash reserves.

Our Audit Opinion for 2013/2014 being that of a Qualified Audit vindicates the measures implemented as part of our Turn-Around Strategy. The improved Audit Opinion from a Disclaimer to Qualified is only an indicator that we are on the right path. We must acknowledge that there is a lot of hard work to reach our ultimate destination of a "Clean Audit".

The two primary issues that is Asset Management and Revenue Management must receive focussed attention to "undo" the qualifications and achieve financial sustainability. This small achievement should motivate us to work even harder and achieve our desired Audit Outcome.

The issue of personnel costs which for now is a primary threat to our financial sustainability is not receiving the appropriate attention. Given the sensitivity and emotion this matter evokes, the reluctance to act is understandable. However, it is a threat

and a very objective, well balanced effort without fear or favour must ensue. Both the political and administrative leadership of the Municipality must commit to build an effective, efficient and economical institution delivering Service Delivery Excellence.

A matter of serious concern is the water losses which is undermining our ability to deliver on our core mandate and contributing to our financial woes. A holistic approach has been adopted to control the loss to a negligible threshold.

One of the defining characteristics of the Turnaround Strategy is the implementation of cost-cutting measures especially on non-core activities. It was disconcerting to note the misguided reactions of those who sought to maintain the status quo and continue to enjoy unwarranted privileges. These cost-cutting measures have to remain a permanent feature of our administration.

The District Municipality co-ordinates Shared Services, agreements for Disaster Management, Audit Committee & G.I.S. Presently discussions are under way to implement a Shared Service in respect of planning.

In preparation for 2016 Local Government Elections the process of implementing demarcation changes which affects Vulamehlo and Umdoni in the North and Hibiscus Coast and Ezinqoleni in the South has commenced.

The Honourable President J G Zuma in his first State of the Nation Address of his second term has clearly enunciated that Local Government and Service Delivery remains a primary priority of government. This then is a clear indication that Municipalities must be in a state of continuous readiness to implement programmes of action to give effect to this national priority.

As a high capacity district municipality in a “highly” regulated environment our institutional arrangements geared towards Service Delivery should not be found wanting. Our present predicament cannot be logically explained and is clearly self-inflicted. There can be no detour from the path that this Turnaround Strategy has put us on.

It is only an unquestionable commitment to this path that can elevate us to be a people centred institution leading the quest for seamless Service Delivery Excellence.

We are all manufacturers – making good, making trouble, or making excuses

H.V. Adolt

DD NAIDOO
Municipal Manager

1.1 Municipal Functions, Population and Environmental Overview



Leaners from Idwalesizwe at Ezinqoleni attending one of Ugu-organised educational visit.

The Municipal Structures Act of 1998 (as amended) makes provision for the division of powers and functions between the District and Local municipalities. The provincial MECs adjust these powers and functions according to the capacity of the municipalities to deliver services.

Ugu's primary function is the provision of Water and Sanitation services as well as the maintenance of water and sanitation infrastructure.

As this remains the primary purpose of our existence, accordingly the majority of our resources should be directed in pursuit of this core mandate.

The achievement of universal access to Water and Sanitation must be drawing closer at a very progressive rate. To achieve this, the Municipality has directed significant resources to:

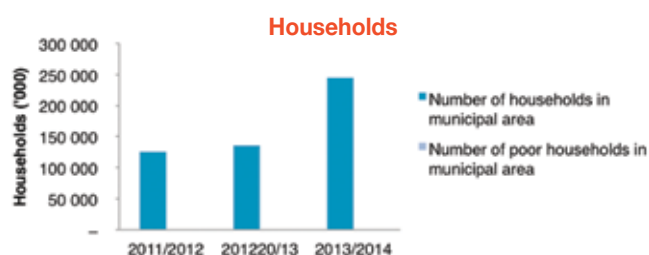
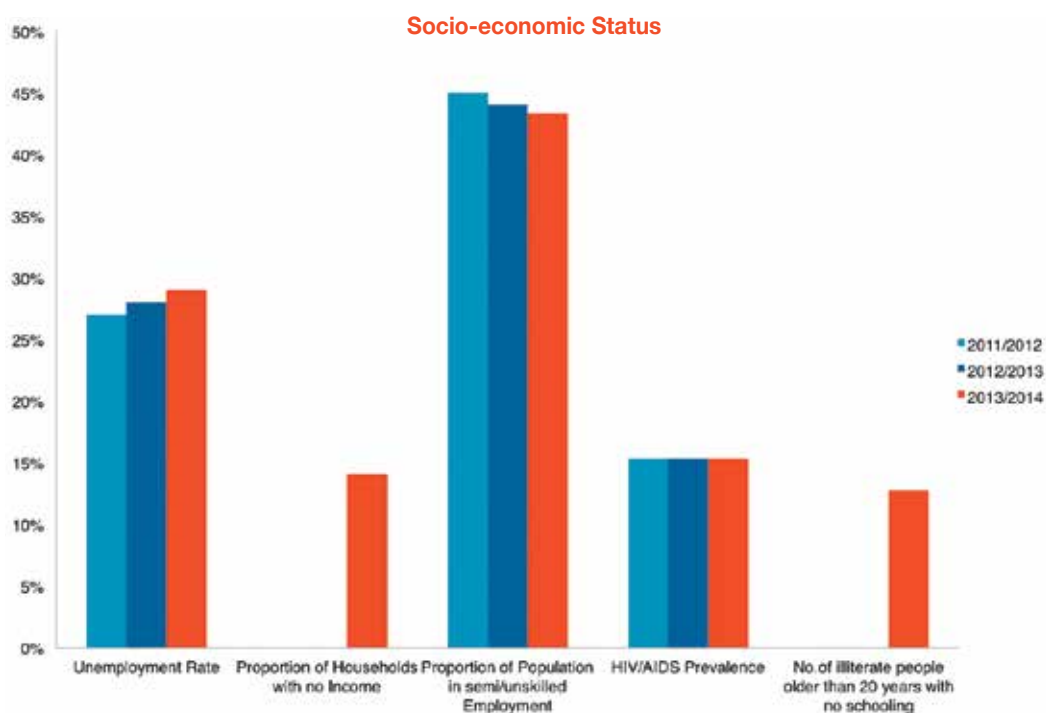
- Provide new Water and Sanitation infrastructure
- Maintain, rehabilitate and replace ageing infrastructure.

Our IDR, SDBIP and Performance Management Systems must reflect the implementation of this universal imperative.

The Municipal entity known as Ugu –South Coast Tourism Company (USCT) has been mandated to identify market gaps and needs, develop new tourist products, attract new tourism (domestic and international) and strategically market the destination. Since its formal inception there's been an improvement in the distribution of tourism spends in the entire district, better improvement of the events that are hosted by the municipal areas outside our tourists' hub. Challenges range from lack of skills, lack of well packaged tourism products, lack of well packaged black economic empowerment transactions in the industry and failure to unlock public sector owned land for tourism industry. Key factors impacting on the development of tourism in underdeveloped areas of Ugu are poor road access, ownership of land, and environmental degradation across the district.

In terms of Shared Services, the Municipality is providing limited shared services to the Local Municipalities and with the necessary capacitation of local municipalities; our role should be streamlined to be a more supportive and that of co-ordinating and facilitation.

Our investment in Water and Sanitation infrastructure is yielding positive results as this translates to increased access to water and sanitation.



POPULATION DETAILS							POPULATION '000		
Age	2011/2012			2012/2013			2013/2014		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	44 208	43 501	87 709	44 154	43 354	87 508	44 035	43 196	87 231
Age: 5-9	38 547	37 438	75 985	38 637	37 527	76 164	38 668	37 540	76 208
Age: 10-19	79 667	77 995	157 662	79 342	77 844	157 186	79 045	77 628	156 673
Age: 20-29	62 761	67 118	129 879	63 892	67 918	131 810	65 078	68 214	133 292
Age: 30-39	37 972	44 717	82 689	38 942	45 406	84 348	39 936	46 221	86 157
Age: 40-49	26 764	38 274	65 038	27 565	39 113	66 678	28 566	40 129	68 695
Age: 50-59	21 146	30 143	51 289	21 354	31 022	52 376	21 743	32 048	53 791
Age: 60-69	15 070	22 964	38 034	15 488	23 319	38 807	15 991	23 772	39 763
Age: 70+	10 533	21 514	32 047	10 847	22 204	33 051	11 208	23 063	34 271

Source: Statistics SA Census 2011

NATURAL RESOURCES	
Major Natural Resource	Relevance to Community
Coast	Tourism, recreation and aesthetics, religious beliefs, source of livelihood (food, employment and income), research and education
Biodiversity	Tourism, recreation and aesthetics, religious beliefs, source of livelihood (food and income), research and education, traditional health (medicine)
Air quality	Clean and safe environment, human health, education
Water resources	Domestic and industrial use, recreation, source of livelihood, education and research
Land	Agriculture, human settlements, resources for human consumption, source of power and human contentment

SOCIO ECONOMIC STATUS					
Year	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in semi/unskilled Employment	HIV/ AIDS Prevalence	No of illiterate people older than 20 years with no schooling
2011/2012	27%	-	45%	15%	-
2012/2013	28%	-	44%	15%	-
2013/2014	29%	14%	43%	15%	12.8%

Comment on Background Data

Unemployment in the district remains high with almost 30% of the working age population being unemployed. The data shows that 14% of Ugu's households have no income. The district's workforce is mostly semi skilled/unskilled which presents challenges in terms of the employability of the district's workforce. The prevalence of HIV and AIDS deaths in the Ugu region is one of the highest in the province. There has been a significant improvement in levels of literacy in the district over the years. Data shows that almost 13% of those over the age of 20 years had no level of schooling.

UNEMPLOYMENT							
Total	722 484	160 975	96 556	52 540	256 135	77 403	78 875
	Ugu	Umzumbe	Umuziwabantu	Ezinqoleni	Hibiscus Coast	Vulamehlo	Umdoni
Urban Formal	119 115	-	9 181	-	79 988	-	29 947
Urban Informal	7 839	-	686	-	4 562	-	2 591
Traditional/ Rural	569 006	159 368	84 025	49 662	159 433	74 952	41 566
Farms	19 965	1 166	2 161	2 667	9 607	2 266	2 099
Parks and recreation	320	-	-	-	76	-	244
Collective living quarters	765	-	-	-	92	-	673
Industrial	770	-	220	111	439	-	-
Vacant	1 412	442	283	100	318	184	85
Commercial	3 291	-	-	-	1 621	-	1 670
Total	722 484	160 975	96 556	52 540	256 135	77 403	78 875

1.2 Service Delivery Overview

Service Delivery Introduction

In terms of the National Government's definition of backlogs; households must have access to a formal water supply within a 200m walking distance. This implies that 70,5 % of households in the Ugu District have been served with a RDP level of service. Taking the approximate 20 000 households that are classified as "scattered" into account, the backlog that can be served with "piped" water is ONLY 18%. But the 20 000 households must then received alternative water supply such as springs, boreholes, or rainwater harvesting.

The SIHAMBASONKE - Ugu Water Master Plan was introduced by the Deputy Mayor, Cllr. Chiliza, to address the short term supply of water to all residents.

The plan will ensure that all residents receive some level of service, even though it might be below the National standard. The project has made progress on the ground since it has been introduced to 6 Local Municipalities within the District. The programme is headed by the Deputy Mayor as the Community participatory information gathering process. During the introductory meetings Ward Councillors were tasked with the responsibility to work together with ward committees in co-coordinating meetings on the ground with communities so that they would gather accurate information on the following sectors:

Existing infrastructure – that is functional/non-functional water schemes. (This will assist in making a valuable assessment of what needs to be done in order to rectify the situation on the ground).

Pipeline extension – In areas where there is sufficient water capacity, pipes can be extended to accommodate community within the surrounding areas.

Water tanks – Existing water tanks need to be identified within the areas of Local Municipality, taking into consideration the community that utilises them and the time it takes for the tank to get depleted in order to determine the intervals of filling the same water tank. Further to this it will assist in establishing where there is high demand so that more tanks can be added in order to meet the supply and demand in a cost effective method.

Rain water harvesting – This will be dedicated in areas where there are no pipeline extensions and as well as water tankers. The idea behind this is to give every citizen of the Municipality clean water at some point.

Springs/borehole Protection – This is highly recommended as the best method of providing clean water to our communities since most of our areas have a good potential to have springs.



A resident from Mvutshini fetches water from an Ugu truck.



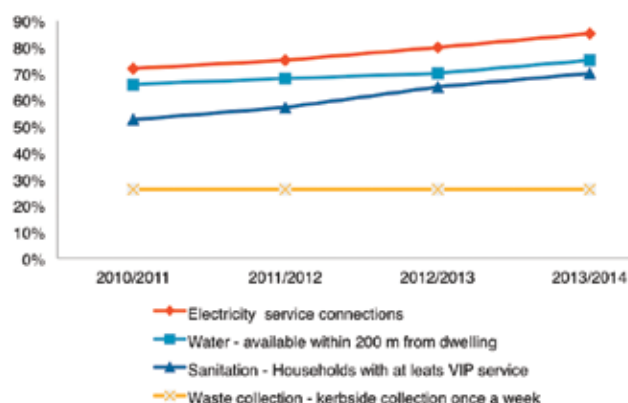
Exco member cllr Mondli Chiliza talking to workers at the workshop.



Fetching water from a standpipe.

Proportion of Households with minimum level of Basic services				
	2010/2011	2011/2012	2012/2013	2013/2014
Electricity service connections	72%	75%	80%	85%
Water – available within 200 m from dwelling	66%	68%	70%	75%
Sanitation – Households with at least a VIP service	52%	57%	65%	70%
Waste collection – kerbside collection once a week	26%	26%	26%	26%

Proportion of Households with Access to Basic Services



1.3 Financial Health Overview

Financial Overview

Ugu District Municipality's Constitutional Mandate of ensuring the provision of services to communities in a sustainable manner requires long term financial sustainability to support the service delivery objectives.

Long term financial sustainability must be ensured by the application of sound financial principles, strengthening of financial management systems and promotion of transparency. The multi-year budgeting method is currently being used to ensure stability. This method balances funding of capital expenditure with the impact on future operational budgets in the medium and long-term.

Sound financial principles must be addressed by ensuring that compliance to legislation is maintained and policies, delegations, roles and responsibilities are properly monitored.

The municipality is grant dependent and cannot fund capital projects in the short and medium term. The servicing of existing loan commitments from generated revenues has delayed the process of cash backing of the depleted reserves which had supplemented capital investment in prior years.

The municipality has developed the following turnaround plans in response to its cash crisis due to the decline in cash resources leading to a negative cash position for the past 3 years.

1. The 30 Point Plan
2. The 10 Point, Bail Out Plan
3. The Financial Recovery Plan
4. The MFMA Support Plan
5. The Financial Turnaround Plan

These plans were all targeting cost reduction in specific cost drivers and revenue opportunities in all functions of the municipality. The results of these plans have been:

- Increase in cash held at the bank at the end of the financial year.
- Improvement in the liquidity ratio
- Cash backing of conditional grants
- Increase in the operating surplus

FINANCIAL OVERVIEW: 2013/2014			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	687 732	684 691	667 169
Taxes, levies and tariffs	340 283	340 630	314 784
Other	9 207	12 350	44 928
Sub total	1 037 222	1 037 671	1 026 881
Less: Expenditure	626 603	726 910	675 138
Net total*	410 619	310 761	351 743

* Note: surplus

T 1.4.2

OPERATING RATIOS	
Detail	%
Employee Cost	36%
Repairs & Maintenance	3%
Finance Charges & Impairment	6%

T 1.4.3

Comment on Operating Ratios

The total salary costs for the 2013/2014 financial year amounted to R246, 106,223. This represents 37,12% of the total operating expenditure. During the financial year the municipality upheld its decision for the moratorium on the filling of vacant positions in the organogram and only critical posts were prioritised for appointment.

The cost for repairs and maintenance to municipal assets amounted to R17,031,296 which is 2,57%. This is an improvement from the prior year 1,67%. The municipality is targeting to spend at least 7% of its operating expenditure on repairs and maintenance. This can only be achieved if the maintenance plans for all existing infrastructure are maintained and re-active maintenance is reduced and replaced by preventative maintenance where practical. The municipality is in the process of compiling these plans following the finalisation of the physical asset verification and conditional assessments on all assets. Finance charges represent interest portion on the repayment of

long term debt and amounted to R14,983,120 from R16,961,174 in the last financial year. This represents 2,41% and 2,52% respectively. The reduction in finance charges has been due no loans been taken up in the current financial year. It must be noted that the current loan commitments are not funded from prior year capital investments as most loan funded projects have not yielded the expected cash inflows. The servicing of the current loans is therefore a burden to all consumers as these funds could be freed for other investments or priority projects.

TOTAL CAPITAL EXPENDITURE: 2011/2012 TO 2013/2014

R'000			
Detail	Year -2	Year -1	Year 0
Original Budget	366 519	324 382	375 045
Adjustment Budget	335 092	282 068	342 943
Actual	190 605	202 359	338 456

T 1.4.4

1.4 Organisational Development Overview

Organisational Development Performance

The Human Resources Section renders a comprehensive, integrated and customer focused human resources, including the following:

Recruitment and Selection – The key critical positions were filled where Section 57 Managers were appointed except for Deputy Municipal Manager and General Manager: Operations, which are waiting for the final adoption of the organisational structure that is currently under review and once approved the resolution of the Council on these positions, will be implemented.

Organisational Development – The Municipality is currently cascading Individual Performance Management Systems to Managers reporting to Section 57 Managers and levels below them with an aim of reaching all levels in the Municipality. Further to that

a Policy on Incentives and Rewards has been developed and is currently undergoing the stages of being adopted for implementation. This policy will be in use in 2014/2015 Financial Year.

Labour Relations – The number of dispute cases referred to SALBC has been reduced by 5% as compared to the previous years.

Employee Wellness Services – The Employee Assistance Programme and Occupational Health & Safety unit have been restructured into one unit now called Employee Health, Safety & Wellness Unit and they have launched the Employee Health, Safety and Wellness Strategy which has been adapted and aligned with the Municipality's policies on Health, Safety and Wellness.

1.5 Auditor General Report 2013/2014

Included in Component B, Item 6.2 on page 126.

1.6 Statutory Annual Report Process

1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2013/2014 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	January
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

ANNUAL REPORT PROCESS 2013/2014

In February 2014, the Accounting Officer officially designated an Annual Report Co-ordinator and 5 champions. Each champion represented a Department and had the responsibility of collecting and collating the data from their respective Departments for incorporation into the Annual report.

The key focus area was to ensure the alignment between the 2013/2014 Integrated Development Program (IDP), the 2013/2014

Budget and the Performance Management System.

The Annual Report Champions Task Team prepared a flowchart to ensure that all processes, timelines and procedures were in strict accordance with Circular 63, the MFMA and the Municipal Systems Act. The following is a summary of the process for preparation and completion during the Annual Report 2013/2014 compilation.

DESCRIPTION	DATE
Establishment of annual report champions & co –ordinator	28 February 2014
Annual Report Champions Monthly Meetings	25 March 2014 23 April 2014 20 May 2014 24 June 2014
DRAFT ANNUAL REPORT AFTER; Submission of annual financial statements as per section 126(1) of the MFMA. Annual Performance report needs to be included as per section 46 of the MSA. Municipal entities submit draft Annual Reports to MM.	July 2014
Annual Report Champions Task Tam Editing meeting	29 July 2014
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit/Performance Committee.	11 August 2014
Combined Audit/Performance committee considers unaudited Annual Report of municipality and entities	25 August 2014
Mayor tables the unaudited Annual Report in Council.	28 August 2014
Annual Report Champions Task Tam Editing meeting	28 August 2014
Municipality submits Annual Report including final annual financial statements and annual performance report to Auditor-General for auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of councils' directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into.	31 August 2014
Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AGs report. Council is expected to conclude on this matter before going on recess in December.	28 November 2014 23 January 2015
Auditor-General audits the unaudited Annual Report and submits an audit report to the accounting officer for the municipality/ municipal entity.	15 December 2014
Council adoption of annual report (mfma s127).	29 January 2015
Audited Annual Report is made public, e.g. posted on municipality's website	31 January 2015
Oversight report is submitted to Legislators, Treasuries and DCOG	31 January 2015

CHAPTER 2

GOVERNANCE



Ugu mayor cllr Ntombifike Gumede doing an interview by eHowzit editor Johan Pretorius.

The Council is a Legislative Political Structure which is entrusted with an oversight responsibility on matters pertaining to the developmental progress and implementation of service delivery projects.

There are various Portfolio Committee that are Chaired by the members of the Executive Committee who are playing a political oversight role on various activities that are implemented by the Municipal Administration Departments. All these Committee's report to the Executive Committee, Chaired by the Mayor, which takes decisions and also resolves to recommend to Council for the implementation of service delivery decisions.

POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 Political Governance

The Constitution of South Africa, in Section 151(3), states that a Municipality has the right to govern on its own initiative, the local government affairs of its community, subject to national and provincial legislation as provided for in the Constitution.

The Ugu Municipal Council has a total number of 35 Councillors, and 15 of whom are directly elected to represent the Local Municipalities. The Council is a legislative Political Structure which is entrusted with an oversight responsibility on matters pertaining to the developmental progress and implementations of service delivery projects. There are various Portfolio Committee's that are Chaired by the members of the Executive Committee who are playing a political oversight on various activities that are implemented by Municipal Administration Departments, those Portfolio Committees are as follows:

- Finance Portfolio Committee
- Water and Sanitation Portfolio Committee
- Local Economic Development Portfolio Committee
- Good Governance and Human Resources Portfolio Committee
- Special Programmes Portfolio Committee
- Financial management and administration performance is further monitored and evaluated by the Committees below,
- Municipal Audit Committee
- Municipal Public Accounts Committee (MPAC)

The function of the Municipal Audit Committee is to assist Council and the Accounting Officer by providing oversight responsibilities with regard to internal controls to the accounting function, auditing and reporting including Performance Management audit functions. In terms of providing technical capacity, it is a legislative requirement that an Audit Committee be established which considers the Auditor General's report and its implications for internal risk management and performance audit matters. The purpose and objective of the audit committee is to advise the municipal manager on:

- Financial reporting process;
- Systems of internal control;
- Audit process; and
- Advise the executive committee and council on matters relating to internal control and performance as set out in section 166 of the Municipal Finance Management Act and the process for monitoring compliance with approved procedures and systems.

The members of the Audit Committee are Defined in the MFMA 166(4), 166 (5) and at Ugu District Municipality, the unit of Internal Audit which is based within the Office of the Municipal Manager



Caption to come

provides support to this committee.

The committee has the following responsibilities;

Financial Statements

Ensure that all financial reports are complete and consistent with the information required. Review financial reports with management and the external auditors, before filing with regulators.

Internal Control

Ensure the effectiveness of the council's internal control over annual and interim financial reporting, including information technology security and control. Understand the scope of internal and external auditor's review of internal control, and obtain reports on significant findings with specific reference to the safeguarding of assets, accounting records and the maintenance of effective internal control systems.



Caption to come

Internal Audit

Review with management the charter, plans, activities, staffing organisational structure of the internal audit activity. Ensure there are no unjustified restrictions or limitations. Review the effectiveness of the internal audit activity, including compliance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing. On a regular basis, meet separately to discuss any matters that the committee or auditors believe should be discussed privately.

External Audit

On a regular basis, meet with the external auditors to discuss any matters that the committee or external audit believes should be discussed privately.

Compliance

Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigations, follow-ups and (including disciplinary action) of any instances of non-compliance. Review the findings of any examinations by regulatory agencies, and any auditor observations. Review the process for communicating the code of conduct to council personnel and for monitoring compliance therewith. Obtain regular updates from management and legal counsel regarding compliance matters. Assess the reliability of performance information reported and commission in-depth performance investigations where there is continued poor performance. Evaluate the committee's performance on a regular basis. Submit a performance audit report to council at least twice a year. Institute and oversee special investigations as needed.

Review and assess the adequacy of the committee charter annually, requesting executive committee approval for proposed changes. Confirm annually that all responsibilities outlined in this charter have been carried out. Section 14(4) (a) (iii) of the Local Government Municipal Planning and Performance Management Regulations requires that the audit committee submit a report to the Municipal Council at least twice a year, regarding the Performance Management System. In fulfilling its role and in carrying out its duties and responsibilities, the audit committee may conduct such investigations and seek from any employee or councillor such information as it considers necessary to enable it to fulfill its functions, and all employees and councillors are required to co-operate with any request made by the audit committee. The committee must consider and recommend improvements in financial control and accounting systems as well as assess extraordinary items or abnormal disclosures with specific reference to:

- The annual financial statements;
- Accounting policies and practices;
- Specific strategic reports;
- External audit procedure;

- The annual external audit report before submission to the relevant committee;
- All Internal audit activity;
- Compliance with law, audit and accounting standards; and
- Reports of the Head: Investigations.
- Audit committee members do not have any authority to make any decisions on behalf of the council.
- In terms of the Municipal Audit Committee's functionality and oversight process at Ugu District Municipality, the following is applicable;
- All reports requiring Audit Committee consideration shall first go to the Management Committee
- The reports shall then go to the Audit Committee which shall meet at least once every two months;
- After consideration by the Audit Committee, the reports shall be tabled to the Executive Committee, by the Chairperson of the Audit Committee or his/her nominee.

The municipal public accounts committee (MPAC) must report directly to council through the Speaker: Any other form of reporting line will compromise its independence, authority and integrity. As MPAC performs an oversight function on behalf of council it is not a duplication of, and must not be confused with either the internal audit committee or the finance portfolio committee. The internal audit committee is an independent advisory body that advises council and the executive on financial and risk matters and can act as an advisory body to a MPAC. The finance portfolio committee deals with financial management issues such as budgetary, revenue and expenditure management and supply chain management. The primary function of a MPAC is to help council to hold the executive and the municipal administration to account and to ensure the efficient and effective use of municipal resources. It will do this by reviewing public accounts and exercising oversight on behalf of the council.

The committee must examine:

- financial statements of all executive organs of council;
- any audit reports issued on those statements;
- any reports issued by the AG on the affairs of any municipal entity;
- any other financial statements or reports referred to the committee by council; and
- the annual report on behalf of council and make recommendations to council thereafter; and
- may report on any of those financial statements or reports to council;
- may initiate and develop the annual oversight report based on the annual report;
- may initiate any investigation in its area of competence; and
- must perform any other function assigned by resolution of council.

When the committee examines the financial statements and audit

reports of a municipality or municipal entity, it must take into account the previous statements of and reports of the entity and report on the degree to which shortcomings have been rectified; The committee must monitor the extent to which its recommendations and that of the AG are carried out; The outcomes and the resolutions of the deliberations of this committee must be reported to council and made public; and It must enhance the accountability process by ensuring that there is objective political oversight, which allows for public involvement and comments in addition to other established governance committees, such as the finance portfolio committee and the independent audit committee. A MPAC, similar to other council committees, should solely be comprised of councillors appointed by a full council meeting. The actual size should be determined by the size of a council (i.e. number of councillors), but care should be taken to ensure that members represent a wide range of experience and expertise available in council as well as political representation. The size should range between a minimum of 5 to a maximum of 12, mainly dependent on the size of the council. In keeping with the tradition of oversight function, the council may consider whether a member of an opposition party must chair a MPAC. The Mayor and members of the executive committee are not allowed to be members of a MPAC.

Reports requiring the Municipal Public Accounts Committee's Consideration follow the process as below;

- All reports requiring Municipal Public Accounts Committee's consideration shall first go to the Management Committee;
- In order for the Municipal Public Accounts Committee to be able to deal with the report, the Chairperson of the Portfolio Committee and the Head Of Department responsible should be present at the tabling of the report;
- Reports from MPAC shall go directly to the full council with a report from the MPAC Chair.

This committee meets at least once quarterly as per the annual council roster of meetings.

There is a person deployed by the KZN Department of Cooperative Governance and Traditional Affairs, who advises, provides support and gives strategic direction on matters of public participation.

The Speakers Forum which is chaired by the District Speaker meets on a monthly basis to facilitate and perform a Political oversight role on matters of public participation.

The Intergovernmental Relations (IGR), District Mayors and Municipal Managers Forums further synthesis decisions of the Speakers Forum and ensures that resolutions taken are put into practice.

The **Operation Sukuma Sakhe Programme**, formerly known as the Flagship, Social Cluster Programme (War on Poverty), was introduced to the Ugu District in 2009. In introducing the



Community members attending an Operation Sukuma Sakhe Indaba at the Ugu Sports and Leisure Centre.

programme, the KwaZulu-Natal, Office of the Premier gave a mandate to all districts, to ensure that the following is in place, to ensure successful implementation of the OSSP:

Structural Composition

Structure constitutes the District Task-Team (DTT), Local Task-Teams (LTTs), Ward Task-Teams (WTTs), Political Champion (MEC), Administrative Champion (HOD) District Convener

Focus Programmes

Focus programme include: Poverty Alleviation, HIV & AIDS, TB & STIs as well as all health matters, Employment Creation, Youth Development, Drug & Substance Abuse and other social ills, Orphaned & Vulnerable Children and other vulnerable groups (E.g. Senior Citizens, Women, Farm Workers & People Living with disabilities), Illiteracy & other educational programmes, Food Security & social relief, Economic Development and Provision of critical registration documents (E.g. birth certificates, IDs).

Infrastructure

Areas of focus include: Community halls, Schools, Clinics, Crèches, MPCCs, Churches or any other suitable infrastructure, depending on the area

Implementation Process

The implementing process involves: Household Profiling (HHP), reporting of findings to WTT, Referral of cases to relevant department/entity, Provision of interventions, Capturing of HHPs in NISIS at the Office of the Premier (OTP), Operation Mbo (To cover the general community and fast track service delivery).

Councillors

The executive and legislative authority of a municipality is vested in its Municipal Council. The pre-eminent roles of the Council, amongst others, are the approval of by-laws, budgets, policies, IDP, tariffs for rates and service charges. The Council consists of 35 members, seven of whom are full-time.

Refer to Appendix A where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

Appendix B sets out Committees and Committee purposes.

Political Decision-Taking

All resolutions taken at EXCO and Council for the 2013/2014 financial year were implemented.

Below are the Councillors of Ugu District Municipality who, together with the Executive Leadership above make up 35 members of the Municipal Council.

Ugu District Municipality's Executive Leadership



*Cllr NH Gumede
Mayor*



*Cllr MA Chiliza
Deputy Mayor*



*Cllr SB Cele
Speaker*



*Cllr NF Shusha
Exco Member*



*Cllr JS Mbutuma
Exco Member*



*Cllr IM Mavundla
Exco Member*



*Cllr S Mahomed
Exco Member*



*Cllr Dr SG Nyawuza
Exco Member*

Ward Committees

The District includes six local municipalities with 81 wards and all ward committees have been established. However, the key challenges that hinder effectiveness of ward committees include administration / logistics support and the vastness and inaccessibility of rural wards. Some of the areas are serviced by the Community Development Workers who have a dual responsibility to report to Department of Local Government and Traditional Affairs and Local Municipalities.

A resolution was taken at the IGR meeting in February 2009 that ward committee members shall be paid a stipend per meeting.

Ward committee members with certificates they received after attending a workshop



Ward committee members with certificate they received after attending a workshop.

Traditional Leaders

In terms of the Local Government Municipal Systems Act, the Municipal Council is required to include the Traditional Leaders/ Amakhosi as non voting members of the Council. On the 21 October 2013, the Ugu District Municipality's Speaker hosted a Traditional Leaders Workshop with the Ugu Executive Committee, 32 Traditional Leaders, Local Municipalities and the Mayors, Deputy Mayors and Speakers of the various Local Municipalities within the District. The workshop was an induction workshop with guest speakers from SALGA, COGTA and the Ugu Mayor supporting the incorporation of the traditional leaders in Municipal Councils.

Thereafter, on the 31 October 2013, the Ugu District Municipal Council welcomed the Traditional Leaders, who would be participating in Council. The Speaker and Council welcomed all the Amakhosi to Council and expressed the belief that Council and Amakhosi would work co-operatively going forward. The following Amakhosi were sworn in by the Speaker:

- Inkosi RS Shinga
- Inkosi BS Nzimakwe
- Inkosi NC Jali
- Inkosi TC Cele
- Inkosi MBW Xolo
- Inkosi ZGB Msomi
- Inkosi NV Mbotho - 28 November 2013



Traditional leaders attending council meeting.



Traditional leaders is sworn into the council by Ugu speaker Cllr SB Cele.

Ugu District Municipality's Councillors



*Cllr SB Cele
Speaker*



Cllr BE Machi



Cllr D Snashall



Cllr DH Njoko



Cllr E Moosa Bux



Cllr Dr FB Shezi



Cllr GD Henderson



Cllr J van Vuuren



Cllr KBM Mbhele



Cllr LN Myende



Cllr M Manyoni



Cllr MB Gavu



Cllr MP Mteshane



Cllr MPL Zungu



Cllr NA Madlala



Cllr NP Mpanza



Cllr SM Zuma



Cllr TM Cele



Cllr TN Dzingwa



Cllr VL Ntanza



Cllr Y Nair



Cllr YL Duma



Cllr MG Sonwabo



Cllr NY Mweshe



Cllr SA Khawula



Cllr ST Gumede



Cllr ZA Mhlongo



Cllr JM Ndela

2.2 Administrative Governance

The Ugu District Municipality is committed to transparent and accountable governance. The broad range of public participation programmes and processes, especially related to its IDP and Budget, bears testimony to the institution's commitment to involve its communities in its planning and decision-making processes.

The Council of the Ugu District Municipality is the highest decision making authority in the institution. It guides and instructs the administrative component, which implements the decisions taken by the political component. The head of the administrative component is the Municipal Manager, DD Naidoo and there are 4 General Managers for the various Departments within the Municipality.

Ugu District Municipality's Administrative Leadership



*Mr DD Naidoo
Municipal Manager*



*Ms L Cele
General Manager
Water Services*



*Ms S Mbili
General Manager
Treasury*



*Ms V Tsako
General Manager
Corporate Services*



*Ms Z Mbonane
General Manager
Infrastructure & Economic
Development*

INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations Act sets out the principles and objectives of the IGR.

The main objectives of the IGR are:

- Coherent Government,
- Effective Service Delivery,
- Monitoring implementation of policies and legislation; and
- Realisation of National Priorities.

These objectives will be achieved through the intergovernmental system. Intergovernmental Relations is an instrument for mobilising the distinctive efforts, capacities, leadership and resources of each sphere of Government towards service delivery and government defined development objectives.

The strategic role of IGR is facilitating integrated service delivery and development and therefore the capacity of Municipalities to manage IGR is of vital importance. For this reason, Ugu IGR District Framework, has been developed as a specific strategy to strengthen the functioning of the IGR system in respect of local government within Ugu district family of Municipalities. This framework has advocated for the creation of IGR Clusters to handle specific matters of service delivery.

The objectives of the forming four Clusters are to promote and facilitate intergovernmental relations and cooperative government between the District Municipality, Sector Departments and the Local Municipalities, including;

- To seek unity of purpose and coordination of effort around the District's development priorities; and
- To ensure effective and efficient service delivery unhampered by jurisdictional boundaries.
- Draft national and provincial policy and legislation relating to matters affecting infrastructure and basic service delivery in the District;
- The implementation of national and provincial policy and legislation with respect to such matters in the District.

There are four clusters that were created which are chaired by the different Municipal Managers from across the family of Municipalities, and clusters are as follows;

- Infrastructure, Basic Facility and Service Delivery
- Local Economic Development
- Administration and Governance
- Social Transformation.

These clusters report to the IGR Technical Forum and service delivery matters emanating from clusters are further escalated to the IGR District Mayors Forum.



HCM speaker at the IGR meeting in Margate.

National Intergovernmental Structures

President's coordinating Council, the Council looks at the national interests. It comprises of the President, Deputy President, Minister in Presidency, Cabinet members, Premiers of the Provinces and SALGA representation. The structure is functional.

Provincial Intergovernmental Structures

The Premier's Intergovernmental Forum is chaired by the Premier. It comprises of the following members; the Premier, Members of Executive Council, Mayors of the Districts and Metropolitan and SALGA representation. The Forum looks at the matters of interest in the Province, the structure is functional. The Municipal Manager and the Mayor of Ugu District Municipality are the participants in the Premiers Coordinating Forum and MuniMEC. All the decisions taken by the District IGR Forums are escalated to the Province and vice versa.

District Intergovernmental Structures

There are 4 IGR Clusters established within the District namely;

- Social Transformation
- Local Economic Development
- Governance and Administrative
- Basic Infrastructure and Public Facilities.

These clusters meet once quarterly. In terms of the Intergovernmental Relations (IGR) Framework Act there are various structures and mechanisms established to ensure internal and external stakeholder engagement, and all these structures have Terms of References that are adopted by the Council.

The special groups such as people living with Disability, Youth, Farmers and Women have established their respective forums and the Special Programmes Portfolio Committee facilitates and ensures rapid responses to the needs of the vulnerable groups.

The District Forum is chaired by the Mayor of the District and is composed of the Mayor of the District and Local Municipalities'

Mayors. The role of the Forum is to discuss the matters of interest within the District, coherent planning and development, alignment of strategic plans and priorities and/or objectives. The success has been made in the establishment of the following Forums; Mayors' (IGR) Forum and Municipal Managers' Forum which are operational.

The sub structures of the Municipal Managers Forum are as follows:

- Communications and Administration
- Community Development and Social Services
- Finance Forum
- Development Planning
- Infrastructure and Public Facilities
- Economic Planning and Development

PUBLIC ACCOUNTABILITY AND PARTICIPATION

The District Municipality engages communities through the IDP and Budget road shows. During this process communities are requested to voice their concerns and to have input on the budget. Government departments are also encouraged to be involved in these processes so that they will be able to address issues that

concern them.

Capacity building workshops are conducted, a performance management system is in place, and functionality of ward committees is monitored to empower ward committees for effective community participation.

T 2.4.0

2.3 Public Meetings

Communication, Participation and Forums

The Municipality has a broad spectrum of consultative and participatory public programmes in place to ensure community participation in municipal planning and decision-making processes.

In addition, awareness campaigns are held throughout the year to provide vital information to local communities, for example, on how they may access municipal services and support programmes. Invitations to the public to public meetings are communicated via councillors, media (print and electronic), loud hailing and other methods. These meetings provide communities with the opportunity to interact and share their concerns and complaints with the leadership and administration of the Municipality. Key in the Municipality's Public Participation Programme are the IDP/Budget and Annual Performance meetings. Public meetings are conducted by ward councillors and the District Municipality through Mayoral Izimbizo. The Municipal Political leadership are often deployed to communities if petitions are received through the Speakers Office from the public.

The municipality has an established IDP Forum which meets monthly, an IGR forum, Speakers Forum, Municipal Managers Forum, CFO,s Forum which ensure public and stakeholder participation in key decision making processes.

Important public documents (i.e. IDP, SDBIP, Annual Report, Municipal Policies and By-laws) are published on the municipal website.



Community meeting.



An IDP roadshow.

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Adminis-trators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Umdoni Local Municipality						
Water Issues	March/April 2014	1	2	100	Yes	The community members were alerted that the situation would be rectified and they would have water asap
Roads	March/ April 2014	1	2	100	Yes	The Municipality is in progress of purchasing machinery to repair and re-grade roads within the specified wards
Housing	May 2014	3	2	150	Yes	The matter is being discussed at a higher level as the community wants houses yet they feel that the house being built should be built by them as it is their land
Umuziwabantu Municipality						
RDP Ward 1	12 March 2014	1	-	29	Yes	All issues resolved and report backs through the ward committee
Reports from Councillor Ward 2	13 March 2014	1	-	77	Yes	All issues resolved and report backs through the ward committee
Job Creation Ward 3	06 February 2014	1	-	31	Yes	All issues resolved and report backs through the ward committee
Water Issues Ward 4	08 June 2014	1	-	237	Yes	All issues resolved and report backs through the ward committee
Placement of Tanks Ward 5	08 June 2014	1	-	11	Yes	All issues resolved and report backs through the ward committee
Police Forum elections Ward 6	21 June 2014	1	-	56	Yes	All issues resolved and report backs through the ward committee
Roadshows Issues	11 March 2014	1	-	11	Yes	All issues resolved and report backs through the ward committee
Grader Issues	05 March 2014	1	-	18	Yes	All issues resolved and report backs through the ward committee
Election of Forum Ward 9	21 March 2014	1	-	35	Yes	All issues resolved and report backs through the ward committee
Roadshow Issues Ward 10	20 March 2014	1	-	29	Yes	All issues resolved and report backs through the ward committee
Ezinqoleni Municipality						
Community meeting regarding houses	26 July 2013	10	3	100	Yes	07 October 2014
Community meeting	26 July 2013	10	2	10	Yes	08 October 2014
Community meeting regarding Ntonga to Thonjane	25 September 2013	10	4	70	Yes	17 October 2014
Report Back to Community	07 October 2013	10	3	250	Yes	-
Report Back to Community	08 October 2013	06	2	270	Yes	-
Report Back to Community	11 October 2013	06	4	243	Yes	-

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Report back to community	16 October 2014	07	8	130	Yes	-
Report back to community	17 October 2013	08	5	200	Yes	-
Report back to community	18 October 2013	08	6	250	Yes	-
Meeting with different religious people	24 October 2013	03	8	50	Yes	-
Mayoral Izimbizo	13 May 2014	10	6	260	Yes	-
Mayoral Izimbizo	14 May 2014	11	7	270	Yes	-
Mayoral Izimbizo	15 May 2014	10	10	250	Yes	-
Umzumbe Municipality						
Community meeting regarding water challenges	July to September 2014	All	all	150	Yes	October to November 2014
Mayoral Izimbizo	October to November 2014	all	all	300	Yes	Report be done by ward councilors during quarterly public Meetings
Public Participation	April to June 2014	all	all	190	Yes	Report be done by ward councilors during quarterly public Meetings
Crime Prevention	January to march 2014	all	all	200	Yes	Report be done by ward councilors during quarterly public Meetings
Hibiscus Coast Municipality						
Cluster 1 – Public participation (prioritizing community needs)	November 2013 and April 2014	5	10	197	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 201/15.
Cluster 2 - Public participation (prioritizing community needs)	November 2013 and April 2014	3	9	105	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15
Cluster 3 - Public participation (prioritizing community needs)	November 2013 and April 2014	7	8	186	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15.
Cluster 4 - Public participation (prioritizing community needs)	November 2013 and April 2014	4	6	163	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15.
Cluster 5 - Public participation (prioritizing community needs)	November 2013 and April 2014	6	-	192	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15.
Cluster 6 - Public participation (prioritizing community needs)	November 2013 and April 2014	6	15	373	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15.
Cluster 7 – Public participation (prioritising community needs)	November 2013 and April 2014	4	13	252	Yes	Requests were made in November during mayoral Izimbizo. Feedback given in April and incorporated into IDP 2014/15.

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Vulamehlo Municipality						
IDP/Budget Roadshow – Ward 07	04 April 2014	20	-	156	Yes	Community VD meetings
IDP/Budget Roadshow – Ward 05	09 April 2014	20	-	231	Yes	Community VD meetings
IDP/Budget Roadshow – Ward 01	02 April 2014	20	-	89	Yes	Community VD meetings
IDP/Budget Roadshow – Ward 10	07 April 2014	18	-	145	Yes	Community VD meetings
IDP/Budget Roadshow – Ward 08	08 April 2014	15	-	221	Yes	Community VD meetings

Effectiveness of the Public Meetings

The 2013/2014 Ugu District Municipality Mayoral Izimbizo was successful and the District Municipality is in the process of addressing issues that were raised by communities during this consultative process.

2.4 IDP Participation and Alignment

IDP PARTICIPATION AND ALIGNMENT CRITERIA*	YES/NO
Does the municipality have impact, outcome, input, output indicators?	No
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No

CORPORATE GOVERNANCE

The Municipality has prioritised good and ethical corporate governance. In this regard, it has a functional Risk Management

Unit and a Risk Management Policy; an Internal Audit and an Anti-Fraud and Anti-Corruption Strategy in place.

2.5 Risk Management

Risk Management is one of Management's core responsibilities in terms of section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a Municipality.

It is a systematic process to identify, evaluate and address risks

on a continuous basis before such risks can impact negatively on the service delivery capacity of a municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

The Municipality conducts Risk Assessments (Enterprise wide, IT and Fraud risk assessments) annually and develops an organisational Risk Register. The Risk Register is compiled to determine the magnitude of risk exposure by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives.

The identified risks are prioritised which enables Management to focus more time, effort and resources on higher risk areas.

The Municipality has a Risk Management Committee in place. There is a framework in place such as the Risk Management Policy, Risk Management Committee Charter, Risk Management

Implementation plan, Risk management Strategy and Mitigation plan. Outlined below are key 5 risks that the Municipality is facing as per the risk register.

Anti-Corruption and Fraud

The District Municipality together with its Local Municipalities have committed themselves to fight against fraud and corruption. They have strengthened their fraud prevention and detection techniques by jointly procuring the services an Anti Fraud and Corruption Hotline from an independent service provider where members of the public can anonymously blow the whistle on fraud and corruption.

Below is the flowchart outlining the procedure for receiving and investigating the fraud and corruption allegations.

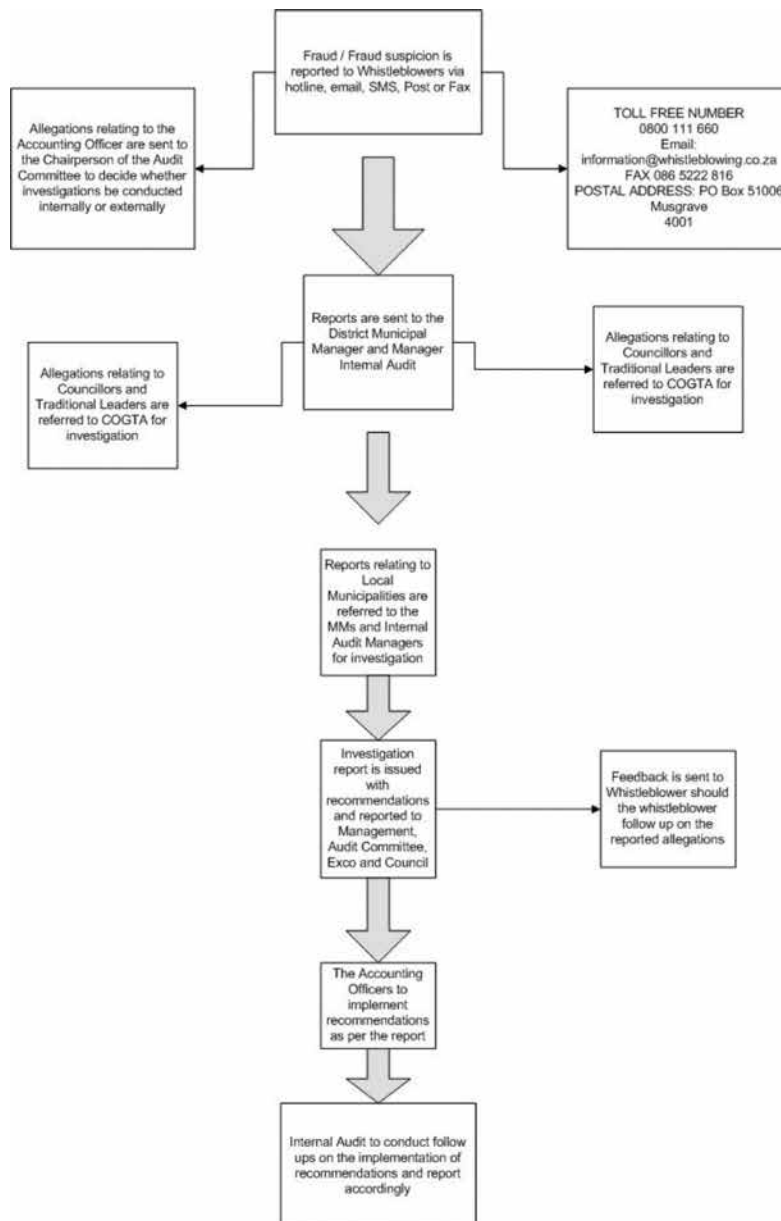
NO	RISK TITLE	RESIDUAL RISK RATING (SEVERITY)	ACTIONS TAKEN/ TO BE TAKEN	BUDGET	TIME FRAMES	RISK MANAGER
1	Excessive expenditure on overtime	25	Pre authorisation of overtime by supervisor and Manager Approval by MM of overtime work exceeding 40 hours Payment of overtime a month later in order to allow enough time for checking Implementation of standard operating procedures; and Control Centre to manage work to prevent fraudulent overtime claims by officials. Continuous monitoring	0 0 0 0	Ongoing	GM CS
2	Ineffective maintenance of water infrastructure	25	Develop and implement the asset management plan. Develop and implement the operations and maintenance plans Revision of a Water and Sanitation Services master plan Capacity Building	0 0 Funded by COGTA	01 July 2014	GM WS Snr Manager Operations
3	Inability to collect and maximise revenue	20	Finalising the process of outsourcing meter reading Collection of long outstanding debt through the Debt recovery task team Data Cleansing	0	31 December 2013 Ongoing	CFO
4	Inadequate Asset management system	25	Review and implement asset management policy Develop and implement asset management plan Review and update of the organogram of the asset management unit. Uploading of existing assets data to AX Financial System.	2.4m	31 May 2014 30 June 2014 30 June 2014 31 October 2013	CFO GM: CS GM WS
5	Ineffective implementation and sustainability of LED Projects	20	Exploring an option of obtaining an investors to run the project	0	31 December 2013	GM: IED



At the anti-fraud and corruption hotline launch.

The contact details for the Anti Fraud and Corruption Hotline are as follows:

0801 111 660
 information@whistleblowing.co.za
 Fax 086 5222 816
 P. O. Box 51006
 Musgrave
 4001



2.6 Supply Chain Management

The Municipality's supply chain management functions have been centralised in the Treasury Departments Supply Chain Management unit. All bid committees are in place and effective and they sit as per adopted roster of bid committees.

The coordination of procurement of goods and services, and management of supplier database and the management of contracts is performed by the SCM unit.

The Supply Chain Management policy and Standard Operating Procedures are in place and will be reviewed for the 2014/2015 financial year.

There is an updated contracts register that is populated with all contracts that have been awarded, they have all been procured through the SCM system and are in writing, with the terms and conditions stipulated in the contract. The period of each contract

is specified in the contracts register. A contracts co-ordinator is responsible for the management of all the municipal contracts.

All officials in the Supply Chain Management unit meet the prescribed competency levels as required by the Municipal Finance Management Act (MFMA).

The demand management is being practiced through the Procurement Plan that was adopted as a working document of the municipality.

There is still a great need for improvement in the following areas:

- Contracts awarded within 90 days.
- Limited or decreased irregular expenditure.
- Skills development for the current staff in the SCM unit.

2.7 By-laws

The Water and sanitation bylaws were reviewed and promulgated in 2009 and are due for review in 2014.

Enforcement of these bylaws is limited by the shortage of law enforcement staff, however, urgent issues are addressed. Illegal

connections are a major problem and require intensive focus in the 2014/15 financial year.

During the 2013/2014 financial year, the Air quality by-laws were adopted and implemented.

BY-LAWS INTRODUCED DURING YEAR 2013/2014

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-laws Gazetted* (Yes/No)	Date of Publication
Air quality management by-laws	n/a	Yes	March, April, June, September, November 2014	Yes	1 October 2013

Comment on By-laws

The Ugu District Municipality introduced one set of new by-laws during the 2013/2014 financial year, namely the Air Quality by-laws. These involved public participation in workshops with local municipalities within the District, an English and isiZulu advert

was published in the local newspapers and 28 days were allowed for comments. The by-laws were adopted by Council in October 2013 and gazetted in November 2013. The new by-laws are currently effective and are being implemented.

2.8 Websites

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
Documents published on the Municipality's Website	Yes/No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Updated monthly
All current budget-related policies	Yes	06 May 2014
The previous annual report (2012/2013)	No	n/a
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2013/2014 and resulting scorecards	Yes	09 September 2013
All service delivery agreements 2013/2014	Yes	20 September 2013
All long-term borrowing contracts 2013/2014	Yes	26 June 2013
All supply chain management contracts above a prescribed value (give value) for 2013/2014	Yes	08 May 2014
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2014/2015	No	
Ugu has not disposed any assets in 2013/2014	n/a	
Contracts agreed in 2013/2014 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	31 May 2014
Public-private partnership agreements referred to in section 120 made in 2013/2014	No	
Ugu did not enter into any public-private partnership agreements in 2013/2014	n/a	
All quarterly reports tabled in the council in terms of section 52 (d) during 2013/2014	Yes	20 September 2013



Comment on Municipal Website Content and Access

Content Shortfall: Regular meetings with Departmental Website Content Champions are being, and will continue to be convened to address the shortfall in content as per the ICT Steering Committee resolution. The Web Administrator has been given more responsibility and power to actively request the various departments to provide information and documentation whose publication on the website is regulated by the legislation.

Providing Access to Public: The Municipality has no immediate plans to place personal computers in locations accessible to

the public to facilitate their access of the municipality's website. However, resolutions have been taken at Extended Manco meetings where ICT has been instructed to research ways to improve public access to information published by the Municipality with special emphasis on rural communities as they are the most affected by the digital divide. Financial constraints and lack of capacity with regards to staffing in the ICT section are the biggest obstacles in achieving this mandate.

Access Monitoring: The website has a counter to track the number of visitors and hits online.

2.9 Public Satisfaction on Municipal Services

Public Satisfaction Levels

The Municipality has prioritised public engagement, consultation and interaction in respect of service delivery and key municipal programmes and projects. It is acknowledged, however, that there is room for improvement.

The centralised public hotline through which all service delivery concerns, complaints and questions are channeled for a speedy response and action (0800 092 837) is active and functional. This system is monitored by the Customer Care Manager with active input into its continued improvement.

SATISFACTION SURVEYS UNDERTAKEN DURING: 2013/2014				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality	Structured Questionnaire	May – July 2013	8 975	80%
(b) Municipal Service Delivery	Structured Questionnaire	May – July 2013	8 975	50%
(c) Mayor	Structured Questionnaire	May – July 2013	8 975	80%
Satisfaction with:				
(a) Refuse Collection	Structured Questionnaire	May – July 2013	8 975	Local municipality competency
(b) Road Maintenance	Structured Questionnaire	May – July 2013	8 975	30%
(c) Electricity Supply	Structured Questionnaire	May – July 2013	8 975	45%
(d) Water Supply	Structured Questionnaire	May – July 2013	8 975	45%
(e) Information supplied by municipality to the public	Structured Questionnaire	May – July 2013	8 975	60%
(f) Opportunities for consultation on municipal affairs		May – July 2013	8 975	60%

Ugu District Municipality procured the services of a service provider and successfully completed a perception survey during the 2013/2014 financial year. The survey presented those aspects of life that Ugu residents were satisfied and dissatisfied with, thus providing the Municipality with direction in formulating programmes and projects on how to improve and fulfill the needs of its people in terms of its Integrated Development Plan.

It should be noted that the survey was a snapshot and focused mostly on the disadvantaged communities of the local municipalities rather than on the more advantaged communities within the District.



A resident from Umzumbe comments at the IDP budget roadshow.

Comment on Satisfaction Levels

The results of the survey were as follows;

Main Satisfaction Levels

- 61% of the respondents in the District pointed out that access to the municipal offices are without any particular challenges or harassment.
- The municipal buildings are accessible to People with Disabilities without any challenges as indicated by 67% of residents in Ugu.
- 69% of senior citizens interviewed and consulted through the focus groups pointed out that the municipal buildings are easily accessible.

Main Dissatisfaction Levels

- 58% of the residents said that storm water does not exist where they live.
- 59% of people in Ugu pointed out that methods used to notify them about service interruptions were poor.
- 53% of the residents were not happy for not participating in the budget tariffs and planning processes within their areas.
- 62% of the respondents were not participating in the consultative processes such as Integrated Development Plan, road shows; budget processes
- 47% of the residents were not happy about the existence of corruption and corrupted behaviour within the district
- 87% of the people in the district pointed out that unemployment is a major challenge in their areas.
- 60% of the residents said that nepotism is another challenge of the district.

Major priorities highlighted

- 45% of the respondents pointed out that water and sanitation services are in high demand and must be on the priority list of the district.
- 46% of the citizens surveyed highlighted that the support and care for HIV & AIDS, elderly people, people with disability, gender parity; vulnerable children needs to be prioritized by the district.
- 39% of the citizens said that the tertiary education needs to be prioritised by the district.
- 43% of the citizens want constructed clinics prioritised and 40% would like home based care prioritised.
- 56% want the old age grant to be prioritised, 54% would like children grant to be prioritised and another 54% pointed out that the Disability Grant needs to be prioritised in the district.

From the preseding statistics it depicts that the majority of people interviewed in the district are not satisfied with a range of services provided by the district. The discontent or unhappiness of residents in Ugu District concerns almost all departments, services and amenities of the district and its local municipalities. This is a grave challenge that requires serious and urgent interventions if Ugu District and its six local municipalities is indeed going to adhere to its constitutional obligation of promoting socio-economic development in its area of jurisdiction.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

The biggest achievement during 2013/2014 was the completion of the Mhlabatshane Dam at a cost of R 200 million. The dam will provide water to approximately 50,000 people. The installation of all the bulk services and reticulation is almost complete.

The VIP programme was also very successful in that the Umdoni and Ezinqoleni Municipal areas were completed. The remaining Municipalities within the District will be done within the next three years.

Water and sanitation to the Isonti, Masinenge and Masikele housing projects have commenced. The three projects will serve more than 5000 people, once completed.

Construction for the extensions to both the Bhobhoyi and Umtamvuna Water Treatment Works has commenced. This will produce an additional 37 Ml/day to the coastal and surrounding areas, from Hibberdene to Port Edward and inland to Izinqolweni and Mdlala.

Studies and designs for the construction of the WEZA dam and Ncwabeni dam are at completion stage. The two dams will provide water to Harding and Mabaleni to Port Shepstone, Margate and Ramsgate areas.

BASIC SERVICES

The District often experiences major problems with its bulk infrastructure. Most of the dams and treatment plants have reached their maximum capacities. Extension to the Bhobhoyi and Umtamvuna Water Treatment Works is underway and two additional dams are in the final planning/design stage.

Development of water infrastructure in the inland areas is restricted due to the limited capacity of rivers in these areas.

It includes all the areas and major bulk projects will have to be implemented over the next few years to address these shortages. The capacity of the rivers in some areas will be a limiting factor.

The introduction of the Sihambasonke program by the Deputy Mayor will go a long way in providing short term relief. Adequate funding for this program remains a challenge.



Ugu District Municipality prides itself for the provision of water in rural areas.

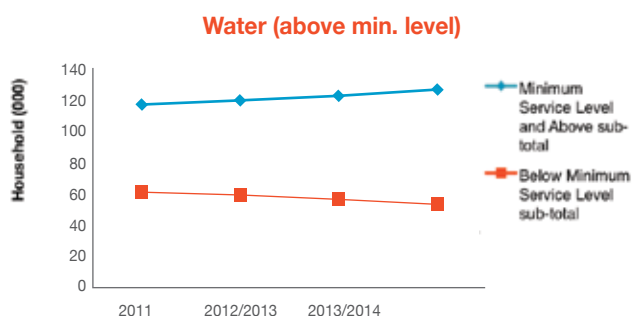
Backlogs have been reduced significantly, especially sanitation. Based on the 2011 census figures, 85% of the previously excluded areas now have access to water and sanitation. This in itself is a major achievement.

Some 20 000 households are located a distance from all services and these are the households targeted for the Sihambasonke programme. Boreholes and springs as well as rainwater harvesting will provide water to most of these households.

Our capital budget was mainly directed to upgrade and construction

of new bulk water infrastructure as well as replacement of ageing infrastructure.

To that effect no water backlogs were eradicated; however the Municipality provided means of access to water services by innovative programmes of Spring Protection and Accelerated Water Tankering through the Sihambasonke.



A reservoir in Bomela Ward 24.

3.1 Water Provision

As a Water Services Authority and Water Services Provider, Ugu District Municipality continues to provide quality drinking water and acceptable effluent discharges according to the national norms and standards. Surpassing the national norms and standards by some margin, the Municipality, in cooperation with its Service Provider, on two of its 19 water treatment works, has managed to maintain and achieve the Blue Drop Awards for the Umthwalume, Umzinto and Umthamvuna systems.

The existing infrastructure and future master planning identified a number of bulk supply sources (water treatment works or external bulk supply sources) that form the basis of the current and future water supply systems in the district. Each one of the bulk supply sources supplies a specific zone. These supply zones were not always clearly definable, especially in the urban areas where a number of interconnections exist to allow certain areas to be supplied from more than one bulk supply source.

The formal urban strip (Port Edward to Hibberdene) is supplied mainly by Bhoibhoyi and Umtamvuna Supply Zones. The inland rural areas are supplied by various stand alone water schemes.

Site visit in a pumpstation by Ugu Deputy Mayor and Water Services personnel.

The demographics of the Ugu District vary from dense formal urban settlements to scattered rural settlements and must be dealt



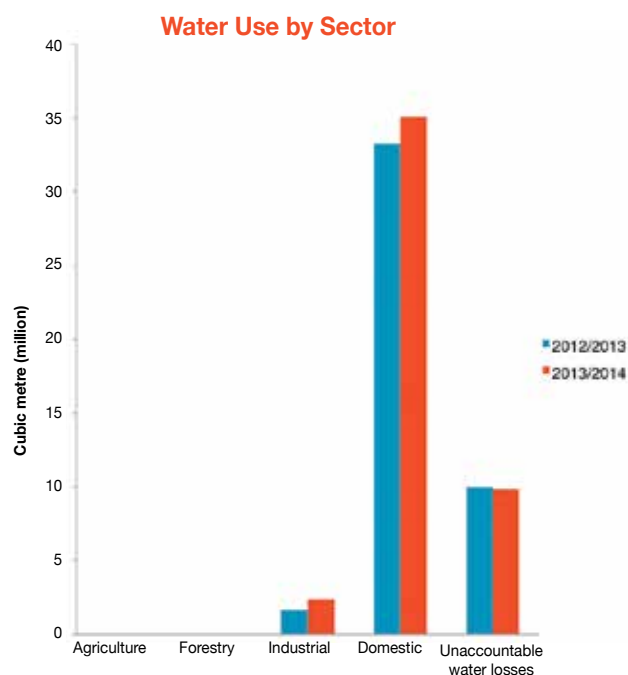
Site visit in one of the pumpstations by Ugu Deputy mayor and water services personnel.

with differently when planning for the provision of Water Services.

Different levels of service are appropriate for each settlement category and the CSIR Guidelines for Human Settlement Planning and Design was used as a guideline to determine the water delivery standards per settlement category.

Umgeni Water is supplying the district with bulk water in the Northern areas through their South Coast Pipeline and they also operate and maintain our Umzinto and Umthwalume Water Works.

TOTAL USE OF WATER BY SECTOR (CUBIC METERS)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/2013	0	0	1 680 876	33 295 000	9 988 500
2013/2014	0	0	2 389 452	35 134 492	9 837 657



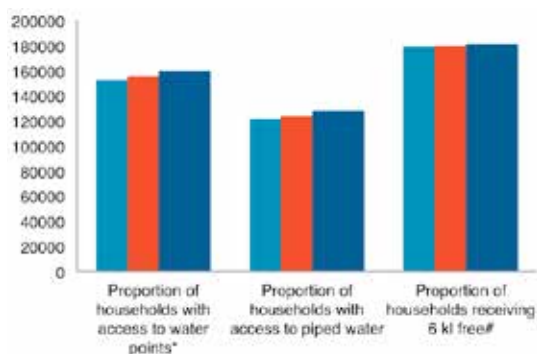
HOUSEHOLDS				
Description	2010/2011	2011/2012	2012/2013	2013/2014
	Actual	Actual	Actual	Actual
	'000	'000	'000	'000
Water: (above min level)				
Piped water inside dwelling	44	45	45	46
Piped water inside yard (but not in dwelling)	17	18	19	22
Using public tap (within 200m from dwelling)	57	58	60	60
Other water supply (within 200m)	–			
Minimum Service Level and Above sub-total	118	121	124	128
Minimum Service Level and Above Percentage	66%	67%	69%	71%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	5	5	5	5
Other water supply (more than 200m from dwelling)	26	26	26	27
No water supply	30	28	25	22
Below Minimum Service Level sub-total	61	59	57	53
Below Minimum Service Level Percentage	34%	33%	31%	29%
Total number of households*	179	180	180	181

ACCESS TO WATER			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
2011/2012	152 265	121 000	179 000
2012/2013	155 345	124 000	180 000
2013/2014	159 424	128 000	181 224

HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM

Description	2010/2011	2011/2012	2012/2013	2013/2014		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	'000	'000	'000	'000	'000	'000
Formal Settlements						
Total households	176	180	180	181	181	181
Households below minimum service level	61	58	55	51	51	51
Proportion of households below minimum service level	35%	33%	31%	28%	28%	28%
Informal Settlements						
Total households	3	3	3	3	3	3
Households below minimum service level	3	3	3	3	3	3
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

Access to Water



- Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute; and
- ±6,000 liters of potable water supplied per formal connection per month.

WATER COSTS

Capital Projects 2013/2014	Budget	Adjustment Budget	Actual Expenditure	Variance From Original Budget
Total All	226 914 077	177 755 710	177 755 710	0
Stick Farm Water Supply (AFA) MIS 177240	3 466 710	3 466 710	3 466 710	0
Dududu Water Reticulation Infills	1 333 350	300 000	300 000	-1 033 350
KwaXolo Bulk Water Supply	1 777 800	300 000	300 000	-1 477 800
KwaXolo Water Supply: Reticulation	4 888 950	800 000	800 000	-4 088 950
Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753	13 333 500	8 000 000	8 000 000	-5 333 500
Mathulini Water Supply Phases 4-7	4 444 500	4 444 500	4 444 500	0
Mhlabatshane Regional Water Supply Scheme	44 099 270	25 000 000	25 000 000	-19 099 270
Greater Vulamehlo Water Scheme	2 222 250	1 500 000	1 500 000	-722 250
Mzimkhulu Off-Channel Storage Dam	266 670	0	0	-266 670
Ezinqoleni Bulk Water Extensions Phase 3	6 666 750	0	0	-6 666 750
Umtamvuna Water Works Raw Water Upgrade	11 855 500	200 000	200 000	-11 655 500
Mabheleni East Water Project	1 066 680	0	0	-1 066 680
Harding Weza Regional Bulk Water Supply				
Planning (AFA) MIS 207998	1 333 350	1 500 000	1 500 000	166 650
Thoyane Water Project Phases 4 & 7	8 889 000	25 000 000	25 000 000	16 111 000
Umkhulu Bulk Water Augmentation Scheme Stage	15 278 000	10 000 000	10 000 000	-5 278 000
Maphumulo Water Supply	13 333 500	0	0	-13 333 500
Masinenge Bulk Water and Sanitation Project	2 666 700	1 200 000	1 200 000	-1 466 700
Msikaba and Surrounds Water Supply Scheme	33 924 517	20 000 000	20 000 000	-13 924 517

WATER COSTS				
Capital Projects 2013/2014	Budget	Adjustment Budget	Actual Expenditure	Variance From Original Budget
Umzinto Slum Clearance: Farm Isonti Low cost Housing				
Water and Sanitation Scheme	21 667 000	15 000 000	15 000 000	-6 667 000
Meter Replacement Programme	622 230	1 500 000	1 500 000	877 770
Water Pipeline Replacements	20 000 000	25 000 000	25 000 000	5 000 000
Harding Waterworks Refurbishment	3 000 000	1 000 000	1 000 000	-2 000 000
Ezinqoleni Bulk Water Extensions Phase 2 (AFA) MIS 210670	4 444 500	4 444 500	4 444 500	0
Gamalakhe Bulk Water Supply	1 333 350	1 000 000	1 000 000	-333 350
Harding/ Weza Dam	5 000 000	1 300 000	1 300 000	-3 700 000
KwaLembe Water Supply Scheme Extension		2 500 000	2 500 000	2 500 000
Vulamehlo Cross Border Water Supply Scheme		5 000 000	5 000 000	5 000 000
Mazakhele Bulk Water Scheme		10 000 000	10 000 000	10 000 000
Springs & Boreholes		0	0	0
Smart Metering - Pilot		2 400 000	2 400 000	2 400 000
Special Maintenance Vehicle		2 500 000	2 500 000	2 500 000
Purchase 2 Water Tankers		2 400 000	2 400 000	2 400 000
Malangeni Housing		0	0	0
Mistake Farm		1 000 000	1 000 000	1 000 000
Kwahlongwa Water Supply (AFA)		1 000 000	1 000 000	1 000 000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

3.2 Waste Water (Sanitation) Provision

The District is not only responsible for the provision of drinking water but also for the collection and treatment of wastewater produced by the region. A network of sewers, waste water pump stations and wastewater treatment works is employed to achieve this. Treatment of wastewater is crucial to the sustainability of any region and without it, densely populated towns would simply not be possible.

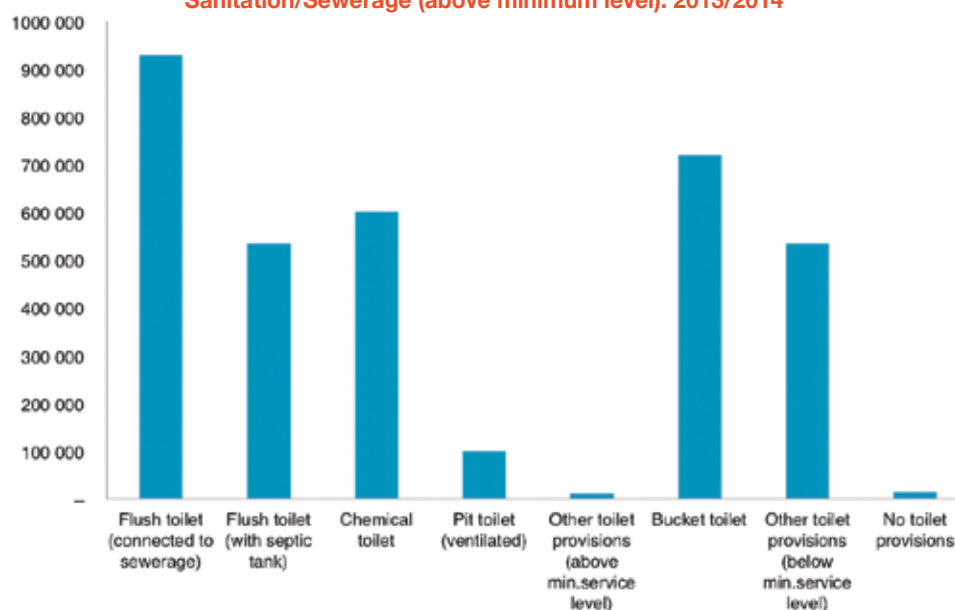
The 2013/2014 financial year was a “gap” year in terms of both the Blue Drop and the Green Drop Programmes. This being a gap year did not necessarily imply that the wastewater sector programmes stopped, however risk assessments were done while the waste water quality continued to be monitored. The Municipal Critical risk rating currently stands at 70%, which is regarded as a medium risk, giving the Municipality some room for improvement. The risk

rating stands at over a 70% Green Drop Score against a target of 90%. To this effect the Municipality embarked on infrastructure refurbishment projects on three waste water treatment works.

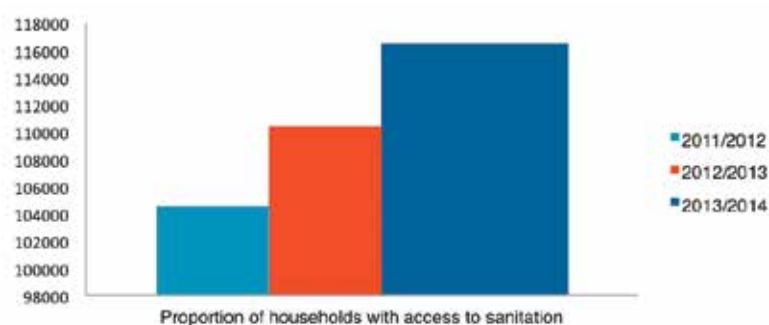
The urban sanitation comprises a combination of waterborne sewerage linked to waste water treatment work as well as a system of septic tanks and conservancy in the less populated areas. Most of the treatment facilities are owned and managed by Ugu, although there are also a number of privately owned and managed small sewage treatment plants – mostly ‘package’ plants.

Rural households are serviced by Ventilated Improvement Pit (VIP) Latrines Sanitation backlog has been reduced to below 20% in Umdoni. Ezinqolweni is still backlogged.

Sanitation/Sewerage (above minimum level): 2013/2014



Access to Sanitation



SANITATION SERVICE DELIVERY LEVELS						
Description	2010/2011	2011/2012	2012/2013	2013/2014		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
	'000	'000	'000	'000	'000	'000
Sanitation/sewerage: (above minimum level)						
Flush toilet (connected to sewerage)	33	33	34	33	33	34
Flush toilet (with septic tank)	13	13	14	13	13	14
Conservancy tank	15	15	15	15	15	15
Pit toilet (ventilated)	33	43	48			53
Other toilet provisions (above minimum service level)	–	–	–			–
Minimum Service Level and Above sub-total	94	105	110	61	61	117
Minimum Service Level and Above Percentage	52.4%	58.2%	61.3%	84.1%	84.1%	64.3%
Sanitation/sewerage: (below minimum level)						
Chemical toilets	3	3	3	3	3	3
Other toilet provisions (below minimum service level)	74	64	59			54
No toilet provisions	8	8	8	8	8	8
Below Minimum Service Level sub-total	85	75	70	12	12	65
Below Minimum Service Level Percentage	47.6%	41.8%	38.7%	15.9%	15.9%	35.7%
Total households	179	180	180	73	73	181

Comment on Sanitation Services Performance

The implementation of Rural Sanitation Projects in Hibiscus Coast, uMuziwabantu, Umzumbe, & Ezingoleni Municipalities resulted in the construction of 10,000 new VIP toilets at the cost of R 45 million.

The other noticeable projects include the Replacement of Ageing Sewer Infrastructure and the Waterborne Sewer connections at Harding. The Municipality received an approval from DWA and MIG for the Refurbishment of Sanitation Infrastructure in the urban areas at the cost of R59 million.



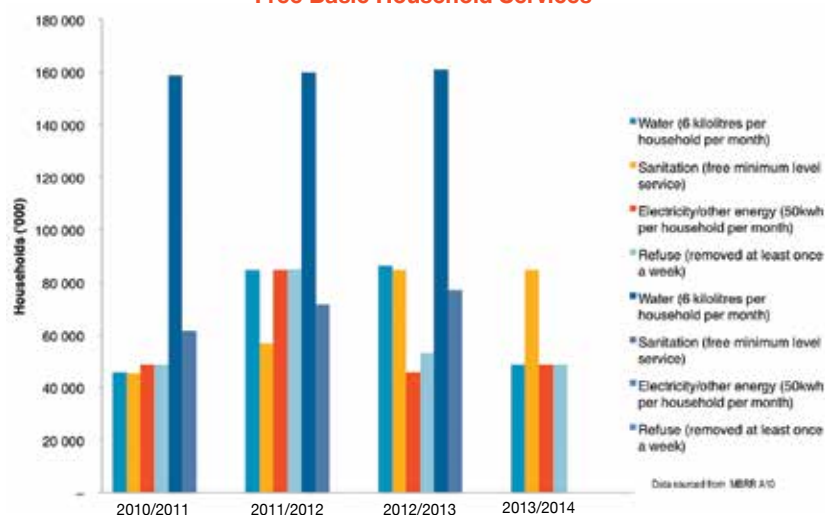
VIP toilet in rural areas.

HOUSEHOLDS – SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2010/2011	2011/2012	2012/2013	2013/2014		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	'000	'000	'000	'000	'000	'000
Formal Settlements						
Total households	179	180	181	181	181	181
Below minimum level	85	75	70	65	65	65
Proportion of households below minimum service level	48%	42%	39%	36%	36%	36%
Informal Settlements						
Total households	3	3	3	3	3	3
Households below minimum service level	3	3	3	3	3	3
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%

CAPITAL EXPENDITURE 2013/2014 SANITATION SERVICES					
Capital Projects	2013/2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
	R'000	R'000	R'000	R'000	R'000
Total All	71 170 172	66 497 078	0	0	
Bhobhoyi/Mikholombe Sanitation	4 984 766	4 984 766			
Harding Sanitation Scheme: Phase 3	9 136 472	9 136 472			
Vulamehlo Wards 8 & 9 Sanitation Project		-			
Margate Sewer Pipeline Replacement	500 000	500 000			
Masinenge/Uvongo Sanitation Project	2 509 903	600 000			
Sanitation Refurbishment Phase 1	20 000 000	20 000 000			
Ugu Sewer Pipeline Replacements	3 820	3 820			
Umzinto WWTW & Sewer Outfall	1 000 000	1 000 000			
WWTW Refurbishment	1 500 000	1 500 000			
Pennington Waterborne Sanitation Project	18 772 019	18 772 019			
Umdoni Universal Access	10 000 000	10 000 000			
Umzinto WWTW & Sewer Outfall	1 500 000				
Uvongo WWTW					
WWTW Refurbishment	1 263 192				

3.3 Free Basic Services and Indigent Support

Free Basic Household Services



FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS

FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS									
Number of households									
	Total	Households earning less than R1,100 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
179 000	147 000	122 000	83%	104 556	71%	131 977	90%	0	0%
180 000	148 000	125 000	84%	110 446	75%	131 977	89%	0	0%
181 224	149 224	128 224	86%	116 503	78%	131 977	88%	0	0%



St Helen's Rock pump station.

FINANCIAL PERFORMANCE 2013/2014 COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED					
Services Delivered	2012/2013	2013/2014			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	R	R	R	R	R
Water	200	128 329	130 949	248	-51 646%
Waste Water (Sanitation)	220	4841	4 841	245	-1 876%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	133 400	136 040	753	-17 616%
T 3.6.4					

FINANCIAL PERFORMANCE 2013/2014 – WATER SERVICES					
Details	2012/2013	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000	R'000	R'000	R'000	
Total Operational Revenue	371 272	382 105	467 433	411 377	7%
Expenditure:					
Employees	130 565	106 423	119 840	130 378	18%
Repairs and Maintenance	7 975	20 285	17 183	12592	-27%
Other	735 322	198 045	253 873	271 592	27%
Total Operational Expenditure	873 862	324 753	390 896	418 005	22%
Net Operational Expenditure	-502 590	57 352	76 537	-6 628	965%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.1.8					

FINANCIAL PERFORMANCE 2013/2014 – SANITATION SERVICES					
Details	YEAR 2013	YEAR 2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000	R'000	R'000	R'000	
Total Operational Revenue	98 856	110 909	111 916	104 357	-6%
Expenditure:					
Employees	29 538	25 476	30 395	26 674	4%
Repairs and Maintenance	1 216	7 843	13 840	3 313	-137%
Other	25 520	59 156	49 288	12 774	-363%
Total Operational Expenditure	56 274	92 475	93 523	42 761	-116%
Net Operational Expenditure	42 582	18 434	18 393	61 596	70%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.2.8					

CAPITAL EXPENDITURE 2013/2014 SANITATION SERVICES					
Details	Year 2012/2013	2013/2014			
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
	R'000				
Total All	310 371	263 395	298 310	-4%	-
Plant and Equipment	5 500	5 500	28 852	81%	0
Other Projects	47 397	421	1 738	-2 627%	0
Water Infrastructure	64 798	64 798	50 840	-27%	0
Water Infrastructure (MIG Funded)	192 676	192 676	216 879	11%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.1.9					

CAPITAL EXPENDITURE 2013/2014 SANITATION SERVICES

Capital Projects	2013/2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
	R'000	R'000	R'000	R'000	R'000
Total All	48 720	68 407	57 803	16%	
Bhobhoyi/Mkholombe Sanitation	3 550	4 985	4 212	16%	
Harding Sanitation Scheme: Phase 3	6 507	9 136	7 720	16%	
Vulamehlo Wards 8 & 9 Sanitation Project			0	0%	
Margate Sewer Pipeline Replacement	356	500	422	16%	
Masinenge/Uvongo Sanitation Project	1 788	2 510	2 121	16%	
Sanitation Refurbishment Phase 1	14 244	20 000	16 900	16%	
Ugu Sewer Pipeline Replacements	3	4	3	11%	
Umzinto WWTW & Sewer Outfall	712	1 000	845	16%	
WWTW Refurbishment	1 069	1 500	1 267	16%	
Pennington Waterborne Sanitation Project	13 369	18 772	15 862	16%	
Umdoni Universal Access	7 122	10 000	8 450	16%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.2.9</i>					

Comment on Capital Expenditure

The municipality spent 90,1% of its approved capital budget for the 2013/2014 financial year. This is an improvement from the 67,78% obtained in the last financial year. Although the municipality spent 90% this is still unsatisfactory as 98% of the total capital budget is funded from grants and subsidies which must be fully spent at the end of each financial year. There were delays in some projects which resulted in motivations for rollovers being submitted to

National Treasury as per Division of Revenue Act. The outcome of the requests for rollovers is still awaited.

The municipality adopted a Procurement plan to ensure that all projects commence as planned and any common delays are factored when timeframes and cash flow projections are compiled. This will improve future spending on capital projects and grants.

PLANNING AND DEVELOPMENT

The Development Planning unit deals mainly with two main functions which are:

- **Strategic Planning** – this involves the development of an Integrated Development Plan (IDP) and Organisational Performance Management System.
- **Spatial Planning** – this involves the development Spatial Development Framework and regional spatial plans. Furthermore it includes the development of the Land Use Management Framework for the entire district.

Highlights Development Planning

The highlights of the units have been the implementation of the champions' concept for improved coordination of the development of both the IDP and OPMS.

Furthermore the revival of the District Planners Forum has been one of the highlights which has played a major role in ensuring effective implementation of Development Shared Services.



Pipe replacement.

Challenges Development Planning

The main challenges have been the lack of capacity to review the SDF and LUMS.

3.4 Local Economic Development (Including Tourism and Market Places)

LED remains a critical area for Local Government in creating economies that are robust and inclusive. In an effort to carry out this mandate the Ugu district continues to implement programmes that seek to create a conducive environment for businesses to operate. This is facilitated through PPPs. The Ugu district is characterised by a dual economy where the coastal strip dominates economic activity; the rural hinterland on the other hand continues to experience minimal economic activity, is faced with high levels of unemployment and poverty. This then means that LED strategies and plans are required to cater to both these economic spaces in ways that ensures spatial integration and bridging the gap between the first and second economies.

The Growth and Development Plan of the Ugu district has been adopted by all major players and stakeholders in Ugu as a shared vision towards attaining growth and development in the next 17 years.

The Rural Economic Development Programme funded by the DB SA has seen research projects such as the Ugu Clothing and Textile study and the Ugu Furniture Incubator business plan emanate from it. These projects were conducted in an effort to lead evidence-based action in developing and supporting local industry.

The KwaNyuswa tea tree project continues to be a shining example of exploring and promoting new industries such as that of essential oils. Also, the institutional arrangements that this project is based on reveals the importance of cooperation, partnerships and mentorship in project implementation, especially in rural spaces.

The Ugu Jazz economic impact study shows the economic gains and employment opportunities that are created from hosting the event.

The development and support of cooperatives and SMMEs remain the focus of LED as these sectors really address the triple threat

of unemployment, poverty and inequality by affording people opportunities to be fully integrated into the economy.

Comment on Local Economic Development Performance Overall

LED, as an important and critical mandate of the Municipality, continues to receive the required support. However, internal funding for the function has been limited over the past years due to the Municipality's financial constraints. Efforts to leverage alternative sources of funding to perform set tasks are in place.

Socio-economic development can only be achieved through collaborative action and a shared vision. It is then against this background that our LED efforts extend to programmes such as Operation Sukuma Sakhe and EPWP. This will ensure that the development efforts, in terms of implementation of programmes, is synergised.

The furniture industry in Ugu has been identified as one of the potential growth industries of the Ugu district. The recently adopted Ugu Furniture Incubator business plan highlights the benefits of establishing an furniture incubator in the district as a tool to assist emerging manufactures and also facilitate the transfer of skills within the industry. This project is earmarked as one of the flagship projects for Ugu.

The KZN Department of Economic Development and Environmental Affairs (KZNDEDEA) has completed a business plan towards the establishment of a perishable goods hub in the district. This projects also promises to be a major contributor to Ugu's economic landscape.

The district is also investigating the potential of the establishment of a bio-ethanol fuel plant in Ugu. This talks to the environmental sustainability and alternative energy agenda of the Municipality.



Caption to come



Caption to come

GROSS VALUE ADD PER SECTOR	2009	2010	2011
Agriculture, forestry and fishing	996	1 006	1011
Mining and quarrying	50	53	55
Manufacturing	2 502	2 748	2 838
Electricity, gas and water	269	267	270
Construction	392	398	402
Wholesale and retail trade, catering and accommodation	1 805	1 851	1 929
Transport, storage and communication	1 413	1 453	1 524
Finance, insurance, real estate and business services	2 131	2 140	2 204
Community, social and personal services	689	687	701
General government	1 347	1 388	1 442
Total	11 594	11 992	12 375

EMPLOYMENT BY SECTOR	2009	2010	2011
Agriculture, forestry and fishing	11 143	10 857	9 855
Mining and quarrying	281	332	351
Manufacturing	14 356	13 928	13 548
Electricity, gas and water	296	280	295
Construction	8 150	7 776	8 072
Wholesale and retail trade, catering and accommodation	25 567	25 296	25 068
Transport, storage and communication	5 095	5 179	5 265
Finance, insurance, real estate and business services	14 107	13 590	13 650
Community, social and personal services	20 750	20 086	19 520
General government	13 801	14 312	15 127

EMPLOYMENT BY SECTOR	2009	2010	2011
Agriculture, forestry and fishing	11 143	10 857	9 855
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Finance, insurance, real estate and business services	14 107	13 590	13 650
Community, social and personal services	20 750	20 086	19 520
General government	13 801	14 312	15 127



Caption to come

Employment in the Agricultural sector continues to dip. Some of the reasons impacting on employment in this industry include the changing regulatory environment and uncertainty surrounding land claims. Both these reasons contribute towards a decreased appetite for investment in agriculture. Even though the manufacturing industry is growing in terms of its GVA contributions, however employment in the sector continues to decline. Wholesale and retail trade, catering and accommodation display the same trend. This shows the Ugu economy to be one that is not growing enough to absorb its labour force.

Employment Opportunities Created Through LED Initiatives

The creation of job opportunities through LED initiatives remains a very challenging area. However, the recently adopted Growth and Development and Investment Promotion and Facilitation strategies map out plans on what needs to be done in the region for our economy to create the much needed jobs.

JOBS CREATED THROUGH LED INITIATIVES				
Total Jobs Created Through Top 3 Initiatives	Job Created	Jobs lost/displaced as a result of other initiatives	Net total jobs created in the year	Method of Validating Jobs
Total all Initiatives	150	Data Unavailable	Indeterminable	PoE
2011/2012	10	Data unavailable	Indeterminable	PoE
2012/2013	126	Data unavailable	Indeterminable	PoE
2013/2014	14	Data unavailable		PoE
Initiative A (2013/14)	Ugu Jazz Economic Impact Study	1 036	14	PoE
	Ugu Jazz Economic Impact Study	1036	14	

JOB CREATION THROUGH EPWP* PROJECTS		
Details	EPWP Projects	Jobs created through EPWP projects
2011/2012	40	2 000
2012/2013	50	2 900
2013/2014	66	4 500

*Extended Public Works Programme

FINANCIAL PERFORMANCE 2013/2014 LOCAL ECONOMIC DEVELOPMENT SERVICES					
Details	2012/2013	2013/2014			
	Actual R'000	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget
Total Operational Revenue	303 135	40 403	295 749	244 422	83%
Expenditure:					
Employees	16 260	22 653	17 171	15 466	-46%
Repairs and Maintenance	0	0	0	0	0%
Other	116 239	35 261	50 729	34 000	-4%
Total Operational Expenditure	132 499	57 914	67 900	49 466	-17%
Net Operational Expenditure	170 636	-17 511	227 849	194 956	109%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.11.9

CAPITAL EXPENDITURE 2013/2014 ECONOMIC DEVELOPMENT SERVICES					
Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure	Variance from original budget	Total Project Value
Total All	279	279	30 052	99%	
Project A	279	279	30 052	99%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate. T 3.11.10

UGU SOUTH COAST TOURISM SUMMARY REPORT 2013/2014 FINANCIAL YEAR

Operational Mandate

Ugu South Coast Tourism was established in July 2009 as a registered Pty Limited company. It is wholly owned as a municipal entity by the Ugu District Municipality who, along with the six constituent municipalities within the district, fund via Service Level Agreements the operations of the entity.

Our mandate is to market, promote and develop tourism for the Greater South Coast (as primary brand) within our 2013-2017 Tourism Strategy and associated Annual Plans. Our reporting is within the regulatory frameworks as set out in our articles of association, policy documentation, the MFMA and Auditor General related legislation.

We report to our constituted Board, Audit Committee, Internal Audit of the Ugu DM and ultimately the Auditor General. Furthermore, as an entity with private sector memberships we also have information dissemination via membership newsletters and the CEO/Area Committee Forum within the context of public-private collaboration.

Highlights

Highlights of our 2013/2014 financial year are numerous (over 100 action items) and summarised as best possible as follows:

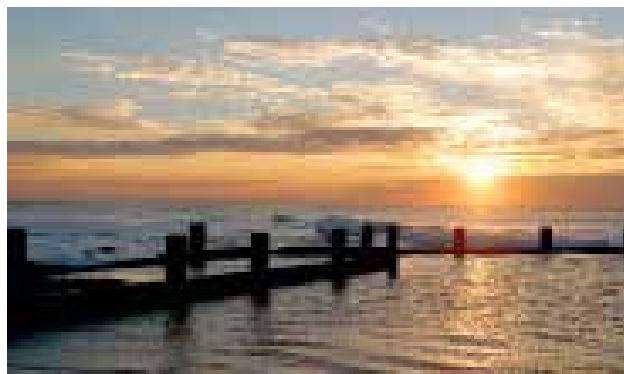
Financial and Operational

- This year we are proud to report that for the first time we have received a (Clean Audit- tbc) from the Auditor General.
- Based on carry over surpluses from 2012/2013 and certain under spend in terms of salaries and developmental budgets has given us a reasonable element of financial stability which going forward will allow us to make more impactful strides in terms of capital outlays and implementation of our hinterland tourism programmes.
- All full time and contract related appointments have been concluded and our Visitor Information Centres (VICs) have been staffed as per our adopted organogram.
- Our MFMA, Treasury and internal Ugu DM reporting and compliance requirements have met in full.

Marketing Events and Communications

I am pleased to indicate (and in a sampled summation) that we have exceeded (some substantially) annual targets in no less than 27 of the 59 (100% or better achievement) action spheres:

- Ad hoc media releases
- Television exposure
- Radio exposure



- Community radio campaigns
- Print/electronic advertising
- Overseas advertising
- Billboard advertising
- Advertorial (international) Promotions
- Familiarisation trips
- Familiarisation trips
- Member communications
- Membership recruitment
- Ad hoc event support
- International events
- Developmental events

Highlights within our promotional and events support programmes include:

- The very successful Africa Bike Week which claims a 30% increase in retail success from the 2013 event.
- The impressive Explore Africa 500 endurance event at Port Edward which has allowed us the possibility of hosting a world championship in 2016.
- The Inter Provincial Schools Netball competition.
- The Eastern Cape promotional tour in support of the Ugu Jazz Festival.
- African Marine and Leisure Expo, the Portuguese Mariners Festival and our sustained beach activations during each school holiday period.

Our destination has the most comprehensive events calendar of any district Excl Durban metro) in the province.

Development

- Completion of our Tourism Awareness Plan.
- Fast tracking the Hinterland Trails Network Assignment.
- Mentorship of emergent tourism enterprise targets met.
- Our Area Committees have the largest number of emergent

practitioner than before and it is our intention to continually encourage this trend within the transformation paradigm.

- Our Empowerment Protocol (a first for an organisation of out type in KZN) for Ugu SCT completed
- The Emaweni assignment was completed and is being reviewed to ascertain possible investment sourcing towards actual implementation.

We have exceeded targets in terms of:

- Schools education tours.
- Empowerment of emergent practitioners at events.
- Placement listing facilitation for students.
- Free advertising in the Southern Explorer
- Developmental event support

We have also had substantial input in regional/district tourism by virtue of our:

- Sitting on the Provincial Tourism Committee and attending the Provincial Tourism Forum and Community Tourism Association meetings;
- Attending Tourism Growth Forum (TKZN) and MEC (Economic Development, Tourism and Environmental Affairs- EDTEA) local cluster sessions;
- Being on Project Steering Committees (PSCs) for spatial development initiatives and LED consolidation programmes;
- Direct engagement with other provincial bodies such as the KZN Film Commission and the CTA (SA);



Caption to come

- Being directly supportive of the Sports and Events Tourism Exchange held in Durban each year; and
- Involvement in the future planning of the KZN Tourism Careers Expo in 2014.

In conclusion and summary, Ugu SCT can claim to have a successful financial year during which regulatory frameworks have been met, we are in a sound financial position and above all our key and targeted Strategic Objectives have been met.

Justin Mackrory
Chief Executive Officer

COMMUNITY & SOCIAL SERVICES

The District Municipality provides support and a co-ordination role to the Local Municipalities within the District and does not directly provide these services.

3.5 Child Care, Aged Care and Social Programmes

HIV and AIDS Programme

The impact of HIV and AIDS related illness has contributed a lot in Orphans and Vulnerable Children and Child Headed Households in the district. Hence the district established the Ugu District AIDS Councils and forums for vulnerable groups which are Senior Citizens, Rights of the Child, Gender, Disability, Farm Workers and Youth.

Ugu District AIDS Council (UDAC)

The council was established in 2006 and it has been fully functional since. The council holds meetings quarterly and is accountable not only to Council but also to the Provincial Council on AIDS (PCA), which is chaired by the Premier. The District Mayor serves as the Chairperson of the UDAC.

- The Ugu District HIV, AIDS, STIs and TB Strategic Plan 2012-2016 has been developed based on the review findings for

2007-2011 HIV, AIDS, STIs and TB Strategy;

- The development of both strategies for HIV, AIDS, STIs and TB was a product of a collaborative effort by individuals, leadership, role players, civil society organisation in Ugu District Municipality; and
- UDAC noted the increase in HIV prevalence, learner teenage pregnancy and food security hence the development of task teams by Department of Health, Education and Agriculture, to deal with the identified challenges. Task teams are reporting quarterly to UDAC and good progress is noted.

Challenges

- Consistently recorded increase in HIV prevalence;
- Low uptake of prevention strategies including Male Medical Circumcision;

- TB Defaulter rate increasing from 4%-4.5%; and
- Increasing number of sex workers in the district.

Senior Citizens

The challenges faced by senior citizens as a vulnerable group has always been a major concern. Hence, the establishment of the Ugu District Senior Citizens Forum and 6 local municipality senior citizens forums.

Progress and Response in the District

- Visible political commitment;
- Coordinating forum in place, with clear noticeable implementation role of the Provincial Government Department; and
- District municipality playing a coordinating role, and creating an enabling environment for key implementing sectors.

Activities for Senior Citizens

- Meetings convened twice a year-however activities are conducted throughout the year;
- Awareness workshops on Elder Abuse convened;
- District Golden Games conducted annually since 2010; Senior citizens are also participating in Provincial and National Golden Games;
- Intergenerational dialogues between senior citizens and youth conducted on issues affecting both groups; and
- Senior citizens writing and submitting fables through their local municipality forums in order to develop a fables book.

Challenges

- Increasing number of senior citizens abuse cases; and
- Limited number of Old Age Homes in the district.

Farm workers

- The district established the farm worker forum;
- The forum meet quarterly; and
- Summit was conducted for women working in farms.

Operation Sukuma Sakhe

The Operation Sukuma Sakhe Programme (OSSP), formerly known as the Flagship, Social Cluster Programme (War on Poverty), was introduced to the Ugu District in 2009. In introducing the programme, the Kwa-Zulu Natal, Office of the Premier gave a mandate to all districts, to ensure that the following is in place, to ensure successful implementation of the OSSP

- There is a fully functional DTT structure for Operation Sukuma Sakhe, six Local Task Team structures within the municipalities and Ward Task Teams (war rooms);
- The DTT structure meet twice a month;



National Children's Day at Ugu Sports and Leisure Centre.



Elders from around the Ugu district enjoying themselves at the Golden Games.

- OSS is meant to address five critical areas which are the following:
 - o Community Partnerships
 - o Behaviour change
 - o Integration of government services
 - o Economic activities
 - o Environmental care
- OSS has implemented various projects which benefit the community;
- Isibindi model has appointed 125 people (CCGs and Children from Child Headed Households) through Operation Sukuma sakhe who will later be appointed by Social Development to work as Social Auxiliary Workers;
- Remarkable results for Matric 2013 through interventions done through Operation Sukuma Sakhe; and
- Operation Sukuma Sakhe is included as agenda item in most of the municipal meetings.

TITLE IS MISSING					
Details	2012/2013	2013/2014			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000	R'000	R'000	R'000	
Total Operational Revenue	0	0	4	4	100%
Expenditure:					
Employees	0	0	0	263	100%
Repairs and Maintenance	0	0	0	0	#DIV/0!
Other	619	1 600	502	56	-2755%
Total Operational Expenditure	619	1 600	502	319	-402%
Net Operational Expenditure	-619	-1 600	-498	-315	-408%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.14.5

CAPITAL EXPENDITURE 2013/2014 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES					
Capital Projects	2013/2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
	R'000	R'000	R'000		R'000
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.14.6

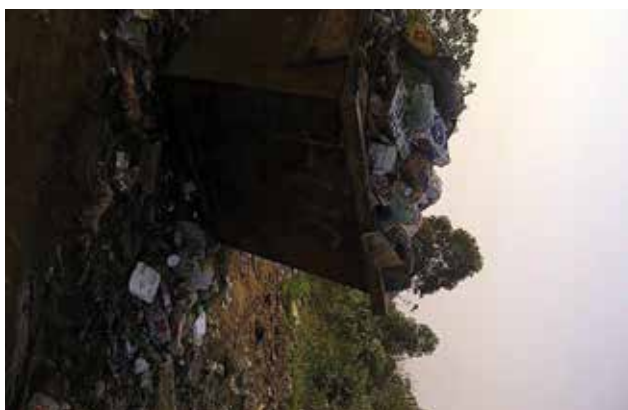
ENVIRONMENTAL PROTECTION

3.6 Pollution Control

Ugu District Municipality is a water and sanitation service authority as well as atmospheric emissions licencing authority and has invested in the development and maintenance of infrastructure. The unintended consequence of this is occasional pollution of the receiving environment. It is therefore crucial for environmental protection to prioritise (1) environmental impact management and compliance; (2) environmental planning, (3) atmospheric emissions licencing and (4) education and awareness. Ensuring compliance and alignment to other applicable measures has been essential both for water and sanitation delivery, coastal protection and air quality management.



Clean up campaign in Masinenge acilitated through the Environmental Services unit.



Examples of pollution in Masinenge.

Comment on the Performance of Pollution Control Overall

Due to the need to reduce spending there has been no capital expenditure in this area. Environmental management plan could not be delivered to financial challenges; hence 100% variance from both budgeted and adjusted expenditures. In terms of air pollution control, a lot has been achieved with minimal budget. Air quality management plan and air quality management by-laws (the latter having been developed in-house) are being implemented on a multi-year basis.

3.7 Biodiversity, Landscape and Other

Biodiversity management seeks to ensure conservation and sustainability of natural capital thereby enhancing its value while maximising benefits of communities therefrom. Alignment to poverty alleviation initiatives while maintaining natural resources has been a priority in this area. In order to achieve this, stakeholder engagement has been very critical, especially for the upliftment of poor and rural communities.

During the 2013/2014 financial year various environmental initiatives were done within the District, as per table below;



Caption to come

1. Water Quality monitoring	Sample, test/analyse water	381 water samples
2. Food safety and control	Inspect and take steps on food (non)compliance	203 inspections
3. Health and hygiene education	Empower society and improve compliance	4 workshops
4. Certificates of Acceptability issued	Certificates issued after inspection	49 certificates issued
5. National Food sampling runs	As per schedule	2 runs done
6. Burial of Paupers	100% of pauper requests	27 paupers buried
7. Building plans inspected	All plans submitted to be scrutinised	421 plans examined

Comment on the Performance of Bio-Diversity; Landscape and Other Overall

There were two grant funded capital projects valued at R1, 641,250 for biodiversity poverty alleviation initiatives. The one year target set for the greening projects was achievable within

the given capital budget, however, budget for follow-up and maintenance is required. The biodiversity (bush pig) management project is being piloted at Umzumbe municipality in an agricultural nodal area and same, if successful, will be replicated in other local municipalities.

CAPITAL EXPENDITURE 2013/2014 POLLUTION CONTROL					
Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure R' 000	Variance from original budget	Total Project Value R' 000
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.15.6

TITLE TO COME					
Details	2012/2013	2013/2014			
	Actual R' 000	Original Budget R' 000	Adjustment Budget R' 000	Actual R' 000	Variance to Budget
Total Operational Revenue	0	371	395	1 402	74%
Expenditure:					
Employees	0	0	0	291	100%
Repairs and Maintenance	0	371	395	0	#DIV/0!
Other	68	0	0	44	100%
Total Operational Expenditure	68	371	395	335	-11%
Net Operational Expenditure	-68	0	0	1 067	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.15.5

HEALTH

3.8 Health Inspection, Food and Abbatoir Licensing and Inspection

Municipal (Environmental) Health Services seek to establish and improve health and hygiene compliance in all areas of the community. Much as every area of environmental health is important, the following had to take priority: (1) water quality monitoring in support of Ugu's core-business; (2) Food safety and control and health and hygiene education. As Ugu District Municipality is a water and sanitation authority, it is essential to ensure sustainability of this service in terms of compliance of WWTWs and WTWs. Food safety and control has continuously improved the provision of hygienically safe foods and food products from the point of preparation, transportation to serving/provision to the public. Public confidence in this area continues to increase. Health and Hygiene education is and has always been the highlight of this service for the poor communities through outreach programmes. However, service delivery is still a critical factor for the poor communities so that health and hygiene education remains relevant.

Comment on the Performance of Health Inspections, etc. Overall

The only expenditure that is incurred in health inspections can be accounted to personnel costs only. Owing to the need to reduce expenses, this area has been turned into one of the least capital extensive while still being delivered at the same time. In future, consideration needs to be given to financing all the equipment that is required to deliver efficient inspections.



Caption



Caption

SECURITY AND SAFETY

The Local Municipalities within the District are responsible for Police and Fire Services. The District Municipality is responsible for Disaster Management Services.

3.9 Disaster Management

The Ugu District Municipality is one of ten District Municipality's within KwaZulu-Natal. The Disaster Management function within the District is coordinated in partnership with the six local municipalities, namely: Umdoni, Ezingqoleni, Umzumbe, Vulamehlo, Hibiscus Coast and Umuziwabantu.

The area covered by the District Municipality is 5046 km² and includes a coastline of some 112 kilometers with 42 estuaries. The topography of the district is severe, characterized by extensive river gorges and hilly areas. These characteristics make the development of infrastructure difficult and costly as well as making rescue operations difficult in the event of an emergency.

Status of the Disaster Management Centre

The District established a disaster management centre in its administration in 2005, which specialises in issues concerning disasters and disaster management. The centre is promoting an integrated and coordinated approach to disaster management, with special emphasis on prevention and mitigation, by the department and other internal units within the administration of the District and Local Municipalities.

With the support from the Provincial Disaster Management Centre, the District has managed to accumulate R9.5m which will be used for Phase 1 of the new building. The SOD turning event took place on the 08 November 2013 and the appointed service provider has commenced construction which is expected to be completed by July 2014.

Details of the Current DM-Centre

- The centre is located at 163 Reynolds Street in Port Shepstone
- The centre can accommodate 30 people and currently four (4) lockable stalls are located at the Ugu Fresh Produce Market for stock keeping.

EMERGENCY RELIEF PROVIDED				
Quarter	Tents	Blankets	Plastic Sheeting	Sponges
Jul– Sept 2013	2	119	2	17
Oct – Dec 2013	22	166	33	108
Jan – Mar 2014	5	108	12	47
April – Jun 2014	2	118	2	46
Total	32	511	49	218



SOD turning event at the new Disaster Centre site, which was attended by Mayors from Hibiscus Coast and Umzumbe Municipalities.



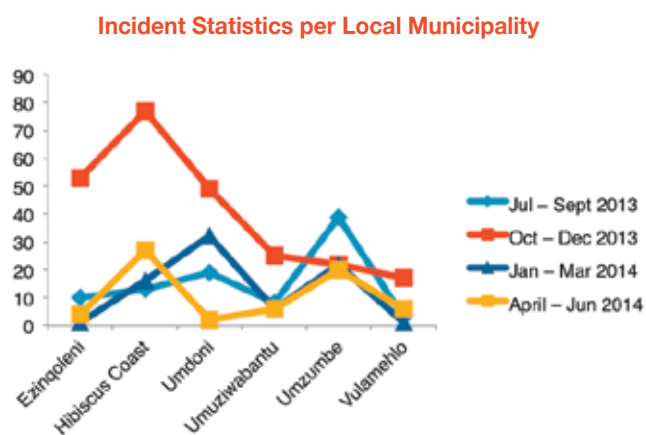
Construction in progress at the new Disaster Centre site.

Service Statistics for Disaster Management

Incidents Reported

During the 2013/2014 financial year, the District experienced a high level of fire related incidents followed by strong winds, heavy rain and lightning. The District management team and support team responded to major incidents that were reported in Vulamehlo and Ezingqoleni Local Municipalities to assist Local Practitioners in conducting assessments to the affected families. The incidents that were reported occurred in all six local municipalities namely: – Ezingqoleni, Hibiscus Coast, Umdoni, Umuziwabantu, Umzumbe and Vulamehlo.

INCIDENT STATS PER LOCAL MUNICIPALITY					
Local Municipality	Number of Incidents Reported				Type of Incidents
	Jul – Sept 2013	Oct – Dec 2013	Jan – Mar 2014	April – Jun 2014	
F – Fire; SW – Strong Wind; L- Lightning; HS – Hailstorm; VF- Veld Fire; HR – Heavy Rain					
Ezinqoleni	10	53	1	4	F,HR, SW, VF
Hibiscus Coast	13	77	16	27	L, F, HR
Umdoni	19	49	32	2	F, SW
Umuziwabantu	8	25	6	6	F, HS, SW
Umzumbe	39	22	22	20	L, F, HR
Vulamehlo	3	17	1	6	F, SW, HR
	92	243	78	65	



SUMMARY OF INCIDENTS					
Description	Jul – Sept 2013	Oct – Dec 2013	Jan – Mar 2014	April – Jun 2014	Total
Households Affected	92	282	82	75	531
Partially Damaged	40	154	49	29	272
Totally Destroyed	52	129	51	46	260
People Affected	450	2874	585	417	4326
Injuries	5	4	34	1	44
Fatalities	6	11	6	1	24
Missing	0	0	0	0	0

JOC Meetings

A Joint Operations Centre (JOC) meeting was held on the 17th of June 2014 at Ezinqoleni Local Municipality. The meeting was attended by various stakeholders to give an update on the damages that were caused by the veld fire and also clarify roles and responsibilities. The Department of Human Settlement and the Department of Social Development made an obligation that assessments will be conducted to the affected families and intervene where possible.

Comment on the Performance of Disaster Management

Status of IGR Structures

The district disaster management advisory forum is fully operational and was formed in terms of the Disaster Management Act No. 57 of 2002, Section 51 coupled to Section 42, which requires the Municipality to establish a multi-disciplined structure consisting of representatives from the District Municipality, all Category B

municipalities within the District, Provincial departments who have a role to play in disaster management and have district offices within the area, senior representatives of National departments within the area and all role-players i.e. NGO's in the District.

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

All six Local Municipalities have established their own Local Disaster Management Advisory Forums which assists in terms of disaster management coordination and planning. The Forum is currently having a challenge in terms of getting full stakeholder representation, not all relevant stakeholders are being represented at the forum.

ADVISORY FORUM MEETINGS HELD	
Municipality	Dates
District	16 August 2013 18 October 2013 20 February 2014
Umzumbe	11 September 2013 07 January 2014 17 June 2014
Hibiscus Coast Municipality	16 October 2013 13 February 2014 26 May 2014
Ezinqoleni	27 May 2014
Umdoni	14 August 2013

District Practitioners Forum Meetings

The District together with Cogta Support Team and Local Municipalities conducted the District Disaster Management Practitioners Meetings. The aim of these meetings is to deliberate, strategise and plan disaster management in order to have a well co-ordinated and standardised approach on disaster management.

DATES OF PRACTITIONERS MEETINGS CONVENED		
Date	Name of Meeting	Venue
28 June 2013	DM: Practitioners Meeting	Umzinto Fire and Disaster Management Centre
2 October 2013	DM: Practitioners Meeting	Vulamehlo Local Municipality
6 November 2013	DM: Practitioners Meeting	Ugu DMC
31 January 2014	DM: Practitioners Meeting	Ugu DMC
05 March 2014	DM: Practitioners Meeting	Ugu DMC
10 March 2014	DM: Special Practitioners Meeting	Oslo Beach Phase 1 Boardroom
4 April 2014	DM – Practitioners Meeting and PSC Meeting	Oslo Beach Phase 1 Boardroom
2 May 2014	DM – Practitioners Meeting	Main Boardroom Corner Street
20 June 2014	DM – Practitioners Meeting	Ugu DMC Boardroom

Status of the Disaster Management Capacity

The approved Personnel Structure for the Ugu District Disaster Management Centre is as follows:

- Manager Disaster Management
- 3 x Disaster Management Practitioners (1 vacant)
- 1 x Administrative Assistant (vacant)
- 1 x General Assistant
- 4 x Fireman (vacant)

- 3 x Interns
- 2 x support staff from PDMC

Status of the Disaster Management Plans

The District Disaster Management Sector Plan was reviewed for the 2013-2014 financial years and adopted by the Council. The Programs identified as per reviewed Disaster Management Sector Plan were aligned with the IDP and were further adopted by the District Forum.

Status of Readiness to Deal With a Disaster, Including Financial Capabilities

The District Municipality in partnership with the family of Local Municipalities is ready to deal with disasters. Hibiscus Coast and Umdoni Municipality have 24hr emergency Call Centers which deals with reporting of emergency incidents. The call centers also support the other local municipalities by recording incidents reported and allow for the necessary response. The Control Centers are operating on a shift system, with two controllers on each shift. Each local municipality has one or two staff members dedicated to disaster management duties and are available 24 hours a day.

In terms of financial capabilities the District has budgeted for disaster management and for 2013/14, the budgeted amount was R3,874,916 which was for operations, response and recovery. Each LM has provided a budget for disaster management although it is not sufficient to deal with all programs for disaster management.

Volunteer Core Unit

Volunteers were trained on issues of disaster management with the intention of improving the capacity to deal with disaster incidents. Throughout Local Municipalities, the District has a total of 500 volunteers which have been trained on basic training on community based Disaster Management, Fire Fighting and First Aid level 1.

- Hibiscus Coast -144,
- Ezinqoleni-160,
- Umuziwabantu-15,
- Vulamehlo-133,
- Umdoni-19,
- Umzumbe-29
-

The District is in the process of identifying 10 District Volunteers within the existing staff members of the Municipality.

Status and Results of Disaster Risk Assessments Undertaken

Risk Assessments were conducted during the sector reviewed process and the risks reduction strategies were developed. The risks mapping exercise was also done. The District has a ward based risk profile which was conducted per ward within the 84

wards throughout the District. Each Local Municipality has its own Ward Based Risk Profile which is incorporated in their Local

Disaster Management Plans. The following table portrays the risk prioritised as per sector programme

DISTRICT RISK PROFILE					
Risk	LM	Strategic Objective	Strategy	Programme	Responsible Department
Air Pollution	All LMs	To reduce pollution	<ul style="list-style-type: none"> Identification of Pollution source Establish Monitoring system 	<ul style="list-style-type: none"> Secure Air Quality Plan Awareness campaign 	Environmental Services (Ugu)
Water Supply Security	All LM's	<ul style="list-style-type: none"> To reduce the risk of exposure to drought To investigate appropriate crops under change weather pattern to ensure food security To improve holistic environmental management practices Integrate to current research Programme to effect Environmental water Practice 	<ul style="list-style-type: none"> Have monitoring measures in place to ensure the prevention of excessive water usage Identify alternative water sources Increase local water storage capacity 	<ul style="list-style-type: none"> Removal of invisible alien trees and plans Springs and borehole programmes Rotational drought resistance crop growing Removal of Alien Species and Planting of indigenous trees and plans Awareness Programme Water Harvesting 1 home 1 garden 	DWA, Ugu Water Services, KZNDAE HCM Strategic Planning, KZN Wild Life, SA Red Cross, DAFF
Fire	All LM	To reduce fire-related incidences	<ul style="list-style-type: none"> Installation and maintenance of fire hydrants in high risk areas To prevent Illegal connections Maintain electricity distribution servitude and regular inspection of electricity lines Purchase of fire fighting vehicles and equipment Improve emergency communication systems To explore safer alternatives to energy in traditional households and slums e.g. gel stoves 	<ul style="list-style-type: none"> Fire breaks in high risk areas Education, Training and awareness campaigns Conduct Inspections (business premises) Install Signage in high risk areas Fire services protection in each LM Fully equipped and staffed Call centre Fire Safety inspections Awareness Campaigns and signage 	LM and Share Services, COGTA, ESKOM, DAFF, DOH, SA Red Cross, FPA (Fire Protection Association)
Deforestation	Umzumbe	To minimise cutting of trees	<ul style="list-style-type: none"> Education and Training Enforcement of Legislation 	Awareness campaigns	KZNDAE, House of Traditional Leaders, DWA, DAFF, Environmental Services
Epidemics Rabies*, Cholera, TB	All LM's	<ul style="list-style-type: none"> To conduct vaccinations and early warning To prevent spread of Diseases 	Sufficient Primary Health Care Clinics	<ul style="list-style-type: none"> Health and Hygiene promotions Vaccination programme 	KZNDAE, DOH LMs, District Environmental Services, DOE
Severe storms	All LMs	To reduce the impact of severe storm damages	Early warning systems and dissemination of information		SAWS Ugu Disaster
Shigella Dysentery	Umdoni	To Improve water quality	Water Quality management, education and string protection projects		DOH, Ugu Water Services, KZNDAE
Tidal Waves	Umdoni, HCM, Umzumbe	<ul style="list-style-type: none"> To reduce the risk of exposure to tidal waves Monitor sewer outlets and water quality 	Education and Training	<ul style="list-style-type: none"> Law enforcement Town Planning Regulation 	KZNDAE, DM and LM, DWA, KZN Wildlife Ezemvelo
Water pollution	All LM	To ensure access to clean water Monitor sewer outlets and water quality	Solid waste disposal Development of Sewerage Spill Plans	<ul style="list-style-type: none"> Water quality monitoring programme Proper Sewer disposal 	Ugu DM Water Services, All LM's Ugu DM, Provincial DM, DWAF, DOH, KZNDAE
Oil pollution*	Umdoni, HCM, Umzumbe	To improve on response on direct and indirect impact of pollution related emergencies and disasters	Development of Oil Spill Plan	Law Enforcement	KZNDAE, National DAEA, KZN Wildlife

DISTRICT RISK PROFILE					
Risk	LM	Strategic Objective	Strategy	Programme	Responsible Department
Hail Storms	HCM, Vulamehlo Ezinqoleni Umuziwa-bantu	To reduce hail storm incidences	Wind breakers and settlement planning		LM, UGU DM, DWA, DOH, KZNDAE, DAFF, COGTA
Dam failure	All LMs	To prevent over flooding and create early warning signals	Monitoring	Ugu (Water Services)	LM, DWA, Umgeni Water
Hazmat by road	All LM's	To reduce the number of Hazmat incidents	<ul style="list-style-type: none"> • Inspection of Vehicles • Proper Identification of Vehicles 	Law enforcement	DOT, LMs, SANRAL, Fire Brigade Services
Hazmat by rail	HCM	To reduce the number of Hazmat incidents	<ul style="list-style-type: none"> • Inspection of rails and trains • Proper identification 	Law enforcement	SANRAL, SPOORNET, LM
Industrial waste*/storm water*	All LMs	To control industrial waste and improve storm water management Self Regulation through IDO Programme	<ul style="list-style-type: none"> • To conduct regular industrial practice • Regulation enforcement • To implement best practice model 	Law enforcement License advisory forum Education and Training Ugu (Water Services)	LMs, KZNDAE, Department of Health
Waste disposal	All LMs	To control water and waste disposal	To control water and waste disposal	Ugu DM (Water Services)	LMs
Thunder Storm and Lightning	All LMs	Mitigation measures	<ul style="list-style-type: none"> • Installation of lighting conductors • Education and awareness campaign 	Awareness Campaigns	COGTA, LMs, SA Weather Services
Power outages*	All LMs	To reduce power outages	<ul style="list-style-type: none"> • To reduce the number of illegal connections • Provide early warning system 	Solar Systems Education and Awareness	ESKOM, LMs
Wild pigs	Umzumbe	To prevent wild pigs from entering in community settlements	Minimise impact	Awareness Campaign	KZN Wildlife, KZNDAE, LMs, Local Hunters, Traditional Leaders, Ugu LED, Agriculture



HCM awareness campaign.



Ezinqoleni War Room.



Ezinqoleni Taxi Rank – 23 January 2014.
Vulamehlo Taxi Rank 28 March 2014.

Disaster Management Training and Awareness Campaigns

As part of community based risk reduction measures the District embarked of the following awareness campaigns:

AWARENESS CAMPAIGNS				
Event	Date	Venue	Number of People Reached	Municipality
Umdoni Volunteer Training	19 August 2013	Umdoni Disaster Centre	16	Umdoni Municipality
Traditional Council Workshop	21 August 2013	KwaCele Traditional Council Office-Umzumbe	22	Umzumbe Municipality
War Room Meeting	10 September 2013	Mshweshwe Resource Centre - Ezingqoleni	17	Ezingqoleni Municipality
HCM Summer Seasonal Awareness Campaign	12 September 2013	Civic Centre	52	Hibiscus Coast Municipality
ICROP SASSA Event	13 September 2013	Jabavu Sportsfield (Ezingqoleni)	108	Ezingqoleni Municipality
Heritage Day Event	24 September 2013	Marburg Sportsfield	117	Hibiscus Coast Municipality
Summer Season Awareness – TB Molefe	06 October 2013	TB Molefe – Gamalakhe	100	Hibiscus Coast Municipality
Mayoral Imbizo/Community Summer Season Awareness	09 October 2013	Mistake Farm	101	Vulamehlo Municipality
Community Summer Awareness Campaign	11 October 2013	Sandalowazi	65	Vulamehlo Municipality
Mayoral Imbizo/Community Summer Awareness Campaign	17 October 2013	Hlokozi Sport Centre	212	Umzumbe Municipality
Mayoral Imbizo/Community Summer Awareness Campaign	18 October 2013	Nhlalwane Sports Ground	208	Umzumbe Municipality
Summer Awareness Campaign	06 November 2013	Kwanokugoduka Hall	206	Umzumbe Municipality
Community Awareness Campaign	13 November 2013	TB Molefe Sports Ground	84	Hibiscus Coast
	19 November 2013	Maveshe Community Hall	274	Hibiscus Coast
	20 November 2013	Manzamlhlophe Hall	236	Umzumbe
	3 January 2014	Harding Taxi Rank	114	Umuziwabantu
	23 January 2014	Izingolweni Taxi Rank	133	Ezingqoleni
	30 January 2014	Nelson Mandela Children's Expo (Sports & Leisure)	151	HCM
	19 February 2014	Margate Taxi Rank	100	Hibiscus Coast
	20 March 2014	KwaCekeza Sports Ground	200	Umuziwabantu
	26 March	Sports & Leisure	19	HCM
	28 March 2014	Kenterton Taxi Rank	99	Vulamehlo
	12 April 2014	Malangeni	150	Umdoni
	13 April 2014	Dumisa	200	Vulamehlo
	14 April 2014	Mehlomnyama	200	Umzumbe
	22-23 April 2014	Turton Clinic	110	Umdoni
	06 May 2014	Mvutshini	150	HCM
	15 May 2014	Mbeni	186	Ezingqoleni
	27 May 2014	Gobhela MPCC	40	Umzumbe
	30 May 2014	Phungashe Resource Centre	50	Umzumbe
	06 June 2014	Boboyi	100	HCM
	11 June 2014	DRM - Community Training	44	Ezingqoleni
	15 June 2014	Marburg Sports ground	150	HCM
	22 June 2014	Vulamehlo	105	Vulamehlo



Margate Taxi Rank – 19 February 2014.



Vulamehlo Taxi Rank 28 March 2014.



Children's Day – DM Awareness and Exhibition.

NUMBER OF SCHOOLS AWARENESS CAMPAIGNS CONDUCTED			
Event	Date	Venue	Municipality
Winter awareness campaign	24 July 2013	Finqindlela High School	Umzumbe
Winter awareness campaign	25 July 2013	Dubandlela High School	Umzumbe
Winter awareness campaign	6 August 2013	Dunywa Primary School	Hibiscus Coast
Winter awareness campaign	8 August 2013	Macebo Primary School	Umdoni
Winter awareness campaign	12 August 2013	Sister Joans High School	Hibiscus Coast
Summer Awareness Campaign	27 February 2014	Vusisizwe Primary School	Umdoni
Winter awareness campaign	17 May 2014	St. Annes Primary School	Umdoni
Winter awareness campaign	27 May 2014	Insingizi Primary School	HCM
Winter awareness campaign	28 May 2014	Zwelihle CP School	HCM
Winter awareness campaign	09 June 2014	Ezinqoleni Secondary School	Ezinqoleni
Winter awareness campaign	09 June 2014	Mansfield Primary School	Ezinqoleni

Best Practice/Achievements/Successes

The review of the sector plan was done internally. We have also engaged Local Municipalities to do the same with the assistance of the District centre and their IDP Planners. The District has been able to review the framework policy internally which is nearing completion with the public participation roll out imminent. The District successfully coordinated the implementation of the Fire and Disaster Shared Service Model for the North and the Southern

clusters. Municipalities are in the process of finalizing the shared services agreements.

Events and Contingency Plans

The District in conjunction with the LMs and the Security cluster were able to convene planning meetings and Section 4 meetings in preparation for these events.

PLANNING MEETINGS FOR EVENTS			
Events	Date	Venue	Municipality
Ugu Growth & Development Strategy	13 June 2013		Ugu District Municipality
Ugu Jazz Festival	22 June 2013	Ugu Sports and Leisure	Ugu District Municipality
Instillation of Inkosi Mavundla	5 July 2013	Gamalakhe	Hibiscus Coast Municipality
Umzumbe Maiden Mass Funeral	7 September 2013	Sangweni Sportsfield (KwaHlongwa)	Umzumbe Municipality
ICROP SASSA Event	13 September 2013	Jabavu Sportsfield (Ezinqoleni)	Ezinqoleni Municipality
Heritage Day	24 September 2013	Marburg Sportfield	Hibiscus Coast Municipality
Big Walk Family Fun Day	06 October 2013	TB Molefe - Gamalakhe	Hibiscus Coast Municipality
National Children's Day Celebration	02 November 2013	Ugu Sports and Leisure	Ugu District Municipality
Opening of P68 Road – Event	18 March 2014	Kwa Nzimakwe	Hibiscus Coast Municipality
Umuziwabantu	20 March 2014	Harding- Fodo	Umuziwabantu Municipality
Community DRM Awareness	26 March 2014	Ugu Sports and Leisure – Gamalakhe	Ugu District Municipality
Ugu Jazz Pre-Party	27 June 2014	Marburg Sports Ground	Ugu District Municipality
Ugu Jazz Festival	28 June 2014	Ugu Sports and Leisure Centre	Ugu District Municipality
Ugu Jazz Picnic	29 June 2014	St Michael- Shelly Beach	Ugu District Municipality

Disaster Relief, Rehabilitation and Reconstruction Strategy

The District has been able to complete a Draft Disaster Relief, Rehabilitation and Reconstruction Strategy (DRRR) which has been developed in response to the assessment of the 2008 flood damage report which had a recommendation that a Relief, Rehabilitation and Reconstruction Strategy is required for Ugu District.

The development of the strategy is informed by policies and legislation. Its primary objectives are to identify and address both opportunities and constraints within the:

- Response and coordination of the relief and rescue
- Damage assessment to facilitate the rehabilitation and reconstruction, and
- Activation of resources to deal with the disaster and access to funding.

The purpose of the strategy is to ensure that effective response and recovery by implementing clear early warnings systems, implementing immediate and appropriate response as well as implement reconstruction and rehabilitation strategies.

Disaster Management Engagement Workshop 14-15 November 2013

The District hosted a workshop on disaster management engagement that was organised jointly by the Provincial Disaster Management Centre and The District on the 14 – 15 November 2013 at Margate Hotel which was well attended 150 role-players



Margate workshop.

and stakeholders participated in the workshop. The workshop was fully supported by Amakhosi aseNdlunkulu (Traditional Leaders) which showed an interest on disaster management issues. The Local Municipalities also participated in the discussions by doing presentations highlighting their state of readiness.

Fire Fighting Shared Services – Fire Trucks Hand Over

Through the assistance of the Provincial Disaster Management (Cogta) the Ugu District Municipality was able to procure 4 Fire Fighting Trucks. Service Level Agreements were drawn up and were signed by the concerned Local Municipalities. The 3 Fire Trucks were handed over to Ezinqoleni, Umzumbe and Vulamehlo

Local Municipalities in the presence of Political Leaders and HOD's. 1 fire truck will remain with the District and will serve as a back-up. This initiative will assist and strengthen the Fire Fighting Units within these under privileged municipalities.

The District Municipality is currently facilitating the process of providing an additional financial support which will assist with the appointment of Fire Fighters within the Local Municipalities.



At the handover of the fire trucks to the LMs.



CHALLENGES EXPERIENCED AND RECOMMENDATIONS	
Challenges	Recommendations
Slow response to incident in local municipalities with no dedicated disaster personnel	Require dedicated disaster personnel to respond immediately to incidents
Incidents are reported to the DDMC with insufficient information and details not specified	Incidents to be reported using the correct administration tool i.e. assessment form
Local Municipalities not budgeting for disaster relief stock	Municipalities to budget for relief stock
Disaster programs lack coordination at local level due to not being recognised as a critical service	Disaster management issues to be listed for discussion at senior management meetings i.e. MANCO, MM's Forum, IDP Forums
Poor stakeholder participation at district and local advisory forums	The district and locals to identify relevant stakeholders and review terms of reference for advisory forums

Other Disaster Management Initiatives

The Ugu District Disaster Management Centre participated on the Presidential Initiative for the Dr Rolihlahla Nelson Mandela Funeral Joint Operation Command and we were able to deploy 15 staff members and 4 fire engines including two skid units. These

resources were distributed in various strategic areas around OR Tambo in Qunu area of the event. The resources were at OR Tambo district for a period of 10 days started from the 7th of December 2013 to the 17th December 2013. There was an additional two days for the debriefing and wrapping up.

FINANCIAL PERFORMANCE 2013/2014 DISASTER MANAGEMENT					
Details	2012/2013	2013/2014			
	Actual R'000	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget R'000
Total Operational Revenue	681	4 613	17 057	6 201	26%
Expenditure:					
Employees	0	1 891	1 878	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	355	4 612	8 341	7 364	37%
Total Operational Expenditure	355	6 503	10 219	7 364	12%
Net Operational Expenditure	326	-1 890	6 838	-1 163	-63%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.22.5					

CAPITAL EXPENDITURE 2013/14 DISASTER MANAGEMENT					
Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure R' 000	Variance from original budget R' 000	Total Project Value R' 000
Total All	1275	1275	2716	53%	
Other	1275	1275	2716	53%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.22.6					

SPORT AND RECREATION

Ugu District Municipality owns and operates the Ugu Sports and Leisure Centre, based on the D202 in Izotsha/Gamalakhe. This facility is used for many National, Provincial and Local events that include major sporting events as well as various conferences and school exhibitions. Ugu District Municipality is not directly involved in sports and recreation.



CORPORATE POLICY OFFICES AND OTHER SERVICES

The Ugu District Municipality has a broad range of policies in place, grounded in sound research, critical analysis and solid proposals, which seek to clearly express the ideals of the institution in respect of basic service delivery to its communities. The drafting of new policies and the revision of dated policies the focus of the newly formed policy task team, which is headed by the Manager Legal

Services. This policy task team vets all policies prior to approval and adoption and the membership includes officials from various departments and units within the Municipality. The task team was formed in order to promote policy coordination, alignment and rationalisation and has effectively achieved this goal.

3.10 Executive and Council

Every municipal council has the right to determine its internal procedures; this right is protected by S160 of the Constitution, which allows the municipal council to decide how to structure the internal operations of the municipality and what mandate or area of responsibility it assigns to political structures, office-bearers and the Municipal Manager.

This right is coupled with an obligation in the Municipal Systems Act 32 of 2000, which instructs each municipality to define the roles and areas of responsibility of political office-bearers and political structures and this definition process is one which is done through the terms of reference. The terms of reference will seek to precisely outline the roles and responsibilities identified in legislation of the councillors, political structures and officials in a municipality.

The Purpose of the Executive Committee is that the council is responsible for all the decisions of a municipality but it may delegate specific functions to committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The Executive Committee exercises oversight responsibilities in respect of the day to day activities of Council.

It is important to note that all resolutions taken by the Executive Committee as per delegations from the Ugu District Municipal Council for the financial year 2013 /2014 have been implemented.

The council is responsible for all the decisions of a municipality but it may delegate specific functions to committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The object of the Council Committee is to perform the following functions:

- Formulating and developing legislation and policies pertaining to the functions of the administration;
- Provision of oversight in the implementation and monitoring of the approved legislations, by-laws, policies, municipal budget as well as the council strategic plans;
- Consider any report on legislation, policies (budget and integrated development planning included), and by- laws in



Councillor NH Gumele, Mayor/Chairperson of the Executive Committee.



Cllr SB Cele, Speaker of Municipal Council (right), with Cllr Madlala from Hibiscus Coast Municipality.

regard to the administration;

- Ensure that the inputs from the communities and sector forums are given due consideration and are taken into account where applicable; and
- Obtain expert advice where deemed necessary.

It is important to note that all Council resolutions for the financial year 2013/2014 have been implemented.

FINANCIAL PERFORMANCE 2013/2014: THE EXECUTIVE AND COUNCIL					
Details	2012/2013	2013/2014			
	Actual R'000	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget
Total Operational Revenue	7 206	1 890	2 496	288	-556%
Expenditure:					
Employees	31 194	31 720	32 093	20 694	-53%
Repairs and Maintenance	0	0	0	0	0%
Other	42 419	6 001	7 593	17 442	66%
Total Operational Expenditure	73 613	37 721	39 686	38 136	1%
Net Operational Expenditure	66 407	-35 831	-37 190	37 848	195%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.24.5					

CAPITAL EXPENDITURE 2013/2014 THE EXECUTIVE AND COUNCIL					
Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure R' 000	Variance from original budget	Total Project Value R' 000
Total All	0	0	78	100%	
Other	0	0	78	100%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.24.6					

3.11 Financial Services

This section provides an overview of the financial performance of the municipality for the 2013/2014 financial year. Performance is analysed per vote and economic classification and is compared to the audited actual results of the prior year, the original and the adjustments budget.

Although not all targets were achieved, there has been noticeable improvement in the financial position of the municipality compared to year on year progress in prior years.

CAPITAL EXPENDITURE 2013/2014 THE EXECUTIVE AND COUNCIL					
Details	2012/2013	2013/2014 2012/2013			
	Actual R' 000	Original Budget R' 000	Adjustment R' 000	Variance from original budget R' 000	Total Project Value R' 000
Total Operational Revenue	110 495	133 187	130 017	209 254	37.8%
Expenditure:					
Employees	16 191	22 177	22 225	16 502	-34%
Repairs and Maintenance	0	0	0	0	0%
Other	22 320	19 395	20 935	18 372	-6%
Total Operational Expenditure	38 511	41 572	43 160	34 874	-19%
Net Operational Expenditure	71 984	91 615	86 857	174 380	47%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.25.5					

CAPITAL EXPENDITURE 2013/2014 THE EXECUTIVE AND COUNCIL

Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure R' 000	Variance from original budget	Total Project Value R' 000
Total All	850	850	1 811	53%	
Other	850	850	1 811	53%	0

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate). T 3.24.6

3.11 Human Resource Services



Ugu staff working hard at the gym during Ugu Wellness Day.

Comment on the Performance of Human Resource Services Overall

The Human Resources Management Services rendered by the Municipality aims to achieve the following:

- Attend to the human resources requirements of the various municipal departments;
- Establish and maintain a working environment that encourages personal growth, development, enrichment and job satisfaction; and
- Ensure that human resources policies and procedures are administered in such a way as to protect the interests of both the Municipality and its employees.

To accomplish this purpose, professional support services are rendered in respect of the following functional areas:

- Recruitment and selection;
- Induction of newly appointed staff;
- Personnel administration – administration of staff benefits and maintaining employee records;

- Maintaining and monitoring Conditions of Service in terms of the applicable legislation, Bargaining Council agreements and Council policies;
- Placement at the behest of the institution;
- Staff movement;
- Employee Health, Safety and Wellness Unit ensures compliance with the Occupational Health and Safety Act 85 of 1993, and ensures employee wellness; and
- General administration.

Ugu District Municipality values all its employees and commits itself to promoting their wellbeing. It is therefore the aim of the Employee Health, Safety and Wellness Programme to improve the quality of life of all employees by providing support and helping to alleviate the impact of everyday work and personal and family problems. It is therefore intended, that, with this Employee Health, Safety and Wellness Strategy that the Municipality will be effective in providing employees with a programme that provides innovative methods of managing performance related problems.

The explicit aim of the Employee Health, Safety and Wellness Strategy is to improve the quality of life of all employees by providing support and helping to alleviate the impact of everyday work and personal and family problems. Employee Health, Safety and Wellness Strategy offers new and exciting prospects to assist in the well being of employees while at the same time increasing the effectiveness of the Organisation. Participation in the programme is voluntary and will not jeopardise job security. The programme does not intend to interfere with workers' private

lives; however when a member does not perform according to the standard expected, management has a right to intervene.

The programme is a cost free worksite based programme providing confidential and professional assistance to employees of UGU District Municipality employees. Employee Health, Safety and Wellness Strategy does not replace any existing procedures, but provides innovative methods of managing performance related problems.

3.12 Information and Communication Technology (ICT) Services

The Municipality is committed to providing a reliable and sustainable ICT environment that supports its goals and objectives, as defined in the Integrated Development Plan.

Service Statistics for ICT Services

ICT services can be classified into three categories: Application Development; Technical Services; and Enterprise Programmes.

- In terms of Application Development, application programmes are provided that not only match the user departments exact needs, but allow all such departments to utilise these application programmes in achieving their specific objectives as set out in the IDP, harmoniously, efficiently and timeously.
- In terms of Technical Services, the hardware and network infrastructure that enables all departments to electronically communicate both internally and externally, are provided and maintained.
- In terms of Enterprise Programmes, all new requirements identified by the various departments within the Municipality are researched and developed, in conjunction with Application Development and Technical Services functions.

Comment on the Performance of ICT Services Overall

Two major ICT investment projects that municipality embarked on in the 2013/2014 financial year are as follows:

- **Microsoft Enterprise Agreement** – The municipality signed a Microsoft Enterprise Licensing Agreement through SITA for

a period of three years ending in 2015/2016. This agreement has ensured that the municipality is covered for the three years with regards Microsoft Licensing. It also came with many technological benefits that the ICT section can and has taken advantage of to improve its infrastructure and services to the municipality. One of those benefits was the free consulting hours with experts in the ICT industry as well as free training using the agreement's voucher system.

- **Central Data Centre Infrastructure Upgrade** – ICT embarked on a project to replace its ageing data centre infrastructure for its central data centre at the main office. The project involved a redesign of the data centre and that it took longer than expected as it required extensive planning and consulting experts. This delayed the project a lot and the capital budget ended up being cut for fear that it wouldn't be spent in full by the end of the financial year. So, with what was left, ICT used the SITA tender 153 to procure the required equipment and rescheduled the implementation part to the following financial year.

There were no capital budget variations in the financial year concerned. There was some additional funding that was requested and granted on the operating budget during the mid-term budget adjustment. That was used primarily to top up budgets for contracted services that had been under-budgeted for at the beginning of the financial year. The ICT targets on the IDP for 2013/2014 were all achieved within the budget.

CAPITAL EXPENDITURE 2013/ 2014: ICT SERVICES					
Capital Projects	2013/2014				
	Budget R'000	Adjustment R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget R'000
Total All	1 500	1 500	3 729	0%	
ICT Infrastructure	1 500	1 500	259	0%	0
Motor Vehicles	0	0	269	0%	0
Computer Hardware Equipment	0	0	812	0%	0
Computer Software	0	0	2 389	0%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.28.5

3.13 Legal Services

Local government operates in a highly legislated environment, which highlights the importance of compliance with the large volume of legislation applicable in the sphere. In this regard, the Municipality has a functional Legal Services Section in place, which provides:

- Legal Advisory services to the Council and the Administration;
- Efficient management of legal risk inclusive of litigation;
- Contract management;
- Serving as an Appeal Authority to appeals or objections against SCM processes; and
- Implementation of administrative justice practices.

The Legal Services Section reports directly to the Municipal Manager and the Manager: Legal Services serves on the Senior Management Committee of the Municipality.

The recommendations of a Forensic Investigation done during the 2013/2014 financial year was that the Municipality terminated contracts with two Service Providers and accordingly instituted criminal and civil recovery proceedings against them as a result of them being awarded contracts by the Municipality, which contracts were awarded to them as a result of them having tendered fraudulent Tax Clearance certificates to the Municipality during the bidding process for the contracts which they were subsequently awarded.

An amount of R5 585 043.39 in total is being recovered and Ugu District Municipality has adopted practices to mitigate such reoccurrences.

Financial Performance 2013/ 2014: Property; Legal; Risk Management and Procurement Services					
Details	2012/2013	2013/2014			
	Actual R'000	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	1 874	100%
Repairs and Maintenance	0	0	0	0	0%
Other	834	570	3 594	1 580	64%
Total Operational Expenditure	834	570	3 594	3 455	83%
Net Operational Expenditure	-834	-570	-3 594	-3 455	83%
					T 3.28.5

ORGANISATIONAL PERFORMANCE SCORECARD

This is the DRAFT version, amendments indicated were in the process of being corrected at time of going to print.

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Performance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Performance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 4	Differentiated Approach To Municipal Financing, Planning And Support	Municipal Institutional Development And Transformation	To build and strengthen the administrative and institutional capacity of the municipality	Municipal Transformation and Institutional Development Strategy	1	Date 2014/2015 PMS & SDBIP approved	2013/2014 PMS and SDBIP approved by 2013/06/30	28-Jun-13	N/A	N/A	30-Jun-14	26-Jun-14	Achieved	N/A	Mayors approval of 2014/2015 SDBIP
OMM - 5					2	Number of quarterly reviews conducted	4	4	N/A	N/A	4	4	Achieved	N/A	Minutes & Attendance registers
OMM - 6					3	Date Section 72 report approved	31-Jan-13	27-Feb-13	N/A	N/A	31-Jan-14	25-Jan-14	Achieved	N/A	Council resolution noting the mid-year review report
OMM - 7					4	Date 2012/2013 Annual report Approved	11/12 Annual report approved by 31 Mar 2013	31-Mar-13	N/A	N/A	30 Mar 2014	27-Mar-14	Achieved	N/A	Council resolutions and annual report
CS-5					5	Turnaround time taken to produce draft minutes after the sitting of a meeting	N/A	N/A	N/A	N/A	10 working days	10 working days	Achieved	N/A	Shedule outlining dates of meetings and dates when draft minutes were available
CS-10					6	Date HR Policy and procedure manual is updated	N/A	N/A	N/A	N/A	31-Dec-13	31-Dec-13	Achieved	none	Manco resolution and Final procedure manual document
CS-11					7	Number of Performance agreements for level 2 and 3 managers signed by 30 Sept 2013	N/A	N/A	N/A	N/A	10	10	Achieved	none	Copies of signed performance agreements
CS-12					8	Number of employees enrolled for computerised ABET	N/A	N/A	N/A	N/A	20	17	Not Achieved	The balance of 3 employees will be trained in 2014/2015 Financial Year by 30 June 2015	Attendance register

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
CS-13					9	Number of employees enrolled for computer training programme	N/A	N/A	N/A	N/A	50	20	Not achieved	The balance of 30 employees will be trained in 2014/2015 Financial Year by 30 June 2015	attendance register
CS-14					10	Number of process controllers trained on water and waste water treatment	N/A	N/A	N/A	N/A	40	20	Not achieved	The balance of 20 employees will be trained in 2014/2015 Financial Year by 30 June 2015	Attendance register
CS-15					11	Number of artisans trained/ trade tested	7 training initiatives conducted	5 training initiatives conducted not achieved	N/A	N/A	15 artisans trained/ trade tested	7	Not achieved	The balance of 8 employees will be trained in 2014/2015 Financial Year by 30 June 2015	Attendance register
CS-16					12	Percentage implementation of WSP training programmes	100%of the workplace skills plan budget spent	56%of the workplace skills plan budget spent Not achieved	N/A	N/A	100% implementation of WSP training programmes	87%	Not achieved	The number of employees that were to be trained in 2013/2014 did not sum up to the targeted numbers, resulting in not achieving 100% of the WSP target. The balances above will be trained in 2014/2015 and will result into 100% achievement of 2013/2014 WSP	attendance register and
LGSETA quarterly training reports															
CS-17					13	Date consolidated and simplified ICT and approved plan is implemented by centralising operations and personnel	N/A	N/A	N/A	N/A	31-Dec-13	Staff and IT operations centralised by 14 Oct 2013	Achieved	N/A	Extract of minutes of the ICT Steering Committee & copies of transfer letters of staff. Council resolution on post of ICT Manager

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
CS-18					14	Date Cobit Framework is adopted	N/A	N/A	N/A	N/A	31-Mar-14	07-Jan-14	Achieved	N/A	Minutes of the ICT Steering Committee. Close out report from Ernst & Young to KZN Provincial Treasury
CS-19					15	Date network performance is approved	Implemen- tation of sound IT governance by 30 June 2013	Not achieved	N/A	N/A	31-Mar-14	10-May-14	Achieved	N/A	Reports of network performance tabled at ICT Steering Committee & Minutes
CS-20					16	Date BCP and DRP are concluded	N/A	N/A	N/A	N/A	30-Jun-14	Backup & Restore Policy and Procedures as well as Business Continuity Plan adopted by Council on 26 June 2014.	Achieved	N/A	Council minutes
CS-21					17	Date Backup and Restore Solution is implemented	N/A	N/A	N/A	N/A	30-Jun-14	13-Mar-14	Achieved	N/A	Invoices
Minutes of ICT Steering Committee															
Backup registers															
CS-22					18	Date Integrated Employee health and wellness strategy approved	N/A	N/A	N/A	N/A	31-Dec-13	Strategy was drafted and approved. Wellness day was held in 26 March 2014	Achieved	N/A	Draft strategy, attendance register, Council resolution
CS-23					19	Date employees and councillors trained in basic financial management	N/A	N/A	N/A	N/A	31-Mar-14	Groups where trained at the following venues: • North • Harding • South by 23 Oct 2013	Achieved	N/A	Attendance register and programme

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year			Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence	
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)				2013/2014 (Actual)
CS-24					20	Percentage of compliance areas achieved in line with the Occupational Health and Safety Act	N/A	N/A	N/A	N/A	100%	100% of scheduled Committee meetings were held. 4 held. 100% compliant with the act. First Aid Training was conducted in house	Achieved	N/A	Attendance register; minutes of meetings; training programme
CS-25					21	Number of leases on all Ingonyama Trust owned land signed	N/A	N/A	N/A	N/A	140 leases	240	Achieved	N/A	Signed Leases and Invoices
CS-26					22	Number of properties utilised by Ugu transferred to the name of Ugu District Municipality	N/A	N/A	N/A	N/A	25	0	Not achieved	Attorney appointments done in Q3, work ongoing. Monthly reports to be produced	Minutes and Attorney's Appointment letters S7
CS-27					23	Frequency of availability of a facility to accommodate offices	N/A	N/A	N/A	N/A	Monthly	monthly	Achieved	N/A	Leases and invoices
WS-1	Improved Access To Basic Services	Basic service delivery	To provide access to sustainable quality drinking water and sanitation services	Basic Service Delivery and Infrastructure Development Strategy	24	Number of VIP Sanitation facilities constructed	10400	20560 Achieved	35000	27000	8000 hh	8000hh	Achieved	Nil	Beneficiary register and copies of happy letters
WS-2					25	Date Slums clearance: Farm Isonti Low-cost Housing bulk Sanitation tender awarded	N/A	N/A	5km of pipeline	5km of pipeline	30-Mar-14	Tender awarded on 11 March 2014	Achieved	N/A	Tender advert; appointment letter
WS-3					26	Date Masinenge sanitation tender awarded	N/A	N/A	4km bulk pipeline	4km bulk pipeline	30-Jun-14	Tender awarded on 09 Apr-2014	Achieved	N/A	Appointment letter
WS-4					27	Date Malangen Housing project's Pre-designs approved	N/A	N/A	Designs approved by 2014/06/30	Designs approved by 2014/07/30	30-Jun-14	Pre-design not approved	Not achieved. Detailed design not approved.	Procurement process has been finalised and the consultant has been appointed	Appointment letter and approval of design

ORGANISATIONAL PERFORMANCE SCORECARD																
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence	
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)				
WS-5					28	Date Bhebhoyi Mkholombe Pre- designs approved	N/A	N/A	Designs approved by 2014/ 06/30	Designs approved by 2014/ 07/30	30-Mar-14	Pre- design not approved	Not achieved	To fasttrack the planning process and designs	Exco and DWA resolutions approving the business plan; approval of design by Water Services	
WS-6					29	Number of km of Harding Sanitation phase 3 pipeline laid	100%	40% Not achieved	17km	2km	17km	15km	Not achieved	The contractor is now fully back on site	Appointment letter and Practical Completion certificates and closeout report	Approval of ROD by DEAT
WS-7					30	Date Uvongo WWTW ROD approved	100%	80% Not achieved	Rod approved by 30 Mar 2014. Design approved by 30 June 2014	Designs approval	Rod approved by 30 Mar 2014. Design Approved on 05 June 2014	Rod Approved and granted on 05 June 2014	Achieved	N/A	Approval of ROD by DEAT	
WS-8					31	Number of km of sanitation returbishment and water pipeline replacement laid	N/A	N/A	1 km	0	1 km	1 km	Achieved	N/A	Contractor award letter and Progress payment certificate	Contractor Award letter; payment certificate
WS-9					32	Number of km of Stick Farm Water supply project (MIS 177240) pipeline laid	N/A	N/A	6km	0	6km	6km	Achieved	N/A		DWA approval of the business plan (DWA correspondence not approving business plan)
WS-10					33	Date Dudu Water reticulation infills business Plan Approved	100%	0% Not achieved	Approval of Business plan by 2014/ 06/30	Approval of business plan by 30 June 2015	30-Jun-14	Business Plan not approved	Not achieved	The municipality is engaged in identifying an alternative water source and the kpi is envisaged to be achieved by 30 June 2015		Power connection certificate and completion certificate and (correspondence with Eskom)
WS-11					34	Date Kwaxolo bulk water supply power connection and project commissioned	100%	95% Not achieved	Approval of Business plan by 2014/ 06/30	Approval of business plan	30-Jun-14	Not achieved	Not achieved	Constant follow-ups with Eskom and political intervention has been sought and KPI is to be achieved by 31 Dec 2014		

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
WS-12					35	Date Business plan for KwaXolo Water Supply reticulation is approved	N/A	N/a	Approval of Business plan by 2014/06/30	Approval of business of plan	30-Jun-14	Business Plan not yet approved	Not Achieved	The municipality will follow-up on DWA to fasttrack the approval process and the KPI is aimed at being achieved by 31 Dec 2014	Dwa approval of the business plan and (correspondence with DWA)
WS-13					36	Number of km of the KwaNyuswa water scheme phase 3 Pipeline laid (AFA) (MIS 194753)	100%	55% Not achieved	65 km	0	55 km	65km	Achieved.	N/A	Appointment letter and progress payment certificate
WS-14					37	Number of km of Mathulini Water Supply phase 4-7 pipeline laid	N/A	N/a	4km	0	4km	4km	Achieved	N/A	Appointment letter and progress payment certificate
WS-15					38	Number of km of Mhlabashane regional water supply scheme-reticulation pipeline laid and Reservoir constructed	100%	65% Not achieved	25 km and 1 X 1 ML Reser-voir built	1 ML Reser-voir built by	25 km and 1 X 1 ML Reservoir built	25km	Achieved	N/A	Appointment letter and progress payment certificate
WS-16					39	Number of km of Mhlabashane water supply regional bulk infrastructure pipeline laid	100%	65% Not achieved	18km	0	15 km	18km	Achieved	N/A	Appointment letter and Progress payment certificate
WS-17					40	Percentage of Dududu reservoir completed	100%	100% Achieved	100%	0	100%	100%	Achieved	N/A	Appointment letter and certificate of Completion of works
WS-18					41	Number of km of Ezinqoleni bulk water extensions phase 3 pipeline laid	100%	25% Not achieved	1.5km	0	800 m	1.500 km	Achieved	N/A	Appointment letter and progress payment certificate
WS-19					42	Percentage completion of Umavuna water works raw water upgrade	100%	50% Not achieved	100%	100%	25%	0%	NOT ACHIEVED	The KPI will be achieved by 30 June 2015	Payment certificate and project manager progress reports (legal services copy of appeals letters)
WS-20					43	Date Mabheleni East Water project feasibility Study approved	100%	15% Not achieved	Approved feasibility study	Approved feasibility study	30 June 2014	Feasibility study not complete	NOT ACHIEVED	The feasibility study is now set to be completed by 31 Dec 2014	Feasibility Study report and approval

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
WS- 21					44	Date Harding Weza regional bulk water supply pre-designs approved	100%	15% Not achieved	Pre- designs approved by 30 June 2014	Pre Designs will be approved	30 June 2014	Not achieved	Not achieved	The Umuziwabantu LM has approved PDA and the designs will be approved by 31 Dec 2014	Water Services management resolution (EXCO resolution)
WS- 22					45	Number of km of Thoyane Water and Project phases 4 & 7 pipeline laid and 200ML reservoir completed	100%	80% Not achieved	18km and 200ML reser- voir com- pleted	N/A	18km and 200ML reservoir completed	18km and 200ML reservoir completed	Achieved	N/A	Appointment letter and certificate of Completion of works
WS- 23					46	Percentage of Umzimkhulu Bulk Water Augmentation scheme completed	100%	30% Not achieved	100%	100%	35%	Not achieved	Not achieved	The contractor was appointed on 12 February 2013 and objections to their appointment were only resolved in June 2014 and the KPI is planned to be achieved on 30 June 2015	Appointment letter and Payment certificate and project manager progress reports (letter of objection and upliftment of objection)
WS- 24					47	Number of km of Maphumulo Water supply pipeline laid and 500 kl concrete reservoir completed	100%	80% Not achieved	Reservoir	Reservoir	a) 15 km b) 500kl reservoir built	a) 32km com- pleted b) reservoir not built	Not achieved	Subsequent to the resolution of the terminated contract and objections, the KPI is planned to be achieved by 30 June 2015	Appointment letter and progress payment certificate and (contract termination letter and appeals letter)
WS- 25					48	Number of km of Msikaba and surrounding water supply scheme pipeline laid, 1ml reservoir completed and new pump station constructed	100%	60% Not achieved	Pump station	Pump station	a) 800 m pipeline laid b) 1 ML Concrete Reservoir built c) New pump station con- structed	a) 9.902m pipeline laid b) reservoir complete c) 93% of pump station is complete	Not achieved	The pumpstation will be completed by 31 Dec 2014	Progress payment certificate

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
WS- 26					49	Number of km of Umzinto slums clearance-farm isonti low cost housing water scheme pipeline laid	100%	45% Not achieved	3km	0.8km	3km	2.2km	Not achieved	The project is in progress after being delayed by labour dispute and the completion date is now 31 Dec 2014	Progress payment certificate and (site meetings minutes)
WS- 27					50	Number of km of ageing infrastructure pipeline replaced	100%	55% Not achieved	10km	0	10km	10km	Achieved	N/A	Progress payment certificate
WS- 28					51	Number of meters replaced	100%	100% Achieved	10000	6949	30-Jun-14	3051 units replaced by 30 June 2014	Achieved	N/A	Payment certificate and project manager progress reports
WS- 29					52	Percentage of leak detected and repaired	2000	Not achieved	Repairs done as and when required	0	100%	0.0%	Not achieved	Funding Business plan prepared and submitted to DWA for approval	DWA approval and report on leaks detected and repaired
WS- 30					53	Percentage of water supply interruptions resolved	95%	96% Achieved	Repairs done as and when required	0	75%	74%	Not achieved	Identification of existing infrastructure where construction is taking place prior to construction taking place and construction of PRV in Harding town	Monthly reports and Job cards
WS- 31					54	Percentage of sanitation interruptions resolved	95%	96% achieved	Repairs done as and when required	0	50%	100%	ACHIEVED	N/A	Monthly reports and Job cards
WS- 32					55	Percentage of quality of water provided to communities	99.50%	99% achieved	N/A	N/A	99.5%	96.1%	NOT ACHIEVED	Refurbishment underway; plant optimization and the KPI is planned to be achieved by 30 June 2015	Dwa compliance report

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
WS- 33					56	Number of HH with access to basic water	N/A	N/A	2400	1800	600	1105	Not achieved	Some projects contractors had challenges and this KPI is now to be achieved by 30 June 2015	Closeout reports and connections report
WS- 34					57	Percentage compliance with Green drop requirements	70%	90% achieved	100%	100%	99%	78%	Not achieved	Refurbishment underway; plant optimization and the KPI is planned to be achieved by 30 June 2015	DWA compliance report
WS- 35					58	Date fleet management plan adopted	N/A	NA	Imple-mentation of fleet management plan	Imple-mentation of fleet management plan	30-Jun-14	Not adopted	Not achieved	The plan shall be adopted by 31 Dec 2014	Fleet management plan and council resolution
IED - 24	Community work programme implemented and cooperatives supported	Local economic development	To create a conducive environ-ment for economic growth and job oppor-tunities	Local Economic Develop-ment Strategy	59	Number of sport events hosted in sports and leisure centre	36	151 achieved	N/A	N/A	40	40	Achieved	N/A	Events records
IED - 25					60	Number of social events hosted in sports and leisure centre	120	234 achieved	N/A	N/A	160	297	Achieved	N/A	Events records
IED - 26					61	Budget spent on Maintenance of Ugu sports and Leisure	R2 660 000	R2 264 167 Achieved	N/A	N/A	R1 729 400	R1 693 400	Achieved	N/A	S71 Financial Reports
IED - 27					62	Income received from lease of sports and leisure centre	R 400 000	R611 540 achieved	N/A	N/A	R 480 000	R736 987	Achieved	N/A	S70 Financial Reports
IED - 28					63	Date for the Unlocking of Agricultural Land in Traditional Authority areas study completed	N/A	N/A	N/A	N/A	30-Sep-13	11-Jun-14	Achieved	N/A	LED portfolio committee resolution
IED - 29					64	Number of Horseshoe Farm hectares of fenced land planted	30ha	30Ha achieved	N/A	N/A	10	1	Not achieved	The KPI is planned to be achieved by 30 Sept 2014	Project Manager's Report and payment certificates

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
IED - 30					65	Number of Agricultural Input Support implemented as poverty alleviation initiatives	N/A	N/A	N/A	N/A	6	No agric- ultural input support imple- mented	Not achieved	The concerned department will request for funding during the 2014/2015 adjustment budget in January 2015	Closeout report and acknowledgement of receipt of support signed by beneficiaries
IED - 31					66	Income raised from Ugu Fresh Produced Market 4 zones leased and maintained	N/A	N/A	N/A	N/A	R 500 000	R1 531 2831.11	Achieved	N/A	S71 Financial Report
IED - 32					67	Percentage Socio- economic indicators booklet compiled and completed	N/A	N/A	N/A	N/A	100% by 30 Mar 2014	40%	Not achieved	The socio- economic indicator booklet will be completed by 31 Dec 2014	Final printed booklet and portfolio committee resolution
IED - 33					68	Date business database compiled	N/A	N/A	N/A	N/A	30-Jun-14	Not achieved	Not achieved	Working together with HCM and Unzumbe to ensure that info received through their processes is standardised. Then will replicate for the remaining LMs. The KPI will therefore be achieved by 30 June 2015	Portfolio committee resolution
IED - 34					69	Frequency LED Webpage updated	2013/06/30	Website develop- ment to be completed on 11- Jul-13 not achieved	N/A	N/A	Once per quarter	Once per quarter	Achieved	N/A	Website upload record
IED - 35					70	Date Investment promotion strategy completed	100%	40% Not achieved	N/A	N/A	30-Mar-14	11-Jun-14	Achieved	N/A	Portfolio committee resolution
IED - 36					71	Date reviewed LED Strategy adopted	N/A	N/A	N/A	N/A	30/06/2014	Not adopted	Not achieved	The LED strategy review will be completed by 31 March 2015	Council resolution
IED - 37					72	Date Ugu Jazz Festival Economic Impact Study adopted	100%	100% achieved	N/A	N/A	30-Jun-14	11-Jun-14	Achieved	N/A	Portfolio committee resolution

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
IED - 38					73	Number of Crafters Trained	N/A	N/A	N/A	N/A	50	0	Not achieved	The crafters training would commence by 31 Dec 2014 and be completed by 31 March 2015	Attendance Register, Certificates and Training Progress Report
IED - 39					74	Date Furniture Manufacturing Business Plan and Incubator adopted	100%	95 % Not achieved	N/A	N/A	30-Sep- 13	11-Jun-14	Achieved	N/A	LED portfolio committee resolution
IED - 40					75	Date Clothing & Textile Study and Business Plan developed	100%	60% Not achieved	N/A	N/A	30-Sep- 13	11-Jun-14	Achieved	N/A	LED portfolio committee resolution
IED - 41					76	Number of Co- operatives Trained	20	65 achieved	N/A	N/A	60	70	Achieved	N/A	Attendance Register, Training Progress Reports and Certificates
IED - 42					77	Number of SMMEs Trained	4	3 Not achieved	N/A	N/A	25	27	Achieved	N/A	Attendance Register, Training Progress Reports and Certificates
IED - 43					78	Number of Emerging Contractors Trained	N/A	N/A	N/A	N/A	25	0	Not achieved	The Municipality will sign an MOU with IDT and training commence by 31 Dec 2014 and finish by 31 March 2015	Attendance Register, Training Progress Reports and Certificates
OMM - 1	Deepen democracy through a refined ward committee system	Good govern- ance and public partici- pation	To create a conducive environ- ment for parti- cipatory develop- ment	Good govern- ance and public parti- cipation strategy	79	Date 14/15 IDP approved	Approved 12/14 IDP by 31 August 2012	Approved 12/14 IDP by 31 august 2012 - achieved	N/A	N/A	30 June 14	26-Jun-14	Achieved	N/A	Council resolution adopting process plan; Strategic Planning Attendance registers; Council Resolution adopting IDP
OMM - 2					80	Number of IDP Forum meetings held	8 IDPRF Forum meetings held	3 IDPRF forum meetings held - not achieved	N/A	N/A	6	5	Not achieved (1 meeting did not sit)	Will ensure alignment of IDPRF dates with the municipal roaster of meetings to avoid clash of meetings	Attendance registers and meeting agendas

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 3					81	Number of 13/14 IDP copies printed	N/A	N/A	N/A	N/A	200	100	Not achieved	None, due to the fact that it has been realised that the required copies is 100	Copy of printed IDP
OMM - 9					82	Date Risk register approved	Approved Risk register by 31/12/12	Not achieved	N/A	N/A	2013/09/30	23 Sept 2013	Achieved	N/A	Manco resolution
OMM - 10					83	Number of RMC reports produced	1 RMC report	1 RMC report achieved	N/A	N/A	3	3	Achieved	N/A	Minutes of meetings and reports
OMM - 11					84	Date 13/14 SDIP approved	12/13 SDIP approved by 19/11/13	12/13 SDIP approved by 19/11/13 achieved	N/A	N/A	2014/06/30	05-May- 14	ACHIEVED	N/A	Manco resolution and SDIP
OMM - 12					85	Number of Service Delivery Standards monitoring reports produced	N/A	N/A	N/A	N/A	2	2	ACHIEVED	N/A	Manco resolution and reports
OMM -13					86	Number of Audit committee meetings held	4	6 Achieved	N/A	N/A	4	7	ACHIEVED	N/A	Minutes of Audit Committee meetings and attendance registers
OMM - 14					87	Number of Internal audit Projects completed	13	13 Achieved	N/A	N/A	18	18	ACHIEVED	N/A	Minutes of Audit Committee meetings
OMM - 15					88	Number of Fraud Risk Register developed	N/A	N/A	N/A	N/A	1	1	ACHIEVED	N/A	MANCO Resolution and fraud risk register
OMM - 16					89	Number of fraud risks Reports produced and submitted to relevant committees	N/A	N/A	N/A	N/A	2	2	ACHIEVED	N/A	MANCO Resolution
OMM - 17					90	Number of anti- fraud and corruption campaigns conducted	N/A	N/A	N/A	N/A	2	3	ACHIEVED	N/A	Attendance Register
OMM - 18					91	Number of sukuma sakhe consultative sessions held	N/A	N/A	N/A	N/A	16	16	ACHIEVED	N/A	Attendance registers
OMM - 19					92	Number of sukuma sakhe district reports produced	N/A	N/A	N/A	N/A	4	4	ACHIEVED	N/A	Attendance registers & minutes
OMM - 20					93	Date Strategy for HIV and AIDS adopted	N/A	N/A	N/A	N/A	31/12/13	31-Oct-13	ACHIEVED	N/A	Council resolution

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 21					94	Number of UDAC meetings held	4	4	N/A	N/A	4	4	ACHIEVED	N/A	Minutes & attendance register,UDAC
OMM - 22					95	Number of UDAC reports compiled	N/A	N/A	N/A	N/A	4	4	ACHIEVED	N/A	Reports to PCA
OMM - 23					96	Number of Young Women exposed to job opportunities within the Justice system	N/A	N/A	N/A	N/A	60	60	ACHIEVED	N/A	Attendance Register
OMM - 24					97	Number of High School Learners exposed to Career Guidance and Development Programmes by 31/03/14	500	500	N/A	N/A	10 000	10 000	ACHIEVED	N/A	Attendance registers
OMM - 25					98	Number of High Schools work -shopped for my life my future	2 Career Exhibitions held in (12/13)	4 - 8 February 2013 not achieved	N/A	N/A	20	20	ACHIEVED	N/A	Attendance registers
OMM - 26					99	Number of schools visited and educated on Rights to Vote	N/A	N/A	N/A	N/A	12	12	ACHIEVED	N/A	Attendance registers
OMM - 27					100	Number of young People trained on Moral Conduct	N/A	N/A	N/A	N/A	1000 Young People trained on Moral Conduct by 30/09/13	1000 Young People trained on Moral Conduct by 30/09/13	ACHIEVED	N/A	Attendance register were submitted in quarter 3
OMM - 28					101	Number of young People coached in Soccer and Work shopped in Sport as a Career	N/A	N/A	N/A	N/A	300	Not done	NOT ACHIEVED	The municipality will liaise with DSR to fund the project	Attendance registers
OMM - 29					102	Number of Correctional Services Visits for moral regeneration	1	1	N/A	N/A	1	1	ACHIEVED	N/A	Attendance register and confirmation from correctional service
OMM - 30					103	Number of Youth in School workshoped on the importance of banking and saving money	N/A	N/A	N/A	N/A	500	500	ACHIEVED	N/A	Attendance register

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 31					104	Number of schools visited for the Sanitary Dignity Campaign	31-Oct-12	Achieved (2012/10/09)	N/A	N/A	20	20	Achieved	N/A	Attendance register
OMM - 32					105	Date Women Empowerment Workshop held	N/A	N/A	N/A	N/A	30-Sep-13	22-Aug-13	Achieved	N/A	Attendance register
OMM - 33					106	Date Men's Summit held	N/A	N/A	N/A	N/A	30/09/13	01-Nov-13	Achieved	N/A	Attendance register
OMM - 34					107	Number of Gender Empowerment Workshops conducted	N/A	N/A	N/A	N/A	2	2	Achieved	N/A	Attendance Register
OMM - 35					108	Date Father and Son Talk held	N/A	N/A	N/A	N/A	30/09/13	26-Jul-13	Achieved	N/A	Attendance register
OMM - 36					109	Number of Womanhood Dialogue conducted by 31/12/2013	N/A	N/A	N/A	N/A	1	1	Achieved	N/A	Attendance register
OMM - 37					110	Number of Childhood Centres visited for early childhood awareness campaign	N/A	N/A	N/A	N/A	20	20	Achieved	N/A	Attendance register
OMM - 38					111	Number of hospitals visited for toy run Christmas Visits undertaken	4	4	N/A	N/A	4	4	Achieved	N/A	Attendance registers
OMM - 39					112	Date Child Protection Workshop conducted	Child Protection Workshop 12/13	Child Protection Workshop 12/13 achieved	N/A	N/A	31/03/14	06-07 Mar 2014	Achieved	N/A	Attendance Register
OMM - 40					113	Number of awareness campaigns conducted (Primary Schools & ECD)	10	10	N/A	N/A	20	20	Achieved	N/A	Attendance Register
OMM - 41					114	Number of Child Protection Programmes conducted	2	2 achieved	N/A	N/A	3	3	Achieved	N/A	Attendance Register
OMM - 42					115	Date Disability Career Guidance Programme held	N/A	N/A	N/A	N/A	2014/03/31	15-Nov-13	Achieved	N/A	Attendance Register
OMM - 43					116	Number of Disability Support Group workshops conducted	7 Disability Support Group workshops conducted	7 Disability Support Group workshops conducted	N/A	N/A	8	8	Achieved	N/A	Attendance Register

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Performance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Performance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 44					117	Number of christmas visits to disability Centres	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	Attendance Register
OMM - 45					118	Number of Mayoral izimbizo held	10	10 achieved	N/A	N/A	18	18	Achieved	N/A	Attendance registers
OMM - 46					119	Date Public participation Framework strategy adopted	N/A	N/A	N/A	N/A	30-Sep-13	31-Oct-13	Achieved	N/A	Council resolution
OMM - 47					120	Number of 20 years of freedom Events held	N/A	N/A	N/A	N/A	2	2	Achieved	N/A	Attendance registers and photos
OMM - 48					121	Number of Sectoral Parliaments held	N/A	N/A	N/A	N/A	3	2	Not achieved	Due to challenges experienced, the section has resolved to hosting one sectoral parliament a year	Attendance registers and photos
OMM - 49					122	Number of Sports Confederation meetings held	1	1 Achieved	N/A	N/A	6	6	Achieved	N/A	Minutes of meetings, attendance register
OMM - 50					123	Number of Speakers Forum meetings held	4	4 Achieved	N/A	N/A	4	1	Not achieved	The municipality will commit to following a roster of meetings	Minutes and Attendance registers and minutes
OMM - 51					124	Number of IGR cluster meetings held	N/A	N/A	N/A	N/A	16	5	Not achieved		Minutes and Attendance registers
OMM - 52					125	Number of Mayors forum meetings held	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	Minutes and Attendance Registers
OMM - 53					126	Number of Municipal managers meetings held	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	Minutes and Attendance registers
OMM - 54					127	Number of projects sod turnings and handovers held	4 Sod turnings and handovers held	4 Sod turnings and handovers achieved	N/A	N/A	4	4	Achieved	N/A	Attendance registers and photos
OMM - 55					128	Number of 2014 calendars printed	5000 calendars for 2013	5000 Achieved	N/A	N/A	5 000	5 000	Achieved	N/A	Copy of the calendars

ORGANISATIONAL PERFORMANCE SCORECARD

IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
OMM - 56					129	Number of corporate folders printed	500	500	N/A	N/A	500	500	Achieved	N/A	Copy of corporate folder
OMM - 57					130	Date Ugu Jazz Festival held	Ugu Jazz Festival held by 30/06/13	Ugu jazz festival held by 30/06/13 achieved	N/A	N/A	2014/06/30	27 /06/2014	Achieved	N/A	Contract and SLA entered into with a service provider
OMM - 58					131	Number of Municipal adverts published	N/A	N/A	N/A	N/A	20	20	Achieved	N/A	Copies of adverts
OMM - 59					132	Number of municipal newsletter issues published	N/A	N/A	N/A	N/A	4	1	Not achieved	More budget will be allocated for the next financial year 2014/2015	A copy of a news letter
OMM - 60					133	Number of radio slots conducted	5	5 Achieved	N/A	N/A	4	0 (nil)	Not achieved	More budget will be allocated for the next financial year 2014/2015	Signed contract
OMM - 61					134	Number of press releases published	N/A	N/a	N/A	N/A	16	16	Achieved	N/A	Published Press releases
OMM - 62					135	Number of media briefings conducted	4	4	N/A	N/A	4	4	Achieved	N/A	Extract from the print media
OMM - 63					136	Number of website updates done	12	12 Achieved	N/A	N/A	12	12	Achieved	N/A	Website screens with dates of update
OMM - 64					137	Number of students supported with tertiary tuition fees	3	3 Achieved	N/A	N/A	3	3	Achieved	N/A	University / Tertiary admission letters
OMM - 65					138	Date Risk mitigation Strategy adopted	N/A	N/a	N/A	N/A	31/03/14	31-Mar- 14	Achieved	N/A	MANCO Resolution adopting strategy
OMM - 66					139	Percentage of municipal contracts drafted and vetted	90%	90% Achieved	N/A	N/A	100%	100%	Achieved	N/A	Updated contracts Register
OMM - 68					140	Number of litigation reduction awareness workshops conducted	4	4 Achieved	N/A	N/A	2	2	Achieved	N/A	Attendance register
OMM - 69					141	Date compliance checklist developed and completed	N/A	N/a	N/A	N/A	2013/09/30	23-Sep- 13	Achieved	N/A	MANCO Resolution adopting checklist

ORGANISATIONAL PERFORMANCE SCORECARD																
IDP/ SDBIP No.	Outcome	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence	
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)				
TREA - 1	Improved municipal financial and adminis- trative capability	Municipal financial viability and manage- ment	To develop and maintain a financially viable and sustainable organi- sation that achieves full compliance with legis- lation	Financial viability and manage- ment strategy	142	Date legislative process plan approved	31/08 2013	30/08/2013	N/A	N/A	31/08 2013	29/08/2013	Achieved	N/A	Council resolution	
TREA - 2					143	Number of monthly (S71) reports produced within 10 days after the month ends	12	12 Achieved	N/A	N/A	12	11	Achieved	Finalise June Report by the due date		Council resolution
TREA - 3					144	Numbe of S52 quarterly reports produced	S52 reports	4 S52 reports achieved	N/A	N/A	4	4	Achieved	N/A		Council resolution
TREA - 4					145	Date reviewed Budget Policy adopted	31-May-13	31-May- 13	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A		Council resolution
TREA - 5					146	Date reviewed Virement Policy adopted	31-May-13	31-May- 13	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A		Council resolution
TREA - 6					147	Date Annual Budget adopted by Council	31-May-13	31-May- 13	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A		Council resolution
TREA - 7					148	Date 2014/2015 Adjustments Budget adopted	31-Jan-13	27-Feb- 13	N/A	N/A	30-Jan-14	30-Jan-14	Achieved	N/A		Council resolution
TREA - 8					149	Liquidity Ratio 1:1	02:01	0.99:1 Not achieved	N/A	N/A	1:1	2.02:1	Achieved	Update after year end close out		Council resolution
TREA - 9					150	Date Annual Financial Statements adopted	31-Jan-14	31-Jan-14	N/A	N/A	31/01/14	30/01/2014	Achieved	N/A		Council resolution
TREA - 10					151	Date 2012/2013 Annual Financial Statements submitted to the Auditor General	31-Aug-12	31/08/2012 Achieved	N/A	N/A	30/08/2013	30/08/2013	Achieved	N/A		Letter of confirmation from the AG
TREA - 11					152	Date 2012/2013 consolidated Annual Financial Statements submitted to the Auditor General	30-Sep-12	30/09/2012 Achieved	N/A	N/A	30/09/2013	30/09/2013	Achieved	N/A		Letter of confirmation from the AG

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
TREA - 12					153	Percentage of asset register compliant to GRAP	Fixed Asset verification	Not achieved	N/A	N/A	100%	The AR is currently being updated.	Not achieved	Provincial Treasury is providing assistance to correct prior year errors in the register and to ensure that it reconciles with the General Ledger on 30 June 2013	Updated Asset Register
TREA - 13					154	Date reviewed Cash and Investment Policy adopted	N/A	N/A	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A	Council resolution
TREA - 14					155	Date reviewed Assets management Policy adopted	N/A	N/A	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A	Council resolution
TREA - 15					156	Date reviewed Funding and Reserves Policy adopted	N/A	N/A	N/A	N/A	31/05/2014	29/05/2014	Achieved	N/A	Council resolution
TREA - 16					157	Turnaround time all invoices paid after being received	N/A	N/A	N/A	N/A	All invoices paid within 30 days	All invoices were paid within 30 days	Achieved	N/A	Creditors Age Analysis
TREA - 17					158	Number of monthly reports on short term insurance claims submitted to Manco	N/A	N/A	N/A	N/A	12	12	Achieved	N/A	Manco resolution
TREA - 18					159	Date Salaries paid every month	20th	20th	N/A	N/A	20th	20th	Achieved	N/A	Proof of payment
TREA - 19					160	Date employees debit deductions paid each month	7th	7th	N/A	N/A	7th	7th	Achieved	N/A	Proof of payment
TREA - 20					161	Percentage accuracy of billing	N/A	N/A	N/A	N/A	90%	31%	Not achieved	The municipality will outsourcing meter reading services to ensure accurate billing of clients	Monthly Route Trend Report
TREA - 21					162	Percentage of existing debts collected	20%	0.9% Not achieved	N/A	N/A	90%	85%	Not achieved	The municipality has embarked on a process of replacing old meters to ensure accurate billing	Dashboard Collection report

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Performance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Performance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
TREA - 22					163	Date SLAs on Rates Clearance Certificates signed with Local Municipalities	N/A	N/A	N/A	N/A	31/07/2013	15/10/2013	Achieved	N/A	Signed SLAs
TREA - 23					164	Date debt reduction strategy adopted	N/A	N/A	N/A	N/A	31/03/2014	Not achieved	Not achieved	Need corrective measure with a date of achievement of the KPI	Manco resolution
TREA - 24					165	Number of returned mail	N/A	N/A	N/A	N/A	1 250	3056	Not achieved	Need corrective measure with a date of achievement of the KPI	Returned mail Report
TREA - 25					166	Date revenue enhancement strategy adopted	N/A	N/A	N/A	N/A	27/02/ 2014	Not achieved	Not achieved	Need corrective measure with a date of achievement of the KPI	Manco resolution
TREA - 26					167	Percentage of accounts billed	N/A	N/A	N/A	N/A	100%	98%	Not achieved	Need corrective measure with a date of achievement of the KPI	Bill Exception Report
TREA - 27					168	Date reviewed Credit Control and Debt Collection Policy adopted	N/A	N/A	N/A	N/A	31/05/2014	29-May-14	Achieved	N/A	Council resolution
TREA - 28					169	Date reviewed Indigent Policy adopted	N/A	N/A	N/A	N/A	31-May-14	29-May-14	Achieved	N/A	Council resolution
TREA - 29					170	Date reviewed Basic Water Services Policy adopted	N/A	N/A	N/A	N/A	30-Jun-14	29-May-14	Achieved	N/A	Council resolution
TREA - 30					171	Percentage reduction of UIFW expenditure	100%	33% Not achieved	N/A	N/A	100%	Not achieved	Not achieved	Track expenditure by updating the UIFW register; filling of critical positions on contract management by 31 Mar 2015	Deviations Register 2013/2014.

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IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
TREA - 31					172	Date contract management procedures adopted	N/A	N/A	N/A	N/A	27 February 2014	Not achieved	Not achieved	To be incorporated in Standard Operating Procedures and be adopted by 31 Dec 2014	Manco resolution
TREA - 32					173	Date Procurement Plan approved	N/A	N/A	N/A	N/A	30 June 2014	Not approved	Not achieved	Procurement plans will be submitted to Manco for adoption on the 21st July 2014.	Manco resolution
TREA - 33					174	Date standard price list adopted	N/A	N/A	N/A	N/A	31/12/2013	Not adopted	Not achieved	Please provide corrective measure with timeframe	Manco resolution
TREA - 34					175	Date reviewed Supply Chain Management Policy adopted	N/A	N/A	N/A	N/A	29/05/2014	29-May-14	Achieved	N/A	Council resolution
TREA - 35					176	Number of stock take undertaken	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	Stock verification reports
TREA - 36					177	Number of municipal assets disposal auctions held	N/A	N/A	N/A	N/A	1	Municipal assets auction not undertaken	Not achieved	The disposal list has been submitted to Manco and Committees will go through for adoption until it reaches Council and the KPI would be achieved by 31 Dec 2014	Letter of appointment of auctioneer
TREA - 37					178	Date vendor database reviewed	N/A	N/A	N/A	N/A	30/08/2013	30-Aug-13	Achieved	N/A	Proof of advert
TREA - 38					179	Turnaround time taken to award tenders	N/A	N/A	N/A	N/A	Within 90 days	Not achieved	Not achieved	With the assistance of PT the bid and contract register is being populated which will allow us to determine timeframes of awarding tenders	Finance Portfolio Committee resolution

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
IED - 1	N/A	Cross Cutting Inter- ventions	To develop and promote an integrated sustainable environment	Cross- cutting intervention strategy	180	Number of food premises inspected	160	423 Achieved	N/A	N/A	160	203	Achieved	Nil	Inspection reports/ compliance notices
IED - 2					181	Number of certified premises for food control	10	8 Not achieved	N/A	N/A	40	49	Achieved	Nil	CoAs/Permits/ preparatory documents
IED - 3					182	Number of food samples analysed	N/A	N/A	N/A	N/A	2	2	Achieved	Nil	Sampling run programme/Reports from the Department of Health
IED - 4					183	Number of food handlers workshops conducted	8	11 Achieved	N/A	N/A	4	4	Achieved	Nil	Attendance Register/ Pictures/training material
IED - 5					184	Number of water samples tested	400	484 Achieved	N/A	N/A	400	381	Not achieved	The lab reopened after the technical error was rectified and new samples will be taken in the next financial year	Lab reports,record of (follow up) actions taken
IED - 6					185	Date public health draft by-law approved	30-Jun-13	First draft completed in-house not achieved	N/A	N/A	30 June 2014	Draft by- laws not approved	Not achieved	The by-laws will be adopted by register/draft public health by-law	Public participation report and attendance register/draft public health by-law
IED - 7					186	Percentage of pauper burials attended to as per request by Medico-Legal Mortuary	N/A	N/a	N/A	N/A	100%	100%	Achieved	Nil	SCM records/records from undertaker/ correspondences
IED - 8					187	Number of building plans/premises inspected	160	423 Achieved	N/A	N/A	400	421	Achieved	Nil	Plans register/ inspection sheets for premises
IED - 9					188	Number of water services and external projects attended for compliance	16	16 Achieved	N/A	N/A	16	16	Achieved	Nil	Compliance memos, email correspondences and comments
IED - 10					189	Number of final AELs issued	N/A	N/a	N/A	N/A	10	7	Not achieved	The KPI will be achieved in the next financial year by 30 June 2015	AELs/Correspondence with applicants/site visits reports/etc

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Performance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
IED - 11					190	Number of air quality education initiatives undertaken	N/A	N/a	N/A	N/A	3	0	Not achieved	The KPI will be achieved in the next financial year by 30 June 2015	Attendance register, photos (on-site & dated)
IED - 12					191	Number of Coastal Management stakeholder engagement forum meetings held	4	4 Achieved	N/A	N/A	5	4	Not achieved	To ensure alignment with 2014 Council roster	Action based minutes/ attendance register
IED - 13					192	Number of projects (Working for the Coast; Subsistence Fisheries) coordinated	2	2	N/A	N/A	2	2	Achieved	Nil	Minutes/ project implementation reports/ attendance register
IED - 14					193	Number of waste management initiatives undertaken	2	2 Achieved	N/A	N/A	2	6	Achieved	Nil	Portfolio committee extract, PAC minutes
IED - 15					194	Number of bushpigs pilot projects implemented per LM	N/A	N/A	N/A	N/A	1 pilot project at Umzumbe	1	Achieved	Nil	SCM records, TOR's and Sukuma Sakhe meetings records
IED - 16					195	Number of invasive alien species forum meetings held	1	1	N/A	N/A	2	2	Achieved	Nil	District minutes,/ attendance register and database of IAS project partners
IED - 17					196	Number of estuarine clearing projects implemented in Local Municipalities (HCM and Umdoni)	2	2 Achieved	N/A	N/A	2	2	Achieved	Nil	Closeout report
IED - 18					197	Date draft Environmental management plan adopted	N/A	N/a	N/A	N/A	30-Jun-14	Not adopted	Not achieved	The Environmental Management Plan will be adopted by 31 Dec 2014	Environmental management Plan and resolution
IED - 19					198	Date draft Environmental Management Framework adopted	N/A	N/a	N/A	N/A	30-Jun-14	Not adopted	Not achieved	The Environmental Management Framework will be adopted by 30 June 2015	Environmental Management Framework and resolution
IED - 20					199	Number of cleaning contractor workshop conducted and paper recycling projects maintained	2	2 Achieved	N/A	N/A	2 (1 workshop and 1 project)	2 (1 workshop and 1 project)	Achieved	N/A	Paper recycling statistical records and attendance registers

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Performance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Performance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
IED - 21					200	Number of environmental education public campaigns conducted externally	5	6 Achieved	N/A	N/A	5	5	Achieved	N/A	Attendance register, workshop programs and minutes
IED - 22					201	Number of international environmental calendar days celebrated	6	6 Achieved	N/A	N/A	5	5	Achieved	N/A	Attendance register, workshop programs and minutes
IED - 23					202	Number of SEEPRO (schools environmental education programmes) schools enrolled	25	25 Achieved	N/A	N/A	15	22	Achieved	N/A	Sample of assessed school portfolio file and List of participating school
OMM - 12					203	Turnaround time taken to process development applications	28 days	28 Days achieved	N/A	N/A	90 days	Not achieved	Not achieved	Development application function is now done by Local Municipalities	Development application register
CS-1					204	Number of Revised DRM plans in place	N/A	N/a	N/A	N/A	2	2	Achieved	N/A	Copy of sector plan and contingency plans x 2
CS-2					205	Date disaster risks survey /assessment report available	N/A	N/a	N/A	N/A	30-Sep-13	23-Sep-13	Achieved	N/A	Copy of reviewed risk profile
CS-3					206	Number of coordinated and facilitated awareness campaigns and road shows programme conducted	22 coordinated activities	25 Coordinated activities achieved	N/A	N/A	4	• 4 work-shops • 2 Road shows • 3 trainings	Achieved	N/A	Attendance Registers
CS-4					207	Date Information and Communication System is fully functional at North and South areas	N/A	N/A	N/A	N/A	30-Sep-13	21-Feb-14	Achieved	N/A	Copy of new licences
CS-6					208	Date SLA's for Southern Area and Northern Area on fire fighting services signed	N/A	N/A	N/A	N/A	31-Mar-14	04 June 2014	Achieved	N/A	Copy of SLA & MOU/ EXCO Resolution
CS-7					209	Number of SLA's for EPWP for fire fighters with Working on Fire on establishment of Minimum fire station signed	N/A	N/A	N/A	N/A	2	Strategy completed on the 5th Dec 2013. Approved DHR Strategy 26 June 2014	Achieved	N/A	Purchasing receipt, letter from province, truck purchase receipts

ORGANISATIONAL PERFORMANCE SCORECARD															
IDP/ SDBIP No.	Outcome 9	National Key Perfor- mance Areas	Objective (as per IDP)	Strategies (as per IDP)	No	Indicators	Comparison with Previous Year		Current Year				Status (Achieved /not Achieved)	Measures Taken to Improve Perfor- mance	Portfolio of Evidence
							2012/2013 (Target)	2012/2013 (Actual)	Demand	Backlog	2013/2014 (Target)	2013/2014 (Actual)			
CS-8					210	Number of Incidents Statistics Report compiled	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	Monthly/ quarterly Statistics Reports
CS-9					211	Date Disaster Relief Rehabilitation and Reconstruction Strategy approved	N/A	N/A	N/A	N/A	31-Dec- 13	Strategy completed on the 5th Dec 2013. Approved DRHR Strategy 26 June 2014	Achieved	N/A	Copy of EXCO Resolution

AMENDMENTS MADE TO THE SDBIP

Following the challenges that were noted on the first and second quarter performance reviews and budget adjustments, the SDBIP was amended. The main changes regarding targets and KPIs were around ensuring adherence to 'SMART' principles and adjusting the targets as per the adjusted budget.

Municipal Transformation and Institutional Development

In terms of the Municipal Transformation and Institutional Development KPA two KPIs were removed following the budget adjustment and mid-year review which are:

- Date electronic records management system made available; and
- Number and Date, Umdoni and Umzumbe assisted with FPA's formation;

One additional KPI was added which is:

- Date backup and restore solution implemented; and
- Further minor amendments were made in terms of the 'SMART' principles and ensuring POEs are sufficient means of verification.

Basic Service Delivery

In terms of the Basic Service Delivery KPA five KPIs were removed following the budget adjustment and mid-year review which are:

- Percentage completion of the Umzinto WWTW and outfall sewer upgrade and rehabilitation;
- Design approval, tender stage and contractor appointment of the Ndelu Water Ph 1c, 2, 3, 4, 5 and 6 – planning project;
- Date Umzimkhulu off-channel storage dam completed;
- Date special maintenance vehicle purchased;
- Date revised organogram and rezone operational areas completed; and
- Date Quality Management System submitted to ISO for certification.

Further minor amendments were made in terms of the 'SMART' principles and ensuring POEs are sufficient means of verification.

Local Economic Development

In terms of the Local Economic Development KPA fifteen KPIs were removed following the budget adjustment and mid-year review which are:

- Date fencing and Awnings at the sport and leisure centre completed;
- Date leisure and recreational park constructed;
- Date Kitchen Facility at the sport and leisure centre built;
- Date Business Plan for Ingonyama Land Development;
- Percentage of Tee Tree Plantation of 10 ha maintained;
- Date Tee Tree Project Launched;

- Percentage of Nursery and Distillery Plants maintained;
- Number of administration of leased zones income received;
- Number of LED Forum meetings held;
- Number of Agricultural Forum meetings held;
- Date Broad Band Project Assessment and Roll-Out completed;
- Date Preliminary Plans/Detailed Plans for the Hibberdene Marine Harbour Project A completed;
- Date Community Trust for the Umkomaas renewable energy completed Registered;
- Number of LED Lights Installed; and
- Number of LED Expos & General Support Initiatives conducted.

One additional KPI was added which is:

- Number of SMMEs trained.

Further minor amendments were made in terms of the 'SMART' principles and ensuring POEs are sufficient means of verification.

Municipal Financial Viability and Management

In terms of the Municipal Financial Viability KPA there were no KPIs added or removed following the budget adjustment and mid-year review. The changes were limited to minor adjustments that talked to the 'SMART' principles and ensuring POEs are sufficient means of verification.

Good Governance and Public Participation

In terms of the Good Governance and Public Participation KPA twelve KPIs were removed following the budget adjustment and mid-year review which are:

- Number of know your service rights and Masakane campaigns held;
- Number Municipal/Public service campaign held;
- Number Service Standards awareness workshop held;
- Date Customer satisfaction survey report approved;
- Date Ugu District Youth Summit held;
- Date Disability sports day held;
- Number of ward committee workshops held;
- Number of community meetings on council functions held;
- Number of community council meetings held;
- Number of public cluster meetings held;
- Number of media tours undertaken; and
- Percentage of budget spent on photography and archiving.

Four additional KPIs was added which are:

- Number of fraud risk registers developed;
- Number of reports on fraud risk registers implementation submitted.
- Number of anti-fraud and corruption awareness campaigns held.

- Number of 20 years of freedom celebrations held; and
- Further minor amendments were made in terms of the 'SMART' principles and ensuring POEs are sufficient means of verification.

Cross Cutting Interventions

In terms of the Cross Cutting Interventions KPA three KPIs were removed following the budget adjustment and mid-year review which are:

- Number of SWABS taken per year.

- Date Health and Hygiene Education Strategy adopted.
- Number of clearing project undertaken.

Further minor amendments were made in terms of the 'smart' principles and ensuring poes are sufficient means of verification.

The Performance Report will be added to the Annual Report. At time of going to print, it had not been finalised but has been provided as an annexure.



Community Development Workers attending workshop at Port Shepstone Civic Centre.



Control Centre operator Thabisile Mnembe hard at work..

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

PERFORMANCE REPORT (PART 11)

The Municipality initiated the process of an organisation review during the financial year 2013/14. This process was time consuming and ensured full consideration of each functional unit and department and was discussed in a number of meeting sessions prior to finalisation.

At this stage the reviewed organisational structure is pending Council's adoption.

The Organisational Development is a key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy.



Cashier Rhoda Mzotho collects money from a customer at Connor street offices.

INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 Employee Totals, Turnover And Vacancies

EMPLOYEES					
Description	2012/2013	2013/2014			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	% of approved posts
Corporate Services		85	61	25	29.4 %
IED		42	35	7	16.6 %
Municipal Manager's Office		68	45	23	33.8 %
Treasury		145	116	29	20 %
Water Services		860	605	254	29.5 %
Totals		1 200	862	338	28.2%

VACANCY RATE: YEAR 2013/2014			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	
CFO	1	0	
Other S57 Managers (excluding Finance Posts)	6	2	
Other S57 Managers (Finance posts)	0	0	
Senior management: Levels 2-4 (excluding Finance Posts)	70	26	
Senior management: Levels 2-4 (Finance posts)	6	1	
Highly skilled supervision: levels 5-9 (excluding Finance posts)	276	70	
Highly skilled supervision: levels 5-9 (Finance posts)	59	15	
Total	419	114	
Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.			

TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate* %
Year 2013/2014	34	61	7%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			

Comment on Vacancies and Turnover

The positions for Section 57 Managers are filled with the exception of the General Manager: Operations and Deputy Municipal Manager's positions which are still waiting for the resolution of the Council on the review of the organisational structure.

Our Recruitment and Selection Policy seeks to accommodate the need for staff provision in the most efficient, professional and cost effective way. Therefore no unfair discrimination practices exist in the recruitment of personnel. The Municipality ensures that all critical posts are filled as soon as they become vacant to ensure non disturbance of service delivery.

MANAGING THE MUNICIPAL WORKFORCE

Workforce management is a core function of each Manager in the Municipality. In order to ensure reasonable standardisation and consistency in the handling of the workforce, staff policies, procedures and conditions of service are developed at central level and are then implemented by line management. Conditions of service of Senior Management are based up on the regulations promulgated by the Minister of Cooperative Governance and approved by Council. Conditions of staff below senior management level are negotiated at central level by the National and Provincial divisions of the South African Local Bargaining Council (SALGBC) and, where relevant, at a local level between management and the representative unions SAMWU and IMATU. A wide range of policies, procedures and directives are approved by relevant approval authorities after due consultation with stakeholders such as Council, Local Labour Forum and Management. These policies, procedures and directives are then circulated to all staff



Congratulations to UGU truck drivers for a job well done in the KZN truck driver competition.

for implementation and compliance. Policies, procedures and directives are revised as the need arises.

4.2 Policies

HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Recruitment and Selection Policy		100%	30 May 2013
2	Acting and Acting Allowance Policy		100%	30 May 2013
3	Leave Regulations Policy		100%	30 May 2013
4	Bonus Policy		100%	13 May 2013
5	Car Allowance Policy		100%	30 January 2014
6	Employment Equity Policy		100%	24 March 2013
7	Bursary Policy		100%	27 February 2014
8	Internship Policy		100%	10 October 2013
9	Disciplinary Procedure and Code		100%	1 April 2003
10	Gifts, favours and rewards Policy		100%	22 July 2004
11	In service training policy		100%	12 October 2013
12	S & T Policy		100%	29 May 2014
13	Human Resource Policy and Procedures Manual: <ul style="list-style-type: none"> • Human Resources Framework • Organisational Design • Recruitment, Selection, Appointment, Promotion, Transfer, Secondment • Employment Remuneration • Allowances • Hours of work and attendance • Leave Management • Relocation Expenses for newly appointed staff • Occupational Health & Safety and Employment Wellness • Legal Aid to Employment • Conditions of permission to private work • Human Resource Development • Staff Retention, succession planning and Performance Management • Labour Relations 		100%	23 April 2014

Comment on Workforce Policy Development

The Municipality has developed a well – developed staff policy framework. The Human Resources Policies and Procedures

Manual which has been finalised will close a major gap which exists in the organisation, where there are no clear procedures to follow.

4.2 Injuries, Sickness and Suspensions

NUMBER AND COST OF INJURIES ON DUTY					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	60	5		2	WCL - Payment
Temporary total disablement	0	0			
Permanent disablement	0				
Fatal	0				
Total	60	5	8%	2	Fund Payment not known

Comment on injury

In an effort to reduce and eliminate all accidents and incidents within the workplace, the Municipality has a number of Occupational Health and Safety policies and procedures which have been adopted, implemented and are thoroughly monitored to ensure that a no incidents occur within the workplace;

- Hard hats must be worn in demarcated areas.
- Hearing protection in the form of earmuffs / plugs must be worn in demarcated noise zones.
- Persons must be dressed properly, tattered and torn clothing will not be allowed on Municipal premises.
- Safety footwear suitable for work being carried out will be worn while on Municipal premises (e.g. safety boots; gumboots).
- Eye protection (full face shields, safety spectacles or goggles) must be worn by any person performing chipping; grass cutting or grinding work and by any person in the immediate vicinity of such work.
- Electrical equipment may not be used until examined and passed fit for use by the Municipal Electrical Section or his delegate. Portable electrical tools may only be used in conjunction with approved earth leakage protection.
- Portable lights must conform to Electrical Machinery Regulation 10 of the Occupational Health and Safety Act 85 – 1993.
- No electrical power points must be used other than those allocated by the Municipal Electrical Section or his/her delegate.
- A qualified Electrician may only carry out electrical repairs to equipment.
- Contractors or their employees are not allowed to interfere in any manner with Municipal electrical equipment.
- Where cabling, wiring or piping are to be installed, the routes and method of suspension/trenching/supporting etc. will be decided by the Municipal Site Manager. Connections

to Municipal compressed air mains will not be permissible unless written permission to do so has been obtained from the Municipal Site Manager or his/her delegate.

- Danger areas must be clearly demarcated, e.g. “Men working overhead”. Danger tape, boards etc. Adequate lighting must be provided where necessary.
- All moving parts of machinery must be guarded in accordance with the Occupational Health & Safety Act 85 – 1993.
- Oxygen and acetylene cylinders must be equipped with approved flash back arrestors in accordance with schedule 1 General Safety Regulations of the Occupational Health & Safety Act 85 – 1993. Cylinders must be secured in the upright position.
- Arc welding must be shielded from persons working in the vicinity.
- Lifting machine tackle and builders hoists etc. must comply with Driven Machinery Regulation 18/19 of the Occupational Health & Safety Act 85 – 1993.
- All persons must comply with instructive, restrictive prohibitive and any other notices strict adherence to “NO SMOKING” and “FIRE HAZARDS” notices.
- Where possible, walkways, aisles, stairs and passages must be kept clear. Emergency escape doors must not be obstructed in any way.
- Rubbish and unwanted materials must not be allowed to accumulate at the work site.
- Flammable liquids and/or toxic liquids/substances are not to be brought on to Municipal premises without the permission of the Municipal Site Manager or his/her delegate.
- Scaffolding, framework, platforms and trestles must conform to the requirements of the General Safety Regulations 13 (d) (e) (f) of the Occupational Health & Safety Act 85 – 1993 and construction regulations.
- Ladders fixed and portable, must comply with the General

Safety Regulations 12 (a) of the Occupational Health and Safety Act 85 – 1993.

- Safety harnesses must be worn and correctly anchored (when working at a height of 3M and above). Personnel must have also undergone a full medical as per construction regulations.
- Before any “Hot Work” can be carried out, permission to do so must be obtained from the Municipal Safety Unit or Engineer who will issue a hot work permit that is only valid for the date of issuing. (This includes electric welding, flame cutting, flame welding, flame heating, grinding or any work

which is likely to cause sparks, heat or flame).

- Builders and/or excavators must comply with section 11 and 13 of the General Safety Regulations of the Occupational Health and Safety Act 85 – 1993.
- Confined space work. When such work is being carried out, every precaution must be taken to avoid explosion, heat exhaustion etc.
- All lifting equipment must comply with Section 18 of the General Safety Regulation of the Occupational Health & Safety Act 85 – 1993.

NUMBER AND PERIOD OF SUSPENSIONS				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Cashier	Theft	23 May 2013	Yes	08/04/14
Manager: Supply Chain Management	Failure to obey lawful instruction	21 May 2013	Yes	21/07/2014
Customer Care Clerk	Assault	28 June 2013	Yes	04/02/2014
Inspector	Misrepresentation	21/08/2013	Yes	09 Dec 2013
Assistant Procurement Co-ordinator:	Dishonesty	04/10/2013	Case pending	Pending
Driver	Drinking and driving	28/11/2013	Yes	23/02/2014
Fleet Officer	Failure to perform to the best of ability	28/05/14	Finalising investigation	N/A
Driver	Assault	03/07/14	Finalising investigation	N/A

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Cashier	Theft – R120.000	Dismissal	08/04/14

Comment on Suspensions and Cases of Financial Misconduct

Municipality has set strict standards for disciplinary action to be taken in all cases of serious misconduct. Where such serious misconduct is identified, accused staff members are suspended on a precautionary basis. However the Municipality faces challenges in affecting speedy resolution of such cases. As a result, extended suspension periods – beyond three months which has been set

are experienced. In many cases continuous delays are caused by the affected parties’ non – availability requests. There is also a general non- adherence by parties to the established time limits. There were two cases that employees were suspended for more than four (4) months during the 2013/2014 Financial Year and this was due to the hearings was postponed either because the employee was sick or the Presiding Officer was not available. The cases were eventually finalised.

4.3 Performance Rewards

The Municipality did not have a performance reward system implemented during the 2013/14 financial year and is preparing policy documentation for its implementation into the Municipality during the 2014/15 financial year. The Municipality is cascading Individual Performance Management to all its Managers, Officers,

Practitioners and Coordinators/Administrators i.e. Post Levels 3, 4, 5 and 6 of a Grade 12 Municipality. The Individual Performance Management System is in place for Section 57/56 Managers of the Municipality and no performance rewards have been issued to any staff member for the past financial year.

CAPACITATING THE MUNICIPAL WORKFORCE

The Municipality develops and implements a Workplace Skills Plan on an Annual Basis. This is based on the capacity- building and development needs identified by employees and Managers, and is then affected through a training plan. Although these needs are identified by Managers and employees, the alignment of such needs

with formal development needs, identified in terms of performance management is lacking. This challenge is anticipated to be addressed by the implementation of the IPMS and alignment with identified capacity gaps and interventions which are then contained in individual employees' Personal Development Plans (PDPs).

4.4 Skills Development and Training

SKILLS DEVELOPMENT AND TRAINING											
Level	Gender	Employees in Posts 30 June 2014	Learnerships			Skills Short Courses	Programmes and Other Forms of Training				
		Number	Actual at End of 2012/2013	Actual End of 2013/2014	2013/2014 Target	Actual at End of 2012/2013	Actual End of 2013/2014	2013/2014 Target	Actual End of 2012/2013	Actual End of 2013/2014	2013/2014 Target
Legislators	Female	13	3	5	3	5	5	3			
	Male	22		11	10	13	11	10			
Section 57s	Female	4				3	2	2			
	Male	1				2		0			
Sen. Managers	Female	0				0	0	0			
	Male	4		0	1	3	2	2			
Managers Professionals	Female	9	3	1	9	3	3	9			
	Male	11	2	1	6	5	4	11			
Technicians & Trade Workers	Female	5	5			2	4	3			
	Male	5	3	2		1	5	5			
Community & Personal Workers	Female	34			3	1	9	1	0	2	2
	Male	131			6	40	18	21	0	5	12
	Female	0									
	Male	4						0			
Clerical & Administrative Workers	Female	111	6	3	17	12	15	38			
	Male	59	2		7	6	10	25			
Machine Operators & Drivers	Female	11	6	5	5	1	1	2	1		
	Male	107	1	15	20	9	1	2			
Elementary Workers	Female	66	2		8	4	11				
	Male	267	1		33	1	10		3	2	2
Elementary Workers	Male	107	1	15	20	9	1	2			
	Female	66	2		8	4	11				
	Male	267	1		33	1	10		3	2	2

FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	1	2	0	2	1
Chief financial officer	1	1	2	0	2	2
Senior managers	3	1	4	0	4	3
Any other financial officials	4	0	4	0	0	2
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	1	0	0	0
TOTAL	10	3	13	0	8	8
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

TRAINING BUDGETS AND EXPENDITURE		
	Budget	Expenditure
Training Budget for all staff, across all levels	R1,000,000	R984,114
	2012/2013	2012/2013
Training Budget for all staff, across all levels	R2,400,000	R1,522,976
	2013/2014	2013/2014

Comment on Skills Development and Related Expenditure and on The Financial Competency Regulations

Although the implementation of training in the Municipality is adequate, it requires a more focused approach as previously set out. Funding provided for capacity building is adequate at 1% of the total remuneration package. The total budget for this year was R2,400,000 and a total of R1,522,976 was spent on skills development during the period under review. Implementing only accredited programmes e.g. Learnerships, Skills Programmes

and Section 28 has proven to be meaningful and effective. The Bursary Scheme has given opportunity to employees to acquire/improve qualifications. The evaluation of the impact of training has not been effectively carried out (This area needs attention).

With regard to the MFMA Competency Regulations, the Municipality has made great strides in training employees i.e. Sect. 57s, officials in the Treasury Department (including SCM) and other departments. It must be noted that some officials who are Section 57s have left the organisation.

MANAGING THE WORKFORCE EXPENDITURE

Employee expenditure is closely monitored and controlled each month by the respective Managers. The budget office submits monthly reports on any over or under expenditure and Managers are required to take the necessary corrective actions in order to comply with the amounts that are on the budget. The Municipality seeks to obtain value for money from its workforce expenditure through various initiatives, such as enforcing the disciplinary

actions on employees who are continuously absent at work as well as the introduction of incapacity due to ill – health procedure. Managers are required to ensure that employees are productive. The implementation of the IPMS will assist with ensuring employees' productivity. In addition to these, when a vacancy arises Managers are required to motivate the reasons for the post to be filled again.

FINANCIAL PERFORMANCE 2013/ 2014: HUMAN RESOURCE SERVICES					
Details	2012/2013	2013/2014			
	Actual R'000	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to Budget
Total Operational Revenue	1 345	607	725	518	-17%
Expenditure					
Employees	8 242	7 908	9 234	8 958	12%
Repairs and Maintenance	1 019	200	530	404	51%
Other	6 565	12 561	15 694	12 822	2%
Total Operational Expenditure	15 827	20 669	25 458	22 184	7%
Net Operational Expenditure	-14 482	-20 062	-24 733	-21 666	7%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.26.5					

CAPITAL EXPENDITURE 2013/2014: HUMAN RESOURCE SERVICES					
Capital Projects	2013/2014				
	Budget R' 000	Adjustment Budget R' 000	Actual Expenditure R' 000	Variance from original budget	Total Project Value R' 000
Total All	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.26.6					

4.5 Employee Expenditure

Comment on Workforce Expenditure

The expenditure trends are as follows: 2011/2012 = R 198 727 494, 2012/2013 = R 211 133 317 and 2013/2014 = R 207 572 956. The 2011/2012 Financial Year experienced a low expenditure increase because there was a moratorium in filling of vacancies, and the number of employees did not increase. The increase in expenditure

for the 2012/2013 Financial Year was due to the annual salary increase and number of employees in the Municipality. During the 2013/2014 Financial Year the Municipality experienced a decrease in expenditure because there were resignations from middle management to top management.

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production		
(Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	N/A
	Male	N/A
Senior management (Levels 13-16)	Female	N/A
	Male	N/A
MM and S 57	Female	N/A
	Male	N/A
Total	0	

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Comment on Upgraded Posts and Those That are at Variance with Normal Practice

There were no upgraded positions in the 2013/2014 financial year.

CHAPTER 5

FINANCIAL PERFORMANCE



Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

The operating results have shown an improved trend year on year with the municipality achieving a surplus of R350,364,982 in the year under review. This has been achieved mainly through the containment of employee related costs and a reduction in

finance costs as no new loans were raised during the year. The municipality must continue to implement its cost cutting measures in order to sustain the upward trends on operating results. The reliance on unconditional grants such as equitable share must also be reduced through revenue enhancement to ensure sustainability of service provision.

5.1 Statements of Financial Performance

FINANCIAL PERFORMANCE 2013/2014 FINANCIAL SERVICES					
Details	2012/2013	2013/2014			
	Actual R '000	Original Budget R '000	Adjustment Budget R '000	Actual R '000	Variance to Budget R '000
Total Operational Revenue	110 495	133 187	130 017	209 254	36%
Expenditure					
Employees	16 191	22 177	22 225	16 502	-34%
Repairs and Maintenance	0	0	0	0	0%
Other	22 320	19 395	20 935	18 372	-6%
Total Operational Expenditure	38 511	41 572	43 160	34 874	-19%
Net Operational Expenditure	71 984	91 615	86 857	174 380	47%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

CAPITAL EXPENDITURE 2013/2014 FINANCIAL SERVICES					
Capital Projects	2013/2014				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
	R '000	R '000	R '000	R '000	R '000
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.25.6

RECONCILIATION OF TABLE A1 BUDGET SUMMARY

[illegible]

RECONCILIATION OF TABLE A1 BUDGET SUMMARY																
Description		2013/2014								2012/2013						
		Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands																
Transfers recognised - capital		360 741	(26 396)	334 345				334 345	349 921		104.66%	97.00%				
Public contributions & donations				-				-								
Borrowing				-				-								
Internally generated funds		14 304	(5 706)	8 598				8 598	44		0.51%	0.31%				
Total sources of capital funds		375 045	(32 102)	342 943	-	-		342 943	349 965							
Cash flows																
Net cash from (used) operating		367 605	(12 684)	354 921				354 921	349 921		98.59%	95.19%				
Net cash from (used) investing		(375 045)	40 700	(334 345)				(334 345)	(162 011)		48.46%	43.20%				
Net cash from (used) financing		(17 069)	87	(16 982)				(16 982)	(19 285)		113.56%	112.98%				
Cash/cash equivalents at the year end		(24 509)	28 103	3 594	-	-		3 594	168 626							
T 5.1.1																

Notes

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustments budget (including shifting of funds)

Virements must offset each other so that virements in Total Expenditure equals zero

6 = sum of column 3, 4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

14 = 13 - 12

15 in revenue equals Audited Outcome plus funds actually recovered

15 in expenditure equals Audited Outcome less funds actually recovered

15 in Cash Flow equals Audited Outcome plus funds recovered

Description	2012/2013	2013/2014			Year 2014 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R '000	R '000	R '000	R '000	R '000	R '000
Operating Cost						
Water	466 396	382 105	467 433	411 387	7.12%	-13.62%
Waste Water (Sanitation)	52 881	110 909	111 916	104 357	-6.28%	-7.24%
Electricity	-	-	-	-	0.00%	0.00%
Waste Management	-	-	-	-	0.00%	0.00%
Housing	-	-	-	-	0.00%	0.00%
Component A: sub-total	519 277	493 014	579 349	515 744	4.41%	-12.33%
Waste Water (Stormwater Drainage)	-	-	-	-	0.00%	0.00%
Roads	-	-	-	-	0.00%	0.00%
Transport	-	-	-	-	0.00%	0.00%
Component B: sub-total	-	-	-	-	0	0.00%
Planning	-	-	-	-	0.00%	0.00%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component B: sub-total	-	-	-	-	0.00%	0.00%
Planning (Strategic & Regulatory)	-	40 402	295 749	284 122	85.78%	-4.09%
Local Economic Development	-	-	-	-	0.00%	0.00%
Component C: sub-total	-	40 402	295 749	284 122	85.78%	-4.09%
Community & Social Services	-	-	-	-	0.00%	0.00%
Environmental Protection	8 533	4 420	10 648	3 738	-18.26%	-184.89%
Health	-	-	-	-	0.00%	0.00%
Security and Safety	355	4 613	17 057	6 201	25.60%	-175.09%
Sport and Recreation	2 602	472	472	468	-0.93%	-0.93%
Corporate Policy Offices and Other	127 760	136 842	134 394	213 959	36.04%	37.19%
Component D: sub-total	139 250	146 347	162 571	224 365	34.77%	27.54%
Total Expenditure	658 527	679 763	1 037 669	1 024 231	33.63%	-1.31%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

Comment on Financial Performance

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues. The municipality's total collections on service charges amounted to R282,822,583 which is a slight increase from R255,562,895 collected in the prior year. Although there was an increase in cash collected, the collection

ratio declined from 82% in 2013 to 79% in 2014. This was due to an increase in uncollected revenue arising from corrections based on audit findings in 2012/2013 where some customers had not been billed for certain periods. The municipality is currently busy developing a Debt Reduction Strategy which will assist in reducing the current book debt of R132,411,278 after provision for impairment of R94,288,498.

5.2 Grants

GRANT PERFORMANCE						
Description	2012/2013	2013/2014			2013/2014 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Operating Transfers and Grants						
National Government:	253 530	309 847	331 906	345 655	10.36%	3.98%
Equitable share	202 522	236 893	236 893	234 026	-1.23%	-1.23%
Municipal Systems Improvement	–	890	890	–	0.00%	0.00%
Department of Water Affairs	–	5 865	5 865	–	0.00%	0.00%
Levy replacement	46 138	50 290	50 290	50 290	0.00%	0.00%
Other transfers/grants [insert description]	4 870	15 909	37 968	61 339	74.06%	38.10%
Provincial Government:	–	1 000	1 000	5 583	82.09%	82.09%
Health subsidy	–	–	–	–	0.00%	0.00%
Housing	–	–	–	–	0.00%	0.00%
Ambulance subsidy	–	–	–	–	0.00%	0.00%
Sports and Recreation	–	–	–	1 765	100.00%	0.00%
Other transfers/grants [insert description]	–	1 000	1 000	3 818	73.81%	-26.19%
Local Municipality:	–	–	–	2 654	100.00%	100.00%
Various				2 654	100.00%	100.00%
					0.00%	0.00%
Other grant providers:	–	–	–	709	100.00%	100.00%
DBSA				709	100.00%	100.00%
					0.00%	0.00%
Total Operating Transfers and Grants	253 530	310 847	332 906	354 601	12.34%	6.12%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						

T 5.2.1

GRANT DONORS				
Details of Donor	Actual Grant 2012/2013	Actual Grant 2013/ 2014	Year 2014 Municipal Contribution	Nature and benefit from the grant received, include description of any contributions in kind
HCM	1 400 000	1 400 000		
Vulamehlo	336 000	369 600		
Umdoni	270 000	270 000		
Umzumbe	330 000	330 000		
Umizwabantu	221 760	221 760		
Ezinqoleni	63 000	63 000		
Ugu District Municipality			10 128 300	
DBSA	879 556	828 956		
				T 5.2.3

Comment on Operating Transfers and Grants

Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see Appendix L.

The municipality receives conditional grants and subsidies from the national government for various projects. The total grant income for 2013/2014 was R669,445,791. All grants received were utilized as per the Division of Revenue Act (DORA) conditions.

Grants amounting to R2 836 268 were withheld in the year under review due to non-submission of motivations for roll overs on unspent balances in the previous year. The municipality treats grants in accordance with GRAP 23.

Comment on Conditional Grants and Grant Received From Other Sources

Grants received from other funders were utilized as per the conditions of the Service Level Agreements. The municipality treats grants in accordance with GRAP 25.

5.3 Asset Management

Extended management of Ugu District Municipality approved a new Asset Management Unit to be established and this Unit was established to manage, control, safeguard all the municipal assets in an efficient and effective manner. This unit was established on the 20th January 2014 and is composed of the following eight staff that were seconded to the unit:

- Acting Asset manager
- 2 x Fleet Asset clerks
- 2 x Water Services and PMU clerks
- 2 x Accountants (on contract)
- 2 x Accountants (permanent)
- 2 x data capturers

The unit is located in the Treasury department and its organogram was approved by Council.

The main objective of this unit is to ensure that all responsible parties are aware of their roles and responsibilities regarding the management of the assets of the municipality

The main functions of unit is to ensure that:

- all movable assets are properly tagged and accounted for;

- the verification report is compiled after every physical verification movable asset;
- the Fixed Asset Register is reconciled to the general ledger monthly basis; and
- all the necessary information relating to the assets of the municipality is provided the Auditor-General or his personnel, on request.

The municipality adopted an asset management policy which ensures that:

- The municipality safeguards and controls all assets and optimises asset usage.
- Compliance with the MFMA, GRAP and other relevant pieces of legislation is maintained.
- The asset management principles are consistently applied throughout the municipality.
- Accrual accounting is applied.

The municipality also established an asset management unit to enforce the implementation of the policy through application of the asset management procedures. The establishment of the unit was supplemented by the support received from Cogta (MISA) and

Provincial Treasury in resolving some of the audit queries. A multi departmental asset management steering committee was formed in order to ensure that all departments understand their role in the safeguarding and maintenance of assets under their control.

Although there has been great improvement on asset management there are still outstanding issues that have been identified including amongst others:

- Lack of an asset management software system which is fully integrated to the general ledger and the acquisition system.
- Lack of capacity within the asset management unit which will be addressed after the adoption of the reviewed organogram.
- Reliance on external consultants to assist in unbundling and componentisation of completed assets due to lack of capacity in the technical department.

REPAIR AND MAINTENANCE EXPENDITURE: 2013/2014				
	Original Budget R' 000	Adjustment Budget R' 000	Actual R' 000	Budget variance R' 000
Repairs and Maintenance Expenditure	29 000	23 835	17 031	41%
				T 5.3.4

Comment on Repair and Maintenance Expenditure

The cost for repairs and maintenance to municipal assets amounted to R17, 031,296 which is 2,57% of the total operating expenditure. This is an improvement from the prior year 1,67%, but it is still below the norm of 7%. The expenditure represents

59% of the total budgeted amount. The expenditure only reflects the cost of spares, parts and external labour on repairs and maintenance. It excludes the cost of internal labour on maintenance as this is accounted for under salaries and allowances.

5.4 Financial Ratios Based on Key Performance Indicators

Comment on Financial Ratios

The liquidity ratio measures the municipality's ability to pay its current obligations from its current monetary assets. The municipality's liquidity increased from 0.96:1 in 2012/2013 to 1.4:1 in the year under review. This can be contributed to the increase in the cash available on hand and a decrease in the outstanding creditors at year end.

The debtor collection period improved from 226 days in 2012/2013 to 135 days in 2014. This means that the municipality

billed customers and waited for 135 days before those customers could settle their accounts. This indicates that there is still a need for the municipality to increase its efforts in enforcing the credit control policy. The issue of long outstanding debt arising from prior year challenges with the revenue management system and inconsistent reading patterns must be further addressed. A decline in this indicator is a great threat to the financial viability of the Municipality.

SPENDING AGAINST CAPITAL BUDGET

The municipality spent 90,1% of its approved capital budget for the 2013/14 financial year. This is an improvement from the 67,78% obtained in the last financial year. Although the municipality spent 90% this is still unsatisfactory as 98% of the total capital budget is funded from grants and subsidies which must be fully spent at the end of each financial year. There were delays in some projects which resulted in motivations for rollovers being submitted to

National Treasury as per Division of Revenue Act. The outcome of the requests for rollovers is still awaited.

The municipality adopted a Procurement plan to ensure that all projects commence as planned and any common delays are factored when timeframes and cash flow projections are compiled. This will improve future spending on capital projects and grants.

5.5 Capital Expenditure

CAPITAL EXPENDITURE					
R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	375	343	338	9.8%	1.3%
	375	343	133	64.6%	61.3%
Operating Expenditure	627	727	675	-7.7%	7.1%
	627	727	987	-57.5%	-35.7%
Total expenditure	1 002	1 070	1 119	-11.8%	-4.6%
Water and sanitation	359	332	299	16.8%	9.9%
Electricity	–	–	–		
Housing	–	–	–		
Roads, Pavements, Bridges and storm water	–	–	–		
Other	16	11	40	-148.0%	-255.1%
	375	343	338	9.8%	1.3%
External Loans	–	–	–		
Internal contributions	14	9	34	-136.6%	-293.6%
Grants and subsidies	361	334	304	15.7%	9.0%
Other	–	–	–		
	375	343	338	9.9%	1.4%
External Loans	–	–	–		
Grants and subsidies	361	334	304	15.7%	9.1%
Investments Redeemed	–	–	–		
Statutory Receipts (including VAT)	–	–	–		
Other Receipts	14	9	34	-137.7%	-295.4%
	375	343	338	9.9%	1.4%
Salaries, wages and allowances	237	255	254	-7.1%	0.4%
Cash and creditor payments	111	194	125	-12.1%	35.7%
Capital payments	375	334	318	15.1%	4.8%
Investments made	–	–	–		
External loans repaid	19	17	19	-1.5%	-13.4%
Statutory Payments (including VAT)	69	69	92	-32.7%	-32.7%
Other payments	190	191	186	1.9%	2.9%
	1 001	1 061	994	0.7%	6.3%

	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	–	–	–		
Service charges	340	341	315	7.5%	7.6%
Other own revenue	9	12	45	-413.0%	-263.8%
	349	353	360	-3.1%	-1.9%
Employee related costs	237	255	254	-7.1%	0.4%
Provision for working capital	96	96	93	3.7%	3.3%
Repairs and maintenance	29	24	17	40.8%	28.0%
Bulk purchases	43	49	47	-10.2%	3.5%
Other expenditure	222	304	266	-19.9%	12.5%
	627	727	677	-8.0%	6.9%
Service charges: Electricity	–	–	–		
Grants & subsidies: Electricity	–	–	–		
Other revenue: Electricity	–	–	–		
Employee related costs: Electricity	–	–	–		
Provision for working capital: Electricity	–	–	–		
Repairs and maintenance: Electricity	–	–	–		
Bulk purchases: Electricity	–	–	–		
Other expenditure: Electricity	–	–	–		
	–	–	–		
Service charges: Water	340		315	7.5%	7.6%
Grants & subsidies: Water	330	350	350	-6.1%	0.0%
Other revenue: Water	–	–	–		
	671	691	665	0.8%	3.7%
Employee related costs: Water	130	156	156	-20.4%	0.0%
Provision for working capital: Water	–	–	–		
Repairs and maintenance: Water	49	59	59	-20.4%	0.0%
Bulk purchases: Water	81	98	98	-20.4%	0.0%
Other expenditure: Water	65	78	78	-20.4%	0.0%
	325	391	391	-20.4%	0.0%
					T5.5.1

5.6 Sources of Finance

CAPITAL EXPENDITURE - FUNDING SOURCES: 2012/2013 TO 2013/2014							
Details	2012/2013	2013/2014					
		Actual R' 000	Original Budget (OB) R' 000	Adjustment Budget R' 000	Actual R' 000	Adjustment to OB Variance (%) R' 000	Actual to OB Variance (%) R' 000
Source of finance							
	External loans	7 295.00	0.00	0.00	0.00	0.00%	0.00%
	Public contributions and donations	0.00	0.00	0.00	0.00	0.00%	0.00%
	Grants and subsidies	168 795.00	360 741.00	334 345.00	334 345.00	-7.32%	-7.32%
	Other	26 269.00	14 304.00	8 598.00	4 111.00	-39.89%	-71.26%
Total		202 359.00	375 045.00	342 943.00	338 456.00	-47.21%	-78.58%
Percentage of finance							
	External loans	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	83.4%	96.2%	97.5%	98.8%	15.5%	9.3%
	Other	13.0%	3.8%	2.5%	1.2%	84.5%	90.7%
Capital expenditure							
	Water and sanitation	77 736.00	359 091.00	331 802.00	298 894.00	-7.60%	-16.76%
	Electricity	0.00	0.00	0.00	0.00	0.00%	0.00%
	Housing	0.00	0.00	0.00	0.00	0.00%	0.00%
	Roads and storm water	0.00	0.00	0.00	0.00	0.00%	0.00%
	Other	115 393.00	15 954.00	11 141.00	39 562.00	-30.17%	147.98%
Total		193 129.00	375 045.00	342 943.00	338 456.00	-37.77%	131.21%
Percentage of expenditure							
	Water and sanitation	40.3%	95.7%	96.8%	88.3%	20.1%	-12.8%
	Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	59.7%	4.3%	3.2%	11.7%	79.9%	112.8%

T 5.6.1

5.7 Capital Spending on Five Largest Projects

CAPITAL EXPENDITURE OF FIVE LARGEST PROJECTS*					
Name of Project	2013/2014			Variance: 2013/2014	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project	26 000	26 500	25 700	1%	-2%
B - Name of Project	19 500	19 750	19 900	-2%	-1%
C - Name of Project	15 700	15 700	15 500	1%	0%
D - Name of Project	12 000	11 800	11 700	3%	2%
E - Name of Project	11 500	11 000	11 250	2%	4%

* Projects with the highest capital expenditure in Year 0

5.8 Basic Service and Infrastructure Backlogs – Overview

SERVICE BACKLOGS AS AT 30 JUNE YEAR 2013/14				
	*Service level above minimum standard		**Service level below minimum standard	
	No. of Households	% Households	No. of Households	% Households
Water	103 297	57	77 927	43
Sanitation	144 979	80	36 245	20
Electricity	155 852	87	25 372	13
Waste management	28 995	16	152 229	84

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements. T 5.8.2

CASH FLOW MANAGEMENT AND INVESTMENTS

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): "Each Municipal Council and Governing body shall adopt by resolution an investment policy regarding the investment of its cash resources not immediately required. In the year under review the municipality adopted a cash and investments management policy. The policy ensures that cash resources are managed as effectively, efficiently and economically as possible. Competitive investment and effective cash management ensures both short term and long-term viability and sustainability of the municipality.

The municipality did not have any long term investments in the year under review. Surplus funds were held in short term deposits in order to earn interest but could not be held for longer due to operational requirements. The cash held at the end of the year increased from R74, 886,150 in 2013 to R168, 624,701 in the year under review. This is due to cost cutting measures Implemented by the municipality during the year. The collections from consumers also improved from the prior year despite challenges in the billing of customers.

5.9 Cash Flow

CASH FLOW OUTCOMES				
Description	2012/2013	2013/2014		
	Audited Outcome R'000	Original Budget R'000	Adjusted Budget R'000	Actual R'000
Cash Flow From Operating Activities				
Receipts				
Ratepayers and other	241 449	264 453	303 187	314 784
Government - operating	267 103	310 848	332 645	328 164
Government - capital	278 005	322 460	304 932	341 559
Interest	2 078	113	3 000	32 909
Other receipts	89 696			8 573
Payments				
Suppliers and employees	(562 539)	(444 772)	(491 507)	(487 855)
Finance charges	(16 961)	(19 002)	(17 000)	(15 983)
Transfers and Grants	(66 495)	(66 495)	(80 336)	(108 473)
NET CASH FROM/(USED) OPERATING ACTIVITIES	232 336	367 605	354 921	413 678
Cash Flows From Investing Activities				
Receipts				
Proceeds on disposal of PPE	(202 340)			(300 654)
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	(61)			
Payments				
Capital assets		(375 045)	(334 045)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(202 400)	(375 045)	(334 045)	(300 654)
Cash Flows From Financing Activities				
Receipts				
Short term loans				
Borrowing long term/refinancing	7 295			
Increase (decrease) in consumer deposits		180	267	
Payments				
Repayment of borrowing	(15 933)	(17 249)	(17 249)	(19 285)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 639)	(17 069)	(16 982)	(19 285)
NET INCREASE/ (DECREASE) IN CASH HELD	21 297	(24 509)	3 894	93 739
Cash/cash equivalents at the year begin:	56 785	98 996	68 552	74 886
Cash/cash equivalents at the year end:	78 081	74 487	72 446	168 625
Source: MBRR A7				T 5.9.1

5.10 Borrowing and Investments

There were no investments and loans taken during the 2013/14 financial year.

ACTUAL BORROWINGS: 2011/12 TO 2013/14			
Instrument	2011/2012 R' 000	2012/2013 R' 000	2013/2014 R' 000
Municipality			
Long-Term Loans (annuity/reducing balance)	0	7 295	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	0	0	0
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	7 295	0
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T 5.10.2

5.11 Public Private Partnerships

There were no public private partnerships entered into during the 2013/14 financial year.

OTHER FINANCIAL MATTERS

5.12 Supply Chain Management

The Municipality's supply chain management functions have been centralized in the SCM unit within the Treasury Department. All bid committees are in place and effective and they sit as per adopted roster of bid committees.

The coordination of procurement of goods and services, and management of supplier database and procurement of contracts.

The Supply Chain Management policy and Standard Operating Procedures are in place and shall be reviewed for the 2014/2015 FY.

There is an updated contracts register that is populated with all contracts that have been awarded, they have all been procured through the SCM system and are in writing, terms and conditions are stipulated in the contract. There is a start and an end date

of the contract in the register. A contracts co-ordinator who is responsible for the municipal contracts.

The Supply Chain Management unit officials do meet the prescribed competency levels as per MFMA compliance. They have as well done the Municipal Finance Management Program.

Demand management is being exercised through Procurement Plan that was adopted and it is our working document.

There is still a great need for improvement in the following areas:

- Contracts awarded within 90 days.
- Limited or decreased irregular expenditure.
- Skills development for the current staff.

5.13 GRAP Compliance

The Municipality has fully implemented the Standards of GRAP (Generally recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

During the year the Municipality adopted the following Standards of GRAP, which became effective on 1 July 2013:

- GRAP 25 – Employee Benefits

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS



The Municipality acknowledges findings that have been raised by the Auditor General (SA) on their review for 2013/14 financial year. Our audit opinion has improved from a Disclaimer to a Qualified opinion, which shows there is a improvement. There is still a lot that needs to be done to improve going forward. Management have developed AG Corrective action plans that will address all

issues that have been raised by the AG(SA). We are confident that we will improve going forward. Some of the findings raised cannot be resolved within a short space of time, but we remain committed in addressing all these issues and we have requested some assistance from Provincial Government in addressing some of the issues.

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2012/2013

The Auditor General's opinion for 2012/2013 Financial Statements was a disclaimer.

6.1 Auditor General Reports Year 2012/2013

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UGU DISTRICT MUNICIPALITY

Report on The Consolidated Financial Statements

Introduction

1. I was engaged to audit the consolidated and separate financial statements of Ugu District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the consolidated and separate financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer opinion

Property, plant and equipment (PPE)

4. I was unable to obtain sufficient appropriate evidence that management has accounted for all property plant and equipment, depreciation and accumulated depreciation for the current year due to the municipality not maintaining a proper fixed asset register. I was unable to confirm the carrying value, depreciation and accumulated depreciation by alternative means. Consequently, I was unable to determine whether any adjustment to the property plant and equipment stated at R2,06 billion (2012: R1,94 billion) in note 9 to the financial statements were necessary.

Payables

5. I was unable to obtain sufficient appropriate audit evidence that the provision for leave pay included for all leave days taken by employees due to deficiencies with the functioning of the system and not all leave days taken being captured. I was unable to confirm the provision for leave pay by alternative means. Consequently, I was unable to determine whether any adjustment to the provision for leave pay stated at R15,49 million (2012: R12,17 million) in note 16 to the annual financial statements were necessary.
6. I was unable to obtain sufficient appropriate audit evidence in support of the journal processed to project cost accrual. I was unable to confirm the project cost accrual by alternative means. Consequently, I was unable to determine whether any adjustment to project cost accrual stated at R13,54 million in note 16 to the financial statements, was necessary.

Revenue and receivables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence that management has properly charged and accounted for all service charge revenue due to poor internal controls in the billing and estimation thereof. I was unable to confirm the service charge revenue by alternative means. Consequently, I was unable to determine whether any adjustment to service charges stated at R274,52 million (2012: R297,47 million) in note 25 and the related receivables from exchange transactions stated at R101,54 million in note 3 to the financial statements were necessary.
8. I was unable to obtain sufficient appropriate audit evidence for other revenue due to unjustified corrections. I was unable to confirm the other revenue by alternative means. Consequently, I was unable to determine whether any adjustment to other revenue stated at R12,73 million in note 28 to the financial statements, were necessary.
9. I was unable to obtain sufficient appropriate audit evidence for the fair value adjustment of receivables from exchange transactions due to inconsistencies on the amounts when compared to the statement of financial position and statement of financial performance. I was unable to confirm the fair value adjustment by alternative means. Consequently, I was unable to determine whether any adjustment to interest earned stated at R18,38 million in note 27 to the financial statements, was necessary.

Revenue from non exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for the revenue from non exchange transactions due to the adjustments passed after year end. I was unable to confirm

the fair value adjustment by alternative means. Consequently, I was unable to determine whether any adjustment to revenue from non exchange transactions stated at R593,57 million in note 23 to the financial statements, was necessary.

Receivables and revenue from non exchange transactions

11. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to lack of supporting documentation. I was unable to confirm the revenue from non exchange transaction by alternative means. Consequently, I was unable to determine whether any adjustment to non service debtors stated at R9,36 million in note 4 to the financial statements, was necessary.

Value Added Tax (VAT) receivable

12. I was unable to obtain sufficient appropriate audit evidence that management has properly accrued and accounted for all VAT Output and VAT input, due to poor internal controls in the revenue and creditors system. I was unable to confirm the service VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to VAT receivable stated at R21,56 million in note 5 to the financial statements was necessary.

Unspent conditional grants (Prior period error)

13. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all corrections to prior period errors relating to incorrect entries passed to conditional grants due to lack of supporting documentation and justification for amounts system and not all leave days taken being captured. I was unable to confirm the provision for leave pay by alternative means. Consequently, I was unable to determine whether any adjustment to the provision for leave pay stated at R15,49 million (2012: R12,17 million) in note 16 to the annual financial statements were necessary.

Commitments

14. I was unable to obtain sufficient appropriate audit evidence for capital commitments due to inadequate records and reconciliations. I was unable to confirm the commitments by alternative means. Consequently I was unable to determine whether any adjustments to commitments stated at R513,51 million as disclosed in note 48 to the financial statements was necessary.

Irregular expenditure

15. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to poor internal controls within the supply chain management function. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to irregular expenditure stated at R44,03 million in note 46.3 to financial statements was necessary.

Cash flow statement

16. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed for net cash flow from operating activities due to the inconsistencies in amounts when compared to the statement of financial position and performance. I was unable to confirm the net cash flow from operating activities by alternative means. Consequently, I was unable to determine whether any adjustments to the net cash flow from operating activities stated at R232,34 million on the cash flow statements were necessary.

Accumulated surplus

17. I was unable to obtain sufficient appropriate audit evidence for accumulated surplus due to the inconsistencies in amounts when compared to the statement of financial position and performance. I was unable to confirm the accumulated surplus by alternative means. Consequently, I was unable to determine whether any adjustments to accumulated surplus stated at R1,88 billion in note 22 to financial statements was necessary.

Disclaimer of opinion

18. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

Emphasis of matters

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

Significant uncertainties

20. With reference to note 52.3 to the financial statements, the municipality is the defendant in 13 lawsuits relating to non payments of contracts and breach of agreements amounting to R21,79 million. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.
21. With reference to note 52.5 in the financial statements, employees of the municipality have not been paid according to the wage scales and rates in the South African Local Government Association (SALGA) Categorisation and job evaluation wage curves collective agreement. The municipality has not finalised job evaluations pending the outcome of the lawsuit by the union disputing the agreement. The amount of the obligation cannot be determined with sufficient reliability and no provision for any liability that may result has been made in the financial statements.

Material losses

22. As disclosed in note 47.9 to the financial statements, material losses amounting to R21,48 million and 11,91million kilolitres were incurred as a result of water losses.

Going concern

23. As disclosed in note 58 to the financial statements the Ugu District Municipality current liabilities exceed current assets at year end. These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern.

Unauthorised expenditure

24. As disclosed in note 46.1 to the financial statements, unauthorised expenditure of R8,22 million was incurred as a result of expenditure exceeding approved budget for operating expenditure.

Fruitless and wasteful expenditure

25. As disclosed in note 46.2 to the financial statements, fruitless and wasteful expenditure of R810 904 was incurred as a result of interest charges on late payment.

Additional matter

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

Unaudited supplementary schedules

27. The supplementary information set out on pages XX to XX do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Report on Other Legal and Regulatory Requirements

28. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance*

information (FMPP). The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

31. The material findings are as follows:

Usefulness of information

Presentation

Measures to improve performance not disclosed

32. Section 46 of the Municipal Systems Act 32 of 2000, requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 29% of the planned targets not achieved were not reflected in the annual performance report. This was due to the lack of review of reported performance information by senior management.

Reliability of information

Infrastructure and basic service delivery and Local economic development

33. The *National Treasury Framework for managing programme performance information (FMPP)* requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

34. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Infrastructure and basic service delivery and local economic development.

35. The institution could not provide sufficient appropriate evidence in support of the information presented with respect to the Infrastructure and basic service delivery and the institution's records not permitting the application of alternative audit procedures.

Compliance with laws and regulations

36. I performed procedures to obtain evidence that the municipality and municipal entity have complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance management

37. The accounting officer of the municipality did not by 25 January assess the performance of the municipality during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.

38. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.

39. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.
40. The municipal entity did not ensure that the annual performance objectives and indicators were established by agreement with the parent municipality, as required by section 93B(a) of the Municipal Systems Act (Act 32 of 2000)(MSA).

Annual financial statements

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of unspent grants, retentions and trade creditors identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Procurement and contract management

42. Awards were made to providers who are in the service of the municipality in contravention of section 112(j) of the MFMA and SCM regulations 44. Furthermore the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
43. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
44. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality and did not to disclose such interest, as required by SCM regulation 46(2)(e).
45. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).
46. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
47. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Expenditure management

48. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
49. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

50. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

51. An adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.
52. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
53. Accounts for service charges were not prepared on monthly, as required by section 64(2)(c) of the MFMA.

Budget management

54. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Conditional grants received

55. The municipality did not evaluate its performance in respect of programmes funded by the Municipal Systems Infrastructure Grant submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(5) of the DoRA.

Consequence management

56. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.
57. The condoning of irregular expenditure was not approved by the appropriate relevant authority, in accordance with the requirements of sections 1 and 170 of the MFMA.
58. Council certified unauthorised, irregular, fruitless and wasteful expenditure as irrecoverable without conducting an investigation by council committee to determine recoverability of the expenditure, as required by section 32(2) of the MFMA.
59. The council did not always report cases of alleged irregular expenditure that constituted a criminal offence, as required by section 32(6) of the MFMA.

Human resource

60. The municipal manager and or senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) MSA.

Internal control

61. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the

fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

62. The accounting officer did not exercise effective oversight over policies and procedures regarding supply chain management, revenue and performance management to enable and support understanding and execution of internal control objectives, processes and responsibilities.

Financial and performance management

63. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial and compliance reporting. In this regard, the accounting officer and management did not ensure that regular, accurate and complete financial and performance reports were prepared.
64. Management did not implement controls over the preparation, review and reconciliation of the financial statements against supporting schedules as well as the reported performance against predetermined objectives.

Governance

65. Adequate controls to address the risks identified as part of the risk assessment have not been implemented.

Other Reports

Investigations completed during the financial year

66. Eight investigations were completed regarding alleged fraudulent supply chain management practices.

Investigations in progress during the financial year

67. Five investigations were in progress regarding alleged dishonesty, assault and misuse of municipal vehicles.

Pietermaritzburg

13 December 2013



AUDITOR-GENERAL OPINION YEAR 2013/2014

6.2 Auditor General Report Year 2013/2014

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UGU DISTRICT MUNICIPALITY

Report on the Consolidated and Separate Financial Statements

Introduction

1. I have audited the consolidated and separate financial statements of the Ugu District Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's Responsibility for the Consolidated and Separate Financial Statements

2. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on the consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the municipality and its entity's preparation and fair presentation of the consolidated and separate financial statements 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 and its entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Property Plant and Equipment

6. I was unable to obtain sufficient appropriate evidence that management had accounted for all property plant and equipment, depreciation and accumulated depreciation for the current year, as the municipality did not maintain adequate records for assets. I was unable to confirm the carrying value, depreciation and accumulated depreciation by alternative means. Consequently, I was unable to determine whether any adjustment relating to depreciation of property plant and equipment stated at R2,24 billion (2013: R2 billion) in note 10 to the consolidated and separate financial statements was appropriate.
7. The municipality recognised land that had not transferred to the municipality in accordance with GRAP 17, Property plant and equipment. Consequently land is overstated by R187,60 million in the current and prior years.

Revenue and Receivables From Exchange Transactions – Service Charges

8. I was unable to obtain sufficient appropriate audit evidence that management had properly charged and accounted for all service charges for the current and prior year, due to the status of the accounting records. I was unable to confirm the service charges and receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to service charges stated at R314,78 million (2013: R276,53 million) in note 21 and receivables from exchange transactions stated as R132,75 million (2013: R101,54 million) in note 6 to the consolidated and separate financial statements was necessary.

Value Added Tax Receivable

9. The municipality did not recognise all undeclared output value added tax (VAT) from receivables from exchange transactions where services had been provided in accordance with GRAP 9, Revenue from exchange transactions. The municipality has not recognised undeclared VAT output for service debtors. Consequently VAT receivable is understated by R13,0 million.

Interest Earned - Fair Value Adjustment of Service Charges

10. The municipality did not discount the service debtors (fair value adjustment) in accordance with GRAP 104, Financial instruments. The discounting of service debtors was calculated on an incorrect basis and using inconsistent amounts when compared to the statement of financial position and performance. Consequently, the service debtors are overstated by R24,22 million and impairment is understated by R42,99 million.

Capital Commitments

11. The municipality did not recognise other disclosures relating to unrecognised contractual commitments in accordance with GRAP 1, Presentation of Financial statements. Furthermore I was unable to obtain sufficient appropriate audit evidence for capital commitments for restated comparative amounts due to inadequate reconciliations. I was unable to confirm the capital commitments by alternative means. Consequently, I was unable to determine whether any adjustments to capital commitments stated at R483,40 million (2013: R301,04 million) as disclosed in note 46 to the financial statements were necessary.

Cash Flow Statement

12. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed for net cash flow from operating activities due to the inconsistencies in amounts when compared to the statement of financial position and performance. I was unable to confirm the net cash flow from operating activities by alternative means. Consequently, I was unable to determine whether any adjustments to the net cash flow from operating activities stated at R426,37 million (2013: R213,87 million) on the cash flow statements were necessary.

Qualified Opinion

13. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Ugu District Municipality and its entity as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of Matters

14. I draw attention to the matters below.

Significant Uncertainties

15. With reference to note 49 to the consolidated and separate financial statements, the municipality is the defendant in 12 lawsuits amounting to R24,3 million. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of Corresponding Figures

16. As disclosed in note 37 to the consolidated and separate financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an errors discovered during 2013/14 in the consolidated financial statements of the Ugu District Municipality at, and for the year ended, 30 June 2013.

Material Losses

17. As disclosed in note 36 to the consolidated and separate financial statements, material losses to the amount of R20,3 million (8,999,979 kl) were incurred as a result of water losses due to water leakages, tampering and faulty meters and illegal connections.

Unauthorised Expenditure

18. As disclosed in note 41 to the consolidated and separate financial statements, unauthorised expenditure of R40,06 million (2013:R10,83 million) was incurred as a result of expenditure exceeding approved budget for operating expenditure.

IRREGULAR EXPENDITURE

19. As disclosed in note 43 to the consolidated and separate financial statements, irregular expenditure amounting to R166,17 million (2013:R65,54 million) was incurred as a result of proper procurement processes not being followed.

Fruitless and Wasteful Expenditure

20. As disclosed in note 42 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R2,69 million was incurred as a result of interest charges on late payments.

Additional Matters

21. I draw attention to the matters below.

Unaudited Supplementary Schedules

22. The supplementary information set out on pages XX to XX does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited Disclosure Notes

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

Report on Other Legal and Regulatory Requirements

24. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined Objectives

25. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:

- Development priority 3: Basic service delivery, on pages x to x.

26. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

27. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

28. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

29. The material findings in respect of the selected development priority are as follows:

Basic Service Delivery

Usefulness of Reported Performance Information

Measurability of indicators and targets

30. The FMPPI requires the following:

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. Performance indicators must also be verifiable.

31. The measurability of planned targets and indicators could not be assessed due to lack of proper systems and processes and/or formal standard operating procedures or documented system descriptions. The portfolio of evidence maintained by management does not allow for verification of targets.

Reliability of Reported Performance Information

Validity, Accuracy and Completeness

32. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to the municipality not providing sufficient appropriate evidence in support of the reported performance information and the municipality's records not permitting the application of alternative audit procedures.

Additional Matters

33. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of Planned Targets

34. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected priority reported in paragraphs 30 to 32 of this report.

Unaudited Supplementary Information

35. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

Compliance With Legislation

36. I performed procedures to obtain evidence that the municipality and its entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial Statements

37. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.

Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted consolidated financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the consolidated financial statements receiving a qualified audit opinion.

Procurement and Contract Management

38. Awards were made to providers who are in the service of other state institutions, in contravention of section 112(j) of the MFMA 112(j) and regulation 44 of the Supply chain management regulations (SCM regulation). Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
39. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
40. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).

Expenditure Management

41. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
42. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset Management

43. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Revenue Management

44. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
45. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
46. Accounts for service charges were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.

Budget Management

47. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Internal Control

48. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant

deficiencies that resulted in the basis for qualified opinion and the findings on the annual performance report and compliance with laws and regulations included in this report.

Leadership

49. The leadership and management did not effectively exercise oversight of policies and procedures regarding, consolidated and separate financial statements, procurement and contract management, expenditure management, asset management, revenue management and budget management.

Financial and performance management

50. Management did not implement controls over the preparation, review and reconciliation of the consolidated and separate financial statements and performance information.
51. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial and performance management and compliance reporting. In this regard management did not ensure that regular, accurate and complete financial and performance reports were compiled.

Governance

52. The outcome of the risk assessment was not adequate as it did not factor in the actual risks of the municipality that resulted in the prior year audit issues. The reviews conducted by internal audit could not assist the municipality to resolve audit report issues identified in the prior year due to slow response by management in implementing internal audit recommendations.

Other Reports

Investigations

53. Internal audit, at the request of management, is currently performing investigations into allegations of mismanagement, SCM and MFMA contravention, fruitless expenditure and theft at the municipality. Nineteen investigations are still in progress.

Pietermaritzburg
11 December 2014



Auditor General Report On The Financial Statements: 2013/2014

.....
Signed (Chief Financial Officer)

Dated:

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ol style="list-style-type: none"> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

APPENDICES

Appendix A – Councillors; Committee Allocation and Council Attendance

Report on Attendance of Council by Councillors: July 2013 to June 2014

Name of Councillor	JULY 2013	AUG 2013	SEPT 2013	OCT 2013	NOV 2013	DEC 2013	JAN 2014	FEB 2014	MAR 2014	APRIL 2014	MAY 2014	JUNE 2014
1. Cllr S B Cele	Y	Y	Y	Y	Y	N1	N1	Y	Y	-	Y	N1
2. Cllr I M Mavundla	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
3. Cllr M A Chiliza	Y	N1	Y	Y	N1	Y	Y	Y	Y	-	N1	Y
4. Cllr N H Gumede	Y	N1	N1	N1	Y	N1	Y	N1	Y	-	Y	N1
5. Cllr E Moosa Bux	Y	Y	Y	Y	Y	Y	N1	Y	Y	-	Y	Y
6. Cllr S Mahomed	Y	Y	N1	Y	Y	Y	Y	Y	Y	-	Y	Y
7. Cllr M G Sonwabo	Y	N2	Y	Y	N1	Y	Y	N1	Y	-	Y	Y
8. Cllr T N Dzingwa	Y	Y	Y	Y	N1	Y	Y	N2	Y	-	Y	Y
9. Cllr NN Boyce – July to Nov MA Manyoni – Jan onwards	N2	N1	Y	Y	Y		Y	Y	Y	-	Y	Y
10. Cllr D Snashall	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	N1
11. Cllr Dr S G Nyawuza	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	N1	Y
12. Cllr J S Mbutuma	Y	Y	N1	Y	N1	Y	Y	Y	Y	-	N1	Y
13. Cllr Jacobus van Vuuren	Y	Y	Y	Y	Y	N1	Y	Y	Y	-	Y	Y
14. Cllr D H Njoko	Y	Y	Y	N2	Y	Y	N1	Y	Y	-	Y	Y
15. Cllr N F Shusha	N1	N1	N1	N1	N1	Y	Y	Y	Y	-	Y	N1
16. Cllr Y Nair	Y	Y	Y	Y	N1	Y	Y	Y	Y	-	Y	Y
17. Cllr N A Madlala	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
18. Cllr G D Henderson	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
19. Cllr Z A Mhlongo	Y	N2	Y	Y	Y	Y	Y	Y	N1	-	Y	N1
20. Cllr B E Machi	Y	Y	N1	Y	N2	Y	Y	Y	N1	-	N1	Y
21. Cllr S T Gumede	Y	Y	Y	N1	N1	N1	Y	Y	Y	-	Y	Y
22. Cllr N Y Mweshe	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
23. Cllr M P L Zungu	Y	Y	Y	Y	N1	Y	Y	N2	Y	-	Y	Y
24. Cllr K B M Mbhele	Y	Y	N1	N2	N1	N2	Y	Y	Y	-	Y	Y
25. Cllr S M Zuma	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
26. Cllr N P Mpanza	Y	Y	N1	Y	N1	Y	N1	Y	Y	-	N1	Y
27. Cllr F B Shezi	Y	Y	Y	Y	Y	N2	Y	Y	N1	-	Y	N1
28. Cllr T M Cele	Y	N1	N1	Y	N1	Y	Y	Y	Y	-	Y	N1
29. Cllr S A Khawula	Y	Y	Y	Y	N1	Y	Y	Y	Y	-	Y	Y
30. Cllr M P Mtheshane	Y	Y	N1	N1	Y	Y	N1	N1	N1	-	Y	Y
31. Cllr M B Gavu	Y	Y	Y	Y	N1	Y	Y	Y	Y	-	N1	N1
32. Cllr L N Myende	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
33. Cllr J M Ndlela	N1	Y	N1	Y	Y	Y	Y	Y	N1	-	Y	N1
34. Cllr Y L Duma	N1	Y	Y	N1	N1	N2	Y	N1	Y	-	N2	N1
35. Cllr V L Ntanza	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y

PARTY	MALE	FEMALE
African National Congress (ANC)	12	12
National Freedom Party (NFP)	4	1
Inkatha Freedom Party (IFP)	3	1
Democratic Alliance (DA)	2	0
Total - 35	21	14

REPORT ON ATTENDANCE OF EXECUTIVE COMMITTEE BY COUNCILLORS															
NAME OF COUNCILLOR	17 July 2013	31 July 2013	14 Aug 2013	28 Aug 2013	12 Sept 2013	02 Oct 2013	16 Oct 2013	30 Oct 2013	13 Nov 2013	04 Dec 2013	05 Feb 2014	24 March 2014	20 May 2014	04 June 2014	18 June 2014
Cllr NH Gumede	Y	N1	Y	Y	Y	Y	Y	Y	N1	Y	Y	Y	Y	Y	Y
Cllr MA Chiliza	Y	Y	Y	Y	N1	Y	Y	Y	Y	Y	Y	N1	Y	Y	Y
Cllr S Mahomed	N1	Y	Y	Y	Y	N1	N1	Y	Y	Y	Y	N1	N1	Y	Y
Cllr IM Mavundla	Y	Y	Y	Y	Y	Y	Y	N1	Y	Y	Y	Y	Y	Y	Y
Cllr JA Mbutuma	N1	Y	Y	Y	Y	Y	N1	Y	Y	Y	Y	N2	N1	Y	N1
Cllr SG Nyawuza	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cllr NF Shusha	N1	N1	N1		N1	Y	N1	Y	Y	N1	Y	Y	Y	Y	Y
Cllr SB Cele	N1	N1	Y	Y	Y	N1	Y	Y	Y	N1	Y	Y	Y	Y	Y

REPORT ON ATTENDANCE OF PORTFOLIO COMMITTEE ON FINANCE BY COUNCILLORS											
Name of Councillor	JULY 13	22 AUG 13	12 SEPT 13	10 OCT 13	7 NOV 13	6 FEB 14	MAR 14	APR 14	MAY 14	12 JUN 14	
Cllr Nf Shusha	Nil	Y	N1	Y	Y	Y	Nil	Nil	Nil	Y	
Cllr Nh Gumede	Nil	Y	Y	N2	N1	Y	Nil	Nil	Nil	Y	
Cllr Moosa Bux	Nil	Y	Y	Y	N1	Y	Nil	Nil	Nil	N1	
Cllr DR SG Nyawuza	Nil	Y	N1	Y	Y	Y	Nil	Nil	Nil	Y	
Cllr ST Gumede	Nil	Y	Y	Y	Y	Y	Nil	Nil	Nil	Y	
Cllr SA Khawula	Nil	Y	Y	N2	N1	N2	Nil	Nil	Nil	N1	
Cllr J Van Vuuren	Nil	Y	Y	Y	Y	Y	Nil	Nil	Nil	Y	
Cllr SM Zuma	Nil	Y	Y	Y	Y	Y	Nil	Nil	Nil	Y	

REPORT ON ATTENDANCE OF GOOD GOVERNANCE COMMITTEE BY COUNCILLORS											
Name of Councillor	JULY 13	AUG 13	SEPT 13	OCT 13	NOV 13	FEB 14	MAR 14	APR 14	MAY 14	JUN 14	
Cllr JS Mbutuma	Yes	No1	Yes	Yes	Yes	Yes	Nil	Nil	Nil	Yes	
Cllr MG Sonwabo	Yes	Yes	Yes	No 2	Yes	No 2	Nil	Nil	Nil	Yes	
Cllr TN Dzingwa	Yes	Yes	Yes	Yes	No 2	Yes	Nil	Nil	Nil	Yes	
Cllr D Snashall	Yes	Yes	Yes	Yes	No 2	No 1	Nil	Nil	Nil	Yes	
Cllr MB Gavvu	Yes	Yes	Yes	No2	Yes	Yes	Nil	Nil	Nil	Yes	
Cllr KBM Mbhele	Yes	Yes	No 2	No 2	No 2	No 2	Nil	Nil	Nil	No 2	
Cllr IM Mavundla	Yes	Yes	Yes	No 1	Yes	No 1	Nil	Nil	Nil	Yes	
Cllr MP Mtheshane	Yes	Yes	No 2	No 2	No 2	No 1	Nil	Nil	Nil	Yes	

REPORT ON ATTENDANCE OF ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE							
Name of Councillor	23 July 2013	28 August 2013 (No quorum)	17 September 2013	17 October 2013	November 2013	13 February 2014	11 June 2014
Cllr IM Mavundla	Y	Y	Y	Y	Y	Y	Y
Cllr NN Boyce/Cllr MA Manyoni	N1	Y	N2	N1	N2	Y (Cllr Manyoni replaced Boyce from this date)	Y
Cllr BE Machi	Y	-	Y	Y	N1	Y	Y
Cllr NP Mpanza	Y	-	Y	Y	Y	Y	Y
Cllr DH Njoko	N1	Y	Y	Y	Y	N1	Y
Cllr GD Henderson	Y	-	N1	Y	Y	Y	Y
Cllr FB Shezi	Y	-	Y	N2	N2	Y	Y
Cllr LV Ntanza	Y	Y	Her meetings clashed. Had to attend Special Programs Portfolio	Y	Y	Y	Y

REPORT ON ATTENDANCE OF PORTFOLIO COMMITTEE ON SPECIAL PROGRAMMES												
Name of Councillor	Gender	Political Party	JULY 13	AUG 13	SEPT 13	OCT 13	NOV 13	FEB 14	MAR 14	APR 14	MAY 14	JUNE 14
Cllr Mahomed	F	ANC	Y	Y	N1	Y	Y	Y	Nil	Nil	Nil	Y
Cllr NY Mweshe	F	ANC	N1	Y	Y	N1	Y	Y	Nil	Nil	Nil	Y
Cllr T Dzingwa	F	ANC	Y	N1	N1	Y	Y	N1	Nil	Nil	Nil	N2
Cllr JM Ndlela	M	IFP	N1	Y	N2	N1	N2	N2	Nil	Nil	Nil	N2
Cllr Snashall	M	DA	N1	Y	Y	Y	Y	Y	Nil	Nil	Nil	Y
Cllr NA Madlala	F	ANC	N1	Y	Y	Y	Y	N2	Nil	Nil	Nil	Y
Cllr ZA Mhlongo	M	NFP	N1	N1	Y	Y	N2	N2	Nil	Nil	Nil	Y
Cllr V L Ntanza	F	ANC	Nil	Y	Y	Y	Y	Y	Nil	Nil	Nil	Y

REPORT ON ATTENDANCE OF PORTFOLIO COMMITTEE ON WATER AND SANITATION										
Name of Councillor	Gender	Political Party	JUNE 13	JULY 13	Aug 13	Sept 13	OCT 13	NOV 13	FEB 14	JUNE 14
Cllr M A Chiliza	F	ANC	Y	Y	Y	Y	Y	Y	Y	Y
Cllr M G Sonwabo	M	ANC	Y	Y	Y	Y	Y	N2	Y	Y
Cllr MPL Zungu	F	ANC	N1	N1	N1	Y	Y	Y	Y	Y
Cllr TM Cele	F	ANC	Y	N1	Y	Y	Y	Y	N1	Y
Cllr Y Nair	M	ANC	Y	Y	Y	Y	Y	Y	Y	Y
Cllr LN Myende	F	ANC	Y	Y	Y	Y	Y	Y	Y	Y
Cllr YL Duma	M	NFP	N2	N1	Y	Y	Y	N1	N2	Y
Cllr SG Nyawuza	M	IFP	Y	Y	Y	N1	Y	Y	Y	Y

- "Y" where the meeting was attended
- "No" where the meeting was not attended
- "N1" where the meeting was not attended but the application for leave of absence was furnished
- "N2" where the meeting was not attended and the application for leave of absence was not furnished and no apology was recorded
- NIL where the meeting did not sit due to quorum
- During the 2013/14 financial year, all Council and EXCO meetings were held as there was a quorum. These committees are operating optimally.

Appendix B – Committees and Committee Purposes

COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Portfolio Committee on Finance	<p>The Portfolio Committee on Finance is a Section 80 Committee, responsible for the following functions, and making recommendations to the Executive Committee thereon:</p> <ul style="list-style-type: none"> • Familiarise, interrogate and recommend to the Committee of the budget and reports on economic issues, statistical information, agreements, financial reports, and reports on economic and policy statements. • Sharpen public awareness of the budget and Government financial and economic policies, and encourage informed debate on the budget. • Advise the executive committee on the district municipality's domestic borrowing policies. • Study Government's policies as regards budgets and advise accordingly. • Seek advice from all three spheres of Government, on financial and other budget related matters. • Drive the entire budget process as alluded to by legislation, thus ensuring that budgets are based on priorities and realistic income and expenditure. • Advise on processes that need to be put in place for formulating and monitoring the budget, throughout its cycle, that will enhance the District • Municipality's role in appropriating and overseeing the budget, and make the budget process more responsive to stakeholders. • Advise on budget programmes that need to be given special treatment during budget implementation. • Ensure that the budget of the District Municipality is used as a primary tool for implementing National and Provincial Policies. • Review the relevant legislation and future legislation (bills) with financial and budget implications and advise the Executive Committee accordingly. • Deal with any other budget related matter referred to the Committee by the Executive Committee. • Develop policy proposals on all the areas of responsibility with the intention of achieving municipal and/or general government objectives.
Portfolio Committee on Special Programmes	<p>The Portfolio Committee on Special Programmes is a Section 80 Committee, responsible for the following functions, and making recommendations to the Executive Committee thereon:</p> <p>1. Oversight over the following functional areas:</p> <p>(i) Undertake the following special programmes in respect of Policy, Strategy and Programmes.</p> <ul style="list-style-type: none"> • Youth • Senior Citizens • People with Disability • Gender • Moral regeneration • Rights of the Child • Farm workers <p>(ii) Lobby and advocacy for special programmes interests by other Portfolio Committees within Council.</p> <p>(iii) Coordinate response for vulnerable groups.</p> <p>(iv) Facilitate and monitor an evaluation framework for all the functional areas.</p>
Portfolio Committee on Sound Governance and Human Resources	<p>The general responsibilities of the Portfolio Committee, in respect of the functional area of Corporate Services, are:</p> <ul style="list-style-type: none"> • to develop and recommend the Good Governance and Human Resources Services portfolio policies; • to develop and recommend the Good Governance and Human Resources portfolio by-laws; • to consider and make recommendations in respect of the draft budget and IDP of the Human Resources & Sound Governance Portfolio; • to ensure public participation in the development of policy, legislation, IDP and budget of the Human Resources & Sound Governance Portfolio; • to monitor the implementation of Council policies in respect of the Human Resources & Sound Governance portfolio.

COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Functional Role of the Human Resources & Sound Governance Portfolio Committee	<p>The objective of the Human Resources & Sound Governance Portfolio Committee is to assist the executive committee on the functions listed below:</p> <ol style="list-style-type: none"> Administration and Operational Support <ul style="list-style-type: none"> Corporate strategies, systems and services Records Management and Registry Services Secretariat Support and Printing Services Occupational Health and Safety Employment Equity Planning Wellness: EAP Customer Relations Performance management: Individual (and OPMS) Information Communications Technology Facilities Management Enterprise Security Legal Services <ul style="list-style-type: none"> Statutory Compliance Legislation, and Legal Research Strategic Human Resources and Personnel Services <ul style="list-style-type: none"> Individual Performance Management Training and Development Labour Relations Personnel Management To ensure the provision of efficient, economical and effective administration of the municipality, to co-ordinate secretarial services, to oversee the delivery of the human resource services, and to render management and transformation services; To oversee the delivery of support services to the council and community; Exercise delegated authority after considering a report from the designated officials for the Human Resources & Sound Governance Portfolio; Introduce to Exco the recommendations from the Human Resources & Sound Governance Portfolio Committee; Introduce departmental reports on the functions of the relevant sections to Exco ; General administration inclusive council & committee secretariat, legal, council support, policies & procedures, facilities management, capacity building & training, human resources, including, Governance, democracy and Skills development.
Portfolio Committee on Local Economic Development	<p>The Portfolio Committee on Local Economic Development is a Section 80 Committee, responsible for the following functions, and making recommendations to the Executive Committee thereon:</p> <ul style="list-style-type: none"> Oversee the implementation of all applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, electrification, housing and public works. Oversee all aspects, programmes and activities of local economic development. Oversee all fiscal and other incentives designed to promote social and economic development. Oversee environmental management and ensuring environmental planning, education, sustainable development management Oversee the provision of efficient environmental health services through continuous monitoring and enforcement. Develop policy proposals on all the areas of responsibility with the intention of achieving municipal and/or general government objectives.

COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Portfolio Committee on Water and Sanitation	<p>The Portfolio Committee on Water and Sanitation is a Section 80 Committee, responsible for the following functions, and making recommendations to the Executive Committee thereon:</p> <ul style="list-style-type: none"> • Advise the Executive Committee on all legislation or prospective legislation relating to: • Water and sanitation reticulation; • Water and sanitation treatment works; • Water and Sanitation Capital projects; • Water and sanitation operations; • Water and sanitation operational projects; • Non revenue water; • Water restrictions ; • Water Services planning; • Emergency water and drought relief; • Ground water; • Industrial effluent and recycling of waste water; • Oversee the following municipal services: • Water and Sanitation reticulation; • Water and sanitation purification; • Water and Sanitation designs; • Water and sanitation operations; • Water and sanitation capital projects; • Oversee municipal infrastructure development and services to meet the needs of the Municipality in the discharge of its responsibilities. • Oversee the commissioning of the best methods to deliver the aforementioned municipal services and facilities to the maximum benefit of the community of the municipality. • Develop policy proposals on all the areas of responsibility with the intention of achieving municipal and/or general government objectives.
Human Resources Development Committee	<p>The Human Resources Development Committee is established within the prescription of the main collective agreement to, in its preparatory consultation, report to the Local Labour Forum regarding issues concerning the development of human resources and other related activities within the Municipality.</p> <p>The Committee is established with a primary objective to exercise oversight over issues concerning the Workplace Skills Plan (WSP), education and training, employment equity and all such other related human resources issues.</p> <p>The Committee is responsible for the following functions, and making recommendations to the Local Labour Forum thereon:</p> <p>Oversight over the following functional areas:</p> <ul style="list-style-type: none"> • Human Resources Management; • Skills Development; • Performance Management; • Organisational Development; • Implementation of Employment Equity Plan and Affirmative Action; • Councillor Support; • Education and Training; • Develop strategy and policy proposals on all the areas of responsibility with an intention of achieving municipal and/or general government objectives.
Employee Assistance Programme	<p>Ugu District Municipality, in recognizing the importance of its service delivery machinery or employees introduced Employee Assistance Programme (EAP), which is located in the Corporate Services Department within Human Resources Section to play an integral part in meeting the Municipal objective with a view to providing a satisfying, safe and healthy environment within which all employees are working. The EAP as a programme is dedicated to support and strengthen the workplace environment by providing assistance for employees whenever they need it. According to the Employee Assistance Professionals Association of South Africa (EAPA), "Employee Assistance is the work organization's resource based on core technologies or functions to enhance employee and workplace effectiveness through prevention, identification, and resolution of personal and productivity issues."</p> <p>The EAP Committee in the Ugu District Municipality is established to ensure that it provides employee assistance programme to encourage and assist employees with personal and work related problems for them to take responsibility for their own health and wellness.</p>

COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES

Municipal Committees	Purpose of Committee
Municipal Public Accounts Committee (MPAC)	<p>The Municipal Finance Management Act (MFMA) creates a favourable environment for the establishment of municipal structures that can adequately deal with municipal financial accountability. Such a structure is mandated to deal with financial and related management aspects of municipalities.</p> <p>The Municipal Public Accounts Committee (MPAC) is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Executive Committee and Political Office Bearers) and administration. Good governance, effective accountability and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.</p> <p>The Municipal Council is required to maintain oversight on the performance of specific responsibilities and delegated powers to the Executive (Executive Committee & Political Office Bearers). In other words, in exchange for the powers in which Council has delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non performance of the municipality. The Committee is a Section 79 Committee, responsible for the following functions, and reporting back to Council for consideration of all matters and formal adoption:</p> <ul style="list-style-type: none"> • Examination of financial statements of the Municipality; • Examination of audit statements issued on the financial statements; • Examination of any reports issued by the Auditor-General on the affairs of the Municipality and any Municipal Entity; • Examination of quarterly and mid-year performance reports; • Examination of any other financial statements or reports referred to the Committee by the Council, and may report on any of those financial statements or reports to Council; • May recommend any investigation in its area of competence; • Must perform any other function assigned by resolution of Council; • To call any person, including Councillors to appear before the Committee to account or clarify on any matter the committee deems fit; and • Make recommendations to Council for corrective and/or disciplinary action that may be instituted in terms of the MFMA regarding mismanagement of funds, unauthorised, irregular, fruitless and wasteful expenditure.
Local Labour Forum	<p>In terms of the Labour Relations Act, 66 of 1995, Section 80 makes provision for the establishment of workplace forum in any workplace in which an employer employs more than 100 employees. In compliance with the Act, Municipalities have established workplace forums and are constituted as per the SALGBC main collective agreement clauses 2.8 to 2.8.4.5. In this regard, the composition of such forum shall be established with equal representation from the trade unions and the employer. Trade Unions' representation shall be divided in proportion to their respective membership in the employer. Likewise, employer representatives shall consist of Councillors and of Management. The workplace forum in the Local Government is referred to as the Local Labour Forum. Such Forum seeks to promote the interests of all employees in the workplace, irrespective of whether they belong to trade unions; enhance efficiency in the workplace; engage in consultation with the employer on a wide range of workplace related issues; and participate in joint decision-making.</p> <p>The Local Labour Forum shall have the powers and functions of negotiating and/or consulting on the following functions:</p> <ul style="list-style-type: none"> • On matters of mutual concern pertaining to the employer and which do not form the subject matter of negotiations at the council or its divisions; • On such matters as may from time to time be referred to such forum by the council or its divisions; • Provided that it may not negotiate on any matter, which has been reserved for exclusive bargaining in the council or the divisions; • Concluding of minimum service agreements; • Disputes over what is negotiable, what are the matters that are for consultation and over whether a specific process constitutes sufficient consultation are to be resolved through the dispute resolution mechanism of the council.

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Appendix C – Third Tier Administrative Structure

THIRD TIER STRUCTURE	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	DD Naidoo Municipal Manager
Corporate Services	V Tsako General Manager Corporate Services
Water Services	L Cele General Manager Water Services
Infrastructure and Economic Development	Z Mbonane General Manager Infrastructure and Economic Development
Treasury	S Mbili General Manager Treasury

Appendix D – Functions of Municipality/Entity

MUNICIPAL/ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes/No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	No	No
Child care facilities	No	No
Electricity and gas reticulation	No	No
Fire fighting services	Yes	No
Local tourism	No	Yes
Municipal airports	No	No
Municipal planning	No	No
Municipal health services	Yes	No
Municipal public transport	No	No
Stormwater management systems in built-up areas	No	No
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	No	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	Yes	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street trading	No	No
Street lighting	No	No

Appendix E – Ward Reporting

FUNCTIONALITY OF WARD COMMITTEES						
Ward Name (Number)	Local Municipality	Name of Ward Councillor	Committee established (Yes/No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Umdoni Municipality	Cllr MN Maphumulo	Yes	2	Nil	1
2		Cllr BM Mthethwa	Yes	2	Nil	1
3		Cllr S Bhoola	Yes	2	Nil	1
4		Cllr MO Zama	Yes	2	Nil	1
5		Cllr SSI Khwela	Yes	1	Nil	1
6		Cllr TH Ngcobo	Yes	1	Nil	1
7		Cllr GH Nyuswa	Yes	2	Nil	1
8		Cllr BJ Mtolo	Yes	2	Nil	2
9		Cllr LN Myende	Yes	2	Nil	1
10		Cllr KK Armugam	Yes	1	Nil	1
1	Umuziwabantu Municipality	Cllr NB Dlamini	Yes	12	12	4
2		Cllr MJ Jali	Yes	12	12	4
3		Cllr ATC Houston	Yes	12	12	4
4		Cllr DS Dlamini	Yes	12	12	4
5		Cllr CP Nkomo	Yes	12	12	4
6		Cllr SW Vethe	Yes	12	12	4
7		Cllr Munyathi	Yes	12	12	4
8		Cllr TH Chiliza	Yes	12	12	4
9		Cllr HJ Ngubelanca	Yes	12	12	4
10		Cllr MB Gavu	Yes	12	12	4
1	Ezingoleni Municipality	Cllr Sibongiseni Alec Khawula	Yes	12	1	2
2		Cllr Bongi Mzobe	Yes	12	1	1
3		Cllr Sifiso Advocate Ngceche	Yes	12	1	2
4		Cllr Hawukile Mbatha	Yes	12	1	3
5		Cllr Makhosonke Amon Mpisi	Yes	12	1	3
6		Cllr Dennis Nyawose	Yes	12	1	3
1	Umzumbe Municipality	Msomi DK	Yes	11	11	4
2		Ngwabe CS	Yes	11	11	4
3		Mqadi MR	Yes	11	11	4
4		Maluleka SR	Yes	11	11	4
5		Gumede TS	Yes	11	11	4
6		Radebe SE	Yes	11	11	4
7		Peters TL	Yes	11	11	4
8		Mntambo JP	Yes	11	11	4
9		Mkhize MJ	Yes	11	11	4
10		Mbayi TM	Yes	11	11	4
11		Mhlangu NE	Yes	11	11	4
12		Mbhele KBM	Yes	11	11	4
13		Cele SR	Yes	11	11	4
14		Mdletshe MS	Yes	11	11	4

FUNCTIONALITY OF WARD COMMITTEES						
Ward Name (Number)	Local Municipality	Name of Ward Councillor	Committee established (Yes/No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
15		Zungu MPL	Yes	11	11	4
16		Luthuli MZ	Yes	11	11	4
17		Hlongwa PA	Yes	11	11	4
18		Mbambo OJ	Yes	11	11	4
19		Zindela A	Yes	11	11	4
1	Vulamehlo Municipality	CLlr Kweyama	Yes	6	1	2
2		CLlr Dlamini	Yes	6	1	2
3		CLlr Ndlovu	Yes	4	1	2
4		CLlr Shezi	Yes	7	1	2
5		CLlr Ntombela	Yes	4	1	2
6		CLlr Mngadi	Yes	7	1	2
7		CLlr Hlongwa	Yes	7	1	2
8		CLlr Jwara	Yes	7	1	2
9		CLlr Ngcobo	Yes	7	1	2
10		CLlr Ncwane	Yes	6	1	2
1	Hibiscus Coast Municipality	CLlr Watson	Yes	2	8	2
2		CLlr Henderson	Yes	3	7	3
3		CLlr Ndovela	Yes	4	10	2
4		CLlr Shinga	Yes	4	11	3
5		CLlr Moloi	Yes	4	8	3
6		CLlr Schmidt	Yes	4	10	2
7		CLlr Lushaba	Yes	3	8	3
8		CLlr Mbotho	Yes	4	11	2
9		CLlr Nyembezi	Yes	4	9	3
10		CLlr Kowa	Yes	4	10	2
11		CLlr Mzelemu	Yes	4	11	3
12		CLlr Opperman	Yes	3	8	3
13		CLlr Ntusi	Yes	4	10	2
14		CLlr Zulu	Yes	4	9	3
15		CLlr Madlala	Yes	4	10	2
16		CLlr Kruger	Yes	4	11	3
17		CLlr Rajaram	Yes	3	10	2
18		CLlr Potter	Yes	4	9	3
19		CLlr Naude	Yes	4	10	2
20		CLlr Morafe	Yes	3	9	3
21		CLlr Koli	Yes	4	10	3
22		CLlr Nyawose	Yes	4	11	2
23		CLlr Cele	Yes	4	10	3
24		CLlr Hlophe	Yes	4	9	3
25		CLlr Danca	Yes	3	8	3
26		CLlr Duma	Yes	4	9	2
27		CLlr Zulu	Yes	4	7	3
28		CLlr Gumbi	Yes	4	10	3
29		CLlr Majola	Yes	3	6	4

Appendix F – Ward Information

UGU DISTRICT MUNICIPALITY				
Capital Projects: Seven Largest in 2013/14 (Full List at Appendix O)				
No.	Project Name and Detail	Start Date	End Date	Total Value
1	Kwanyuswa Water Scheme - Phase 3 (AFA) MIS 194753	Jul-13	Jun-14	R13 333 500
2	Mhlabatshane Regional Water Supply Scheme	Jul-13	Jun-14	R44 099 270
3	Umtamvuna Water Works Raw Water Upgrade	Jul-13	Jun-14	R11 855 500
4	Umzimkhulu Bulk Water Augmentation Scheme Stage	Jul-13	Jun-14	R15 278 000
5	Maphumulo Water Supply	Jul-13	Jun-14	R13 333 500
6	Msikaba and Surrounds Water Supply Scheme	Jul-13	Jun-14	R33 924 517
7	Umzinto Slum Clearance: Farm Isonti Low cost Housing Water and Sanitation Scheme			R21 667 000

BASIC SERVICE PROVISION					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	103 297	144 979	155 852	28 995	
Households without minimum service delivery	77 927	36 245	25 372	152 229	
Total Households*	181 224	181 224	181 224	181 224	
Houses completed in year					
Shortfall in Housing units					
*Including informal settlements					

TOP FOUR SERVICE DELIVERY PRIORITIES FOR WARD (HIGHEST PRIORITY FIRST)		
No.	Priority Name and Detail	Progress During Year 0
1.00	Water	Reduced backlog to 43%
2.00	Sanitation	Reduced backlog to 20%
3.00	Electricity	Reduced backlog to 16%
4.00	Housing	LM function. Several rural projects were done approximately 5000 houses were constructed

Appendix G – Recommendations of the Municipal Audit Committee 2013/2014

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during 2013/14	Recommendations adopted
26 August 2013	Annual Financial Statements for the year ended 30 June 2013	Yes
	a) That Ms Elliot meets with the Treasury Department to scrutinise the Financial Statements	
	b) That a special meeting be called on Thursday, 29 August 2013 in order to approve the Statements for onward submission to National Treasury.	
	Annual Performance Report for the year ended 30 June 2013	Yes
	(a) That the report regarding the Annual Performance Report for the year ended 30 June 2013 be and is hereby NOTED.	
	(b) That the Annual Performance report for the financial year ended 30 June 2013 be submitted to the Auditor General for review provided that the correct format be used.	
	(c) That Cogta and the Municipality decide which format was appropriate.	
	(d) That any recommendations of the Audit Committee after review of the Annual Performance Report must be effective prior to the submission to the Auditor General.	
30 September 2013	Annual Audit Plan 2013/2014	Yes
	(a) That the report regarding the Internal Audit Plan for 2013/2014 be NOTED	
	(b) That the report regarding the Internal Audit Plan for 2013/2014 be APPROVED.	
	(c) That any amendments to the plan should be brought to the Audit Committee for information.	
	Internal Audit Charter	Yes
	(a) That the report regarding the Internal Audit Charter be NOTED.	
	(b) That the Internal Audit Charter be REVIEWED and APPROVED.	
19 December 2013	Development Agency	Yes
	(a) That a meeting between the Development Agency, Ugu DM, HCM and Audit Committee members be convened by no later than 28 February 2014.	
	Auditor General Management Report 2012/2013	Yes
	(a) That reasonable timeframes for dealing with the AG issues be set for responsible Managers	
20 February 2014	Management Corrective Actions	Yes
15 April 2014	Status Report: Internal Audit Reports	Yes
	(b) That the IT Review, SCM review and Follow up on Payroll projects be deferred to the next financial year	

Audit Committee Chairperson's Report 2013/2014

UGU SHARED AUDIT SERVICES COMMITTEE
28 CONNOR STREET,
P O BOX 33, PORT SHEPSTONE
Tel: 039 688 5700
UGU DISTRICT MUNICIPALITY

REPORT OF THE CHAIRPERSON: AUDIT & PERFORMANCE AUDIT COMMITTEE EXTERNAL AUDIT SHARED SERVICES

Members of the External Audit Committee:

Mr Paul Preston – Chairperson

Mrs Chantel Elliott – Member

Mr Imraan Lockhat – Member

Internal Auditor: Ms. Zevile Dlamini

1. Introduction

In terms of section 62(1)(c) of the Municipal Finance Management Act (MFMA), No.56 of 2003, the Municipal Manager is the Accounting Officer and is responsible for managing the financial administration of the municipality. The Audit Committee is appointed in terms of Municipal Finance Legislation, to assist and to advise the Mayor, Speaker and Municipal Manager of the Municipality. It is afforded wide powers and obligations in terms of Section 166 of the Municipal Finance Management Act (MFMA). This report documents the activities of the Audit Committee sitting as a shared service for the Ugu District Municipality for the 2013/2014 financial year.

2. Members and Meetings of the Audit Committee

In terms of the MFMA and the Ugu District Municipality's Audit Committee Charters, the Audit Committee as at the 30 June 2014, included three external independent members. None of the members were Councillors. The membership composition of the Audit Committee does not include the Municipal Manager. The Audit Committee included the members listed above and meets at least four (4) times per annum as per its approved Charter and twice a year as a Performance Audit Committee and did so, for the year, to discharge its responsibilities.

Meetings of a more informal nature with the Mayor/Speaker/Deputy Mayor and Senior Councillors took place from time to time. These meetings included ongoing assessment of statutory compliance, the Auditor General's interim reports, risk in respect of the Municipality and considered the Municipality's financial position. The Chairperson also tabled quarterly reports at Exco, which were thoroughly interrogated.

The Audit Committee also sat as a Performance Audit Committee for performance audits in respect of Section 40, 41, 43 and 46 of the Municipal Systems Act (MSA).

The year has been characterised by the increasing prominence of the Auditor General (A.G.) Dashboard Report. The A.G. visits the Municipality from time to time and interacts with it. It produces a Quarterly Dashboard Report which has become a most useful tool in evaluating the performance and predicted performance of the Ugu District Municipality. An Audit Committee member is in attendance at the report back and this function is shared amongst the three members of the Audit Committee.

Audit Committee members carefully reviewed and approved draft meeting minutes to ensure they captured the essence of issues and discussion. Committee members met with another and exchanged e-mails with the Manager: Internal Audit, the Municipal Manager and the Committee Chairperson between meetings if issues or concerns arose. An atmosphere of mutual trust and respect exists between the Audit Committee and Municipal Management while maintaining a spirit of healthy skepticism and independence.

3. Audit Committee's Responsibilities and Findings

In discharging its responsibilities for the year ended 30 June 2014 the Audit Committee completed the following:-

3.1 Audit Committee Meetings

- Reviewed the quality of the financial information, financial statements and other statutory/public and regulatory reporting was tabled before the Audit Committee;
- Reviewed the draft annual financial statements and the draft Performance Audit information prior to submission to Council and then the Auditor-General and made recommendations on enhancing the quality of disclosure;
- Reviewed the draft annual financial statements and performance information to ensure they present a balanced credible and understandable assessment of the position, performance and prospects of the Municipality;
- Reviewed the Auditor General's proposed audit report in relation to the year ended June 2014;
- Discussed problems and reservations arising from the audit, and any matters the A.G. wished to discuss;
- Reviewed the Auditor General's management letter and management response with regard to the corrective action to be undertaken in response to significant internal audit findings;
- Identified key matters arising in the prior year's management letter and satisfied itself that they were being properly followed up;
- Reviewed and recommended the Internal Audit Plan;
- Dealt at every Audit Committee meeting with the required corrective action in terms of the A.G.'s Management Report;
- Dealt with Risk;
- Dealt with the Asset Register.

3.2 Performance Management

The Audit Committee, sitting as a Performance Audit Committee, considered matters relating to performance management in order to discharge the responsibilities prescribed in terms of Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

These responsibilities included:

- A review of the quarterly reports required to be submitted by internal audit.
- Planning and Performance Management Regulations.
- Reviewed the performance management system and testing the functionality thereof and compliance with the Municipal Systems Act and the MFMA.
- Focused on the economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators.
- Considered the application of Sections 40, 41, 43 and 46 of the MSA, with reference to the I.D.P. and the shortcomings of the Municipality in this regard and reviewed these, prior to submission to the Council and the Auditor General.
- Established that there has (as in the past years) been a pervasive failure by the Municipality to comply with Sections 40, 41, 43 and 46 of the Local Government: Municipal Systems Act in that the reporting in respect of the Integrated Development Plan ("IDP") has been found to be inconsistent with the objectives, indicators and targets in the approved annual performance plan.
- This was noted with concern, the Audit Committee stating that the Auditor General would make an adverse finding, which it did. The Auditor General has found that the cause of the inconsistency is due to inadequate review of reports before submission.
- Service delivery is calibrated and can be evaluated by using the PMS system; because senior managers must know what is happening or what is not happening in their departments because they are receiving facts and information and assessing it and writing reports based on such information and aligning that with the I.D.P. This is the essence of good governance and represents proper compliance with Section 195 of the Constitution of South Africa.

3.3 Revenue

- 3.3.1 Water Billing and Consumer Debt have received far better levels of administrative attention or competency. A minimum monthly remittance by water users is required to sustain water revenue income. A shortfall impacts on Ugu as a going concern, and poses a pervasive risk.
- 3.3.2 The position with the cash flow continues to be of some concern. There is an improvement in the under-recovery in respect of water revenue and the anomalies in the billing

system underpin this difficulty which therefore poses significant risk.

3.3.2.1 The Municipality paid out significant amounts in overtime, but the Municipal Manager has made it his business to put as many checks, balances and controls as possible in place in order to limit and curtail the abuse of overtime.

3.3.2.2 The Committee does however, understand the sudden emergency nature of a water break and the urgency it creates.

3.4 Internal Control and Internal Audit

The External Audit Committee is responsible for monitoring and advising in respect of the effective functioning of the Internal Audit activity. Internal Audit reports functionally to the Audit Committee and administratively to the Accounting Officer. The Audit Committee:

- has direct access to Internal Audit through a reporting relationship with Internal Audit thus supporting its independence from management.
- via the Chairperson has conducted regular private telephone calls and exchanged e-mails, and meetings with the Manager of Internal audit to allow for frank discussion of issues and concerns.
- evaluated the performance of internal audit and the independence and effectiveness of the internal auditors.
- understands the scope of internal and external auditor's review of internal control over financial reporting, and obtained reports on significant findings and recommendations, together with management's responses.
- evaluated controls over the overall operational and financial reporting environment and reviewed the effectiveness of the internal controls.
- assessed the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources.
- reviewed the adequacy and frequency of corrective action taken in response to significant Auditor General's findings raised in the prior year.
- reviewed and approved the Internal Audit Charter, Internal Audit Plans and Internal Audit's conclusions with regard to internal control.
- frequently discussed matters with respect to risk assessment and asset management.
- discussed at length the challenges in water-billing and revenue management.

3.5 Compliance and Ethics

From a review of various reports and discussions held at Audit Committee meetings the Audit Committee noted that a Fraud Prevention Strategy was in place and a code of conduct for municipal staff in terms of the Municipal Systems Act was applied by the municipality. Declarations of interest in respect of risk

posed by attempts to by-pass the Supply Chain Management process have been requested by the Audit Committee.

The Audit Committee is satisfied that it has complied with its responsibilities. It has reviewed the effectiveness of mechanisms for the identification and reporting of compliance with laws as set out in the pre-determined Internal Audit Plan and regulations; and the findings of regulatory bodies or audit observations. It must be stated, however, that fraud is very difficult to detect at every level.

3.6 Section 71 (of the MFMA) Management Report

This is required at each Audit Committee meeting from the Chief Financial Officer. It is most helpful in providing a contemporaneous indication of the financial health and state of the Municipality at any given time. The Audit Committee recommends that monthly section 71 Management reports also be submitted to the Counsel during the year.

3.7 The Consideration of the Auditor General's Report

The Auditor General has tabled its Final Management Report and Audit Finding in respect of the year under review. The AG expressed an opinion that the problems at Ugu were pervasive and therefore was unable to regard the information provided by the Municipality in respect of revenue, and with regard to Performance as credible, which formed the basis of its Audit Report. The Quarterly Dashboard Report is a useful tool.

3.8 In-year reports submitted in terms of the MFMA

The quarterly performance management reports (pms), the budget and SDBIP, Internal Audit reports and the Annual Performance Reports have been called for by the Audit Committee. The Audit Committee reviewed these reports and was not satisfied with the lack of content and quality of these reports prepared in respect of performance management and issued on behalf of the Accounting Officer and management during the year under review and the minutes of the External Audit Committee reflects this.

3.9 Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of areas of concerns which required Internal Audit and Management's high levels of attention:

- Ethics
- Asset Management Review
- Bi-annual reviews of Performance Management
- Cash Flow Management Review
- Financial Discipline Review
- Overtime
- Water Revenue
- Fleet Management
- Audit Committee Review
- Follow Up Review: Revenue Management

- Information Technology General Controls Review
- Supply Chain Management Discipline Review
- Corrective Action Plans: A-G Management Report & Audit Reports
- Section 36 and 17(1)(c) of Supply Chain Management Regulations
- Annual Financial Statements
- Fraud Prevention
- Statutory Compliance.
- Risk Management
- Performance Management
- Internal Audit Plan

An annual assessment of the Internal Audit Function had been completed the Audit Committee. The External Audit Committee is satisfied with the performance of the Internal Audit function and reports that all projects in terms of the approved risk based annual audit plan had been adequately provided to the Audit Committee as required by Law. The plan comprising of the approved projects for the Financial Year 2013-14 and its status of attention is reported upon in the Internal Audit Report within the Annual Report under the auspices of the Office of the Municipal Manager.

4. Evaluation of Annual Financial Statements

The Audit Committee has reviewed the credibility, the draft annual financial statements and the Municipalities Performance Management for the year ended 30 June 2013 prior to same being submitted to the Auditor General on the 31 August 2013. The Committee reviewed the accounting policies and practices and evaluated the draft annual financial statements based on the information provided to the Committee and considered the integrity of the said statements complying in all material respects with the requirements of the MFMA and Treasury Regulations as well as the statements of Generally Recognised Accounting Practice (GRAP).

The Committee will also, in the following financial year review and interrogate the audited financial statements together with the report of the Auditor General and the related management letter and Audit finding with management responses and the required corrective action. It will provide the Municipal Council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness on overall compliance with the MFMA and any other applicable legislation and formally notes the very weak and concerning state of the Municipalities' Financial Position.

5. Resolutions

With reference to Treasury Circulars, the Audit Committee Resolved as follows, at its Audit Committee meetings for the year in question:

1. To deal with necessary Corrective Action in terms of Section 131 of the MFMA at every meeting.
2. To deal with water billing and water accounts at every meeting.

3. To formally express concern at the lack of evidence of Performance Management.
4. To follow up with regard to the creation and updating of an asset register.
5. To consider Ugu's viability as a Going Concern at each meeting.
6. To consideration of Section 71 Management Reports.

6. The Political Leadership

The Political Leadership has interacted positively with the Audit Committee. Since the previous Audit Report the Honorable Mayor, the Honorable Deputy Mayor, the Honorable Speaker and Councillors have interacted at meetings of Exco in a purposeful and informed manner which has been helpful in fulfilling the functions in terms of Section 166 of the MFMA.

7. Conclusion

I would like to thank Mr. Lockhat and Mrs. Elliott for making themselves available to serve on this Committee and for the significant contribution that they have made. As an Audit Committee, we rely to a great extent on the Manager: Internal Audit and her staff in the Internal Audit Department for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at Ugu District Municipality. We are indebted to them for their service and the fine quality of the board packs. We are also grateful to the helpful input of the Municipal Manager and his integrity in all matters, the Chief Financial Officer, the Auditor-General, Cogta, Treasury, Private Auditors and all other invitees to our meetings, including the external service providers, all of whom provide invaluable information to the Committee.

Mr Paul Preston

Chairperson: Ugu District Municipality

Shared Services Audit Committee

Date: July 2014

Appendix H – Long-term Contracts and Public Private Partnerships

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Nil					
Public Private Partnerships Entered into during 2013/2014					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value
R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
2008/2009					
Nil					

Appendix I – Municipal EntityService Provider Performance Schedule

[illegible]

Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; ** 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *** 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.

Appendix K (I): Revenue Collection Performance by Vote

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	2012/2013	Current: 2013/2014			2013/2014 Variance	
	Actual R'000	Original Budget R'000	Adjusted Budget R'000	Actual R'000	Original Budget R'000	Adjustments Budget R'000
Vote 1 - Executive & Council	2 144	1 890	2 496	517	0%	21%
Vote 2 - Finance & Admin.	120 127	133 796	130 742	218 098	0%	167%
Vote 3 - IED	3 609	40 402	295 749	280 398	0%	95%
Vote 4 - Water	370 088	382 105	467 433	411 377	0%	88%
Vote 5 - Waste Water Mngt.	97 616	110 909	111 916	104 357	0%	93%
Vote 6 - Public Safety	681	4 613	17 057	6 201	0%	36%
Vote 7 - Environmental Prot.	3 790	4 420	10 648	3 738	0%	35%
Vote 8 - Other (Market)	11 283	1 156	1 156	1 726	0%	149%
Vote 9 - Sports & Recreation	297 245	472	472	468	0%	99%
Total Revenue by Vote	907	680	1 038	1 027	-	0
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3 T K.1						

Appendix K (ii): Revenue Collection Performance by Source

REVENUE COLLECTION PERFORMANCE BY SOURCE						
Description	2012/2013	2013/2014			2013/2014 Variance	
	Actual R '000	Original Budget R '000	Adjustments Budget R '000	Actual R '000	Original Budget R '000	Adjustments Budget R '000
Property rates	-	-	-	-	0%	0%
Property rates - penalties & collection charges	-	-	-	-	0%	0%
Service Charges - electricity revenue	-	-	-	-	0%	0%
Service Charges - water revenue	186 757	234 812	234 812	220 702	-6%	-6%
Service Charges - sanitation revenue	89 769	105 471	105 818	94 082	-12%	-12%
Service Charges - refuse revenue	-	-	-	-	0%	0%
Service Charges - other	-	-	-	-	0%	0%
Rentals of facilities and equipment	1 693	2 091	2 091	2 194	5%	5%
Interest earned - external investments	1 929	113	3 113	10 970	99%	72%
Interest earned - outstanding debtors	18 376	2 588	2 588	21 969	88%	88%
Dividends received	-	-	-	-	0%	0%
Fines	-	-	-	-	0%	0%
Licences and permits	-	-	-	-	0%	0%
Agency services	-	-	-	-	0%	0%
Transfers recognised - operational	250 949	330 272	350 298	288 174	-15%	-22%
Other revenue	12 735	4 417	4 557	9 794	55%	53%
Gains on disposal of PPE	-	-	-	-	0%	0%
Environmental Protection	-	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	562 208	679 764	703 277	647 886	-4.92%	-8.55%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. T K.2						

Appendix L: Conditional Grants Received: Excluding MIG

CONDITIONAL GRANTS: EXCLUDING MIG						
Details	Budget R '000	Adjustments Budget R '000	Actual R '000	Variance		Major conditions applied by donor (continue below if necessary)
				Adjustments	Budget	
Neighbourhood Development Partnership Grant	0	0	829	0.00%	0.00%	
DBSA			829	0.00%	0.00%	
IDC	-	-	-	-	-	
Public Transport Infrastructure and Systems Grant	2 089	2 089	1 765	84.49%	84.49%	
Rural road asset management	2 089	2 089	1 765	84.49%	84.49%	
Other Specify:	67 731	73 262	98 442	145.34%	134.37%	
National FMG Grant	1 250	1 250	1 234	98.72%	98.72%	
National DEAT Grant	0	0	165	0.00%	0.00%	
National DWAF Grant	56 257	58 257	55 740	99.08%	95.68%	
National Local Government Grant	5 865	5 865	14 036	239.32%	239.32%	
Provincial COGTA Grant	3 359	3 421	22 384	666.39%	654.31%	
Provincial DPW Grant	1 000	1 000	883	88.30%	88.30%	
Provincial Dpt of Human Settlement	0	3 469	4 000	#DIV/0!	115.31%	
Total	69 820	75 351	101 036	144.71%	134.09%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						

T L

Appendix M (I): Capital Expenditure – New Assets Programme

CAPITAL EXPENDITURE – NEW ASSETS							
Description	2012/2013	2013/2014			Planned Capital expenditure		
	Actual R '000	Original Budget R '000	Adjustment Budget R '000	Actual Expenditure R '000	FY + 1 R '000	FY + 2 R '000	FY + 3 R '000
Capital expenditure by Asset Class							
Infrastructure - Total	682	345	255	293	340	357	–
Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	516	296	255	248	268	281	–
Dams & Reservoirs	16 801	59 645					
Water purification	52 791						
Reticulation	446 484	236 326	255 005	248 167	267 755	281 143	
Infrastructure: Sanitation - Total	165	49		45	72	75	–
Reticulation	98 622	48 720	68 407	44 654	71 827	75 419	
Sewerage purification	66 791						
Infrastructure: Other - Total	0	–		–	–	–	–
Waste Management							
Transportation							
Gas							
Other	52						
Community - Total	7	2		–	0	0	–
Parks & gardens							
Sportsfields & stadia	3 439	2 469	50		53	55	
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other	3 589						

Description	2012/2013	2013/2014			Planned Capital expenditure		
	Actual R '000	Original Budget R '000	Adjustment Budget R '000	Actual Expenditure R '000	FY + 1 R '000	FY + 2 R '000	FY + 3 R '000
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	28	27	19	18	20	21	-
General vehicles		10 500	5 500	10 913	5 775	6 064	
Specialised vehicles							
Plant & equipment	2 753	3 900	439	67	461	484	
Computers - hardware/equipment	1 596	169	1 610	833	1 691	1 776	
Furniture and other office equipment	61	2 698	2 710	2 649	2 846	2 988	
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings	9 917	300	8 987	3 861	9 436	9 908	
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	13 658	9 700					
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	0	1	0	0	0	0	-
Computers - software & programming	371						
Other (list sub-class)	20	617	235	200	247	259	
Total Capital Expenditure on new assets	717	375	274	311	360	378	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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Appendix N – Capital Programme By Project 2013/2014

CAPITAL PROGRAMME BY PROJECT: 2013/2014					
Capital Project	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance (Act - Adj) %	Variance (Act - OB) %
Water	310 371	263 395	232 981	-	-
Plant and Equipment	5 500	5 500	4 865	-13%	-13%
Water Infrastructure	64 798	64 798	57 316	-13%	-13%
Water Infrastructure (MIG Funded)	192 676	192 676	170 428	-13%	-13%
Other	47397	421	372	-	-
Sanitation/Sewerage	-	-	-	-	-
Various	48 720	68 407	101 984	33%	52%
Economic development	0	0	337 683	-	-
Various	0	0	337 683	0%	0%
Sports, Arts & Culture	50	50	3 439	-	-
Various	50	50	3 439	99%	99%
Safety and Security	9 108	9 108	88	-	-
Disaster Management Centre	8 687	8 687	88	-9 772%	-9 772%
Emergency Disaster Relief	421	421	0	0%	0%
ICT and Other	2 125	2 125	40 862	-	-
Various	1 825	1 825	35 040	95%	95%
Other	300	300	5 822	95%	95%
					T N

Appendix O – Capital Programme by Project by Ward 2013/2014

Not applicable.

Appendix P – Service Connection Backlogs at Schools and Clinics

SCHOOLS WATER SUPPLY PROJECT								
Count of Water supply	Water supply							
Municipality	Bore Hole	Community Stand Pipe	None	Rain Tank	Tap	Tap + Rain	Spring + Tank	Total
Ezingoleni		12		13	5	4		34
Hibiscus	5		7	21	45			78
Umdoni				2	5	11	1	19
Umuziwabantu	6	6	6	11	27	2		58
Umzumbe	4	1		64	6	8		83
Vulamehlo	2		18	39	32			91
Total	17	19	31	150	120	25	1	363
	217							

Appendix Q – Service Backlogs Experienced by the Community Where Another Sphere of Government is Responsible for Service Provision

Not applicable.

Appendix R – Declaration of Loans and Grants Made by the Municipality

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY: 2013/ 2014				
All Organisation or Person in receipt of Loans */ Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 2014 R' 000	Total Amount committed over previous and future years
Community Projects			19 248	
Low Income Subsidy			55 568	
Other Grants and Subsidies paid			253	
Other			36 663	
			111 732	
* Loans/Grants - whether in cash or in kind				T R

Appendix S – National and Provincial Outcomes for Local Government

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		

VOLUME II

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

Legal form of entity	Municipality
Grading of local authority	Grade 5
Accounting Officer	DD Naidoo
Chief Finance Officer (CFO)	SP Mbili
Registered office	28 Connor Street Port Shepstone KwaZulu-Natal 4240
Postal address	P.O. Box 33 Port Shepstone KwaZulu-Natal 4240
Bankers	ABSA Bank Limited First National Bank Ithala Bank
Auditors	Auditor General Registered Auditors

Index

The reports and statements set out below comprise the consolidated financial statements presented to the Council:

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ABBREVIATIONS	
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated 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 consolidated financial statements and was given unrestricted access to all financial records and related data.

The consolidated 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 consolidated 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 group 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group 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 consolidated 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 group's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the group's external auditors.

The external auditors are responsible for expressing an audit opinion and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on page 4.

The consolidated financial statements set out on pages 4 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on its behalf by:

DD Naidoo
Municipal Manager

Statement of Financial Position

AS AT 31 MARCH 2014

Figures in Rand	Note(s)	Group		Municipality	
		2014	2013 Restated*	2014	2013 Restated*
Assets					
Current Assets					
Inventories	2	8 069 416	6 938 789	8 069 416	6 938 789
Operating lease receivable	3	57 450	43 785	57 450	43 785
Receivables from non-exchange transactions	4	4 884 296	9 603 573	3 705 426	8 628 972
VAT receivable	5	23 389 639	17 558 773	23 284 043	17 558 773
Receivables from exchange transactions	6	132 411 278	101 536 547	132 411 278	101 536 547
Current portion of long-term receivables	7	32 042	51 424	32 042	51 424
Cash and cash equivalents	8	171 968 175	78 081 359	160 671 371	71 752 397
		340 812 296	213 814 250	328 231 026	206 510 687
Non-Current Assets					
Investment property	9	14 600 000	25 000 000	14 600 000	25 000 000
Property plant and equipment	10	2 246 012 286	2 004 386 520	2 245 386 368	2 003 792 767
Intangible assets	11	9 686 158	10 353 932	9 599 571	10 234 753
Investments	12	-	-	100	100
Long-term receivables	7	7 404	70 292	7 404	70 292
		2 270 305 848	2 039 810 744	2 269 593 443	2 039 097 912
Total Assets		2 611 118 144	2 253 624 994	2 597 824 469	2 245 608 599

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 MARCH 2014

Figures in Rand	Note(s)	Group		Municipality	
		2014	2013 Restated*	2014	2013 Restated*
Liabilities					
Current Liabilities					
Operating lease liability	3	68 098	69 008	59 992	34 011
Payables	13	135 305 164	114 160 217	133 948 941	115 470 275
Consumer deposits	14	19 724 662	19 379 146	19 724 662	19 379 146
Unspent conditional grants and receipts	15	48 333 086	50 775 951	48 333 086	50 775 951
Provisions	16	19 104 429	17 271 064	18 934 337	17 054 187
Long term liabilities	17	21 630 386	16 909 779	21 630 386	16 909 779
Bank overdraft	8	3 343 474	3 195 209	3 343 474	3 195 209
		247 509 299	221 760 374	245 974 878	222 818 558
Non-Current Liabilities					
Retirement benefit liabilities	18	23 599 788	21 375 642	23 599 788	21 375 642
Non-current provisions	19	11 076 109	8 440 747	11 076 109	8 440 747
Long term liabilities	17	165 364 259	188 844 524	165 364 259	188 844 524
		200 040 156	218 660 913	200 040 156	218 660 913
Total Liabilities		447 549 455	440 421 287	446 015 034	441 479 471
Net Assets		2 163 568 689	1 813 203 707	2 151 809 435	1 804 129 128
Accumulated surplus	20	2 163 568 689	1 813 203 707	2 151 809 435	1 804 129 128

Detailed Income statement

Figures in Rand	Note(s)	Group		Municipality	
		2014	2013 Restated*	2014	2013 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	21	314 783 607	276 525 928	314 783 607	276 525 928
Rental of facilities and equipment	22	2 193 961	1 693 135	2 193 961	1 693 135
Interest earned	23	32 939 751	20 305 215	32 597 604	20 305 215
Other income	24	9 794 231	12 734 874	9 066 792	11 856 263
Total revenue from exchange transactions		359 711 550	311 259 152	358 641 964	310 380 541
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	25	664 515 029	591 716 853	664 515 029	591 716 853
Municipal grants	25	2 654 360	2 581 440	-	-
Total revenue from non-exchange transactions		667 169 389	594 298 293	664 515 029	591 716 853
Total revenue		1 026 880 939	905 557 445	1 023 156 993	902 097 394
Expenditure					
Personnel	27	(246 106 223)	(247 611 559)	(242 287 020)	(244 233 285)
Remuneration of councillors	28	(7 937 980)	(7 951 435)	(7 784 080)	(7 848 535)

DETAILED INCOME STATEMENT
AS AT 31 MARCH 2014

Figures in Rand	Note(s)	Group		Municipality	
		2014	2013 Restated*	2014	2013 Restated*
Depreciation and amortisation	29	(66 834 435)	(64 303 514)	(66 668 665)	(64 147 391)
Impairment loss/ Reversal of impairments	30	(25 940 159)	18 185 612	(25 940 159)	18 185 612
Finance costs	31	(15 817 647)	(16 961 174)	(15 817 647)	(16 959 929)
Collection costs	-	(258 323)		-	(258 323)
Repairs and maintenance	(17 163 559)	(11 270 360)	(17 098 554)	(11 200 244)	
Bulk purchases	32	(46 954 228)	(34 650 454)	(46 954 228)	(34 650 454)
Contracted services	33	(19 679 686)	(18 265 903)	(19 579 390)	(18 131 854)
Grants and subsidies paid	34	(111 732 739)	(190 421 598)	(122 250 589)	(200 438 598)
General Expenses	35	(116 927 180)	(103 502 218)	(109 761 913)	(96 502 320)
Other (taken out of General expenses - Do not sort)		(43 850)	(22 334)	-	-
Total expenditure		(675 137 686)	(677 033 260)	(674 142 245)	(676 185 321)
Operating surplus	351 743 253	351 743 253	228 524 185	349 014 748	225 912 073
Loss on disposal of assets and liabilities		(1 378 271)	-	(1 334 421)	-
Surplus for the year		350 364 982	228 524 185	347 680 327	225 912 073

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Group		
Balance at 01 April 2012	1 584 679 522	1 584 679 522
Changes in net assets		
Surplus for the year	228 524 185	228 524 185
Total changes	228 524 185	228 524 185
Balance at 01 April 2013	1 813 203 707	1 813 203 707
Changes in net assets		
Surplus for the year	350 364 982	350 364 982
Total changes	350 364 982	350 364 982
Balance at 31 March 2014	2 163 568 689	2 163 568 689
Note(s)		
Municipality		
Balance at 01 April 2012	1 578 217 055	1 578 217 055
Changes in net assets		
Surplus for the year	225 912 073	225 912 073
Total changes	225 912 073	225 912 073
Balance at 01 April 2013	1 804 129 108	1 804 129 108
Changes in net assets		
Surplus for the year	347 680 327	347 680 327
Total changes	347 680 327	347 680 327
Balance at 31 March 2014	2 151 809 435	2 151 809 435
Note(s)		

Cash Flow Statement

Figures in Rand	Note(s)	Group		Municipality	
		2014	2013	2014	2013
Cash flows from operating activities					
Receipts					
Sale of goods and services		282 822 583	255 562 895	282 095 144	254 684 284
Grants		669 445 791	613 377 786	666 995 710	611 351 610
Interest received		32 939 751	20 305 215	32 597 604	20 305 215
		985 208 125	889 245 896	981 688 458	886 341 109
Payments					
Employee costs		(247 351 330)	(253 653 329)	(243 331 442)	(250 295 539)
Finance costs		(15 817 647)	(16 961 174)	(15 817 647)	(16 959 929)
Other payments		(295 665 532)	(404 764 980)	(301 342 789)	(409 566 762)
		(558 834 509)	(675 379 483)	(560 491 878)	(676 822 230)
Net cash flows from operating activities	38	426 373 616	213 866 413	421 196 580	209 518 879
Cash flows from investing activities					
Purchase of property plant and equipment	10	(306 734 880)	(186 826 674)	(186 665 148)	(306 539 343)
Purchase of other intangible assets	11	(2 482 808)	(389 963)	(2 469 151)	(384 130)
Decrease / (Increase) in long-term receivables		62 888	(60 730)	62 888	(60 730)
Net cash flows from investing activities		(309 154 800)	(187 277 367)	(308 945 606)	(187 110 008)
Cash flows from financing activities					
Movement in non-current provisions		(23 480 265)	(9 171 071)	(23 480 265)	(9 171 017)
Net increase/(decrease) in cash and cash equivalents		93 738 551	17 417 975	88 770 709	13 237 854
Cash and cash equivalents at the beginning of the year		74 886 150	57 468 175	68 557 188	55 319 334
Cash and cash equivalents at the end of the year	8	168 624 701	74 886 150	157 327 897	68 557 188

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Group						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	340 283 082	347 298	340 630 380	314 783 607	(25 846 773)	
Rental of facilities and equipment	2 091 067	(2 091 067)	-	2 193 961	2 193 961	
Interest received	2 701 018	3 000 000	5 701 018	32 939 751	27 238 733	
Other income	4 414 817	142 120	4 556 937	9 794 231	5 237 294	
Total revenue from exchange transactions	349 489 984	1 398 351	350 888 335	359 711 550	8 823 215	
Revenue from non-exchange transactions						
Taxation revenue						
Government Grants and Subsidies Received	687 731 954	(3 040 942)	684 691 012	667 169 389	(17 521 623)	
Transfer revenue						
Municipality grants	-	-	-	2 654 360	2 654 360	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total revenue from non-exchange transactions	687 731 954	(3 040 942)	684 691 012	669 823 749	(14 867 263)	
Total revenue	1 037 221 938	(1 642 591)	1 035 579 347	1 029 535 299	(6 044 048)	
Expenditure						
Personnel	(229 305 458)	(16 816 401)	(246 121 859)	(246 106 223)	15 636	
Remuneration of councillors	(7 852 361)	(995 812)	(8 848 173)	(7 937 980)	910 193	
Depreciation and amortisation	(69 748 596)	211 497	(69 537 099)	(66 834 435)	2 702 664	
Impairment loss	(26 554 155)	175 000	(26 379 155)	(25 940 159)	438 996	
Finance costs	(19 001 797)	2 001 797	(17 000 000)	(15 817 647)	1 182 353	
Repairs and maintenance	(29 000 000)	5 164 977	(23 835 023)	(17 163 559)	6 671 464	
Bulk purchases	(42 624 000)	(6 009 595)	(48 633 595)	(46 954 228)	1 679 367	
Contracted Services	(17 433 113)	(3 501 887)	(20 935 000)	(19 679 686)	1 255 314	
Grants and subsidies paid	(66 503 425)	(67 866 556)	(134 369 981)	(111 732 739)	22 637 242	
General Expenses	493 915 029	14 107 876	508 022 905	(116 927 180)	(624 950 085)	
Total expenditure	(14 107 876)	(73 529 104)	(87 636 980)	(675 093 836)	(587 456 856)	
Operating surplus	1 023 114 062	(75 171 695)	947 942 367	354 441 463	(593 500 904)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Loss on disposal of assets and liabilities	(41 774)	41 774	-	(1 378 271)	(1 378 271)	
Surplus before taxation	1 023 072 288	(75 129 921)	947 942 367	353 063 192	(594 879 175)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 023 072 288	(75 129 921)	947 942 367	353 063 192	(594 879 175)	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	9 587 200	-	9 587 200	8 069 416	(1 517 784)	
Operating Lease Assets	-	-	-	57 450	57 450	
Receivables from non-exchange transactions	-	-	-	4 884 296	4 884 296	
VAT receivable	-	-	-	23 389 639	23 389 639	
Receivables from Exchange Transactions	77 808 754	20 965 196	98 773 950	132 411 278	33 637 328	
Current portion of long-term receivables	1 522 486	-	1 522 486	32 042	(1 490 444)	
Cash and cash equivalents	61 446 000	10 705 000	72 151 000	171 968 175	99 817 175	
	150 364 440	31 670 196	182 034 636	340 812 296	158 777 660	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Non-Current Assets						
Investment property	-	25 000 000	25 000 000	14 600 000	(10 400 000)	
Property plant and equipment	2 072 629 650	180 353 350	2 252 983 000	2 246 012 286	(6 970 714)	
Intangible assets	135 000	10 675 000	10 810 000	9 686 158	(1 123 842)	
Long-term receivables	10 283 340	10 212 660	20 496 000	7 404	(20 488 596)	
	2 083 047 990	226 241 010	2 309 289 000	2 270 305 848	(38 983 152)	
Total Assets	2 233 412 430	257 911 206	2 491 323 636	2 611 118 144	119 794 508	
Liabilities						
Current Liabilities						
Long term liabilities	-	-	-	21 630 386	21 630 386	
Operating lease liability	-	-	-	68 098	68 098	
Payables	395 149 300	(313 224 300)	81 925 000	135 305 164	53 380 164	
Consumer deposits	20 369 000	-	20 369 000	19 724 662	(644 338)	
Unspent conditional grants and receipts	-	-	-	48 333 086	48 333 086	
Non-current provisions	4 164 000	-	4 164 000	19 104 429	14 940 429	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Current portion of long term liabilities	15 426 190	-	15 426 190	-	(15 426 190)	
Bank overdraft	-	-	-	3 343 474	3 343 474	
	435 108 490	(313 224 300)	121 884 190	247 509 299	125 625 109	
Non-Current Liabilities						
Long term liabilities	-	-	-	165 364 259	165 364 259	
Retirement benefit liabilities	-	-	-	23 599 788	23 599 788	
Non-current provisions	26 355 170	2 000 030	28 355 200	11 076 109	(17 279 091)	
Long term liabilities	223 798 892	(86 999 892)	136 799 000	-	(136 799 000)	
	250 154 062	(84 999 862)	165 154 200	200 040 156	34 885 956	
Total Liabilities	685 262 552	(398 224 162)	287 038 390	447 549 455	160 511 065	
Net Assets	1 548 149 878	656 135 368	2 204 285 246	2 163 568 689	(40 716 557)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 548 149 878	656 135 368	2 204 285 246	2 163 568 689	(40 716 557)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	633 307 560	4 268 990	637 576 550	669 723 037	32 146 487	
Service Charges	264 000 000	12 000 000	276 000 000	314 783 607	38 783 607	
Interest received	113 000	2 887 000	3 000 000	32 908 728	29 908 728	
Other receipts	-	27 187 067	27 187 067	8 572 720	(18 614 347)	
	897 420 560	46 343 057	943 763 617	1 025 988 092	82 224 475	
Payments						
Employee costs	(224 361 000)	(21 760 860)	(246 121 860)	(242 287 020)	3 834 840	
Remuneration of Councillors	(7 646 746)	(1 201 427)	(8 848 173)	(7 784 081)	1 064 092	
Finance costs	(19 002 000)	2 002 000	(17 000 000)	(15 983 120)	1 016 880	
Suppliers Paid	(212 310 254)	(24 226 713)	(236 536 967)	(128 437 272)	108 099 695	
Other Payments	(66 495 000)	(13 841 007)	(80 336 007)	(201 167 635)	(120 831 628)	
	(529 815 000)	(59 028 007)	(588 843 007)	(595 659 128)	(6 816 121)	
Net cash flows from operating activities	367 605 560	(12 684 950)	354 920 610	430 328 964	75 408 354	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash flows from investing activities						
Purchase of property plant and equipment	(375 045 000)	40 700 000	(334 345 000)	(347 438 661)	(13 093 661)	
Purchase of other intangible assets	-	-	-	(2 482 809)	(2 482 809)	
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	41 257	41 257	
Non cash flow transfers	-	-	-	32 571 951	32 571 951	
Disposal of other intangible assets	-	-	-	2 594	2 594	
Net cash flows from investing activities	(375 045 000)	40 700 000	(334 345 000)	(317 305 668)	17 039 332	
Cash flows from financing activities						
Loans repaid	(17 069 000)	-	(17 069 000)	(19 284 745)	(2 215 745)	
Net increase/(decrease) in cash and cash equivalents	(24 508 440)	28 015 050	3 506 610	93 738 551	90 231 941	
Cash and cash equivalents at the beginning of the year	-	-	-	74 886 150	74 886 150	
Cash and cash equivalents at the end of the year	(24 508 440)	28 015 050	3 506 610	168 624 701	165 118 091	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Municipality						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	340 282 555	-	340 629 853	314 783 607	26 487 387	
Rental of facilities and equipment	2 091 067	-	2 091 067	2 193 961	(102 894)	
Interest owned - external investments	-	3 000 000	3 000 000	10 597 167	(7 597 167)	
Other income	3 963 419	593 518	4 556 937	6 378 760	(1 277 515)	
Interest earned - outstanding debtors	2 588 139	-	2 588 139	21 969 414	(19 381 275)	
Total revenue from exchange transactions	348 925 180	3 593 518	352 865 996	355 922 909	-(1 871 464)	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	316 272 560	363 357 927	679 630 487	664 584 167	16 540 657	
Total revenue	665 197 740	366 951 445	1 032 496 483	1 020 507 076	14 669 193	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure						
Employee related costs	224 361 175	21 760 684	246 121 859	242 287 020	8 636 194	
Remuneration of councillors	7 646 746	1 201 427	8 848 173	7 784 081	1 064 092	
Depreciation and amortisation	69 537 099	-	69 537 099	67 428 260	2 663 440	
Impairment loss/ Reversal of impairments	26 379 155	-	26 379 155	4 664 957	22 692 156	
Finance costs	19 000 000	(2 000 000)	17 000 000	15 983 120	1 247 844	
Repairs and maintenance	29 000 000	(5 164 977)	23 835 023	16 967 534	6 867 489	
Bulk purchases	42 624 000	6 009 595	48 633 595	52 126 623	(3 493 027)	
Contracted Services	17 174 074	3 760 926	20 935 000	19 579 399	1 355 601	
Grants and subsidies paid	66 503 425	67 866 556	134 369 981	118 990 550	23 668 342	
Loss on disposal of assets	-	-	-	31 069	(31 069)	
General Expenses	110 094 030	-	127 133 195	116 495 725	-	
Total expenditure	612 319 704	93 434 211	722 793 080	662 338 338	64 671 062	
Operating surplus	52 878 036	273 517 234	326 395 270	358 168 738	31 773 468	
Loss on disposal of assets and liabilities	-	-	-	(1 334 421)	(1 334 421)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AS AT 31 MARCH 2014

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Surplus before taxation	52 878 036	273 517 234	326 395 270	356 834 317	30 439 047	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	52 878 036	273 517 234	326 395 270	356 834 317	30 439 047	

Accounting Policies

1. Basis of presentation

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise. The annual financial statements are presented in South African rand, rounded off to the nearest rand which is the municipality's functional currency.

These annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Principles (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

1.1 Standards, amendments to standards and interpretations issued

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 - Segment Reporting
- GRAP 20 - Related Party Disclosures
- GRAP 32 - Service Concession Arrangements: Grantor
- GRAP 108 - Statutory Receivables
- GRAP 105 - Transfers between Entities under common control
- GRAP 106 - Transfers between Entities not under common control
- GRAP 107 - Mergers

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1.2 Changes in accounting policy and comparability

Accounting policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2013 and 30 June 2014 the

municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out in the relevant Notes to the annual financial statements.

The municipality changes an accounting policy only if the change:

- Is required by a Standard of GRAP; or
- Results in the annual financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the municipality's financial position, financial performance or cash flow.

1.3 Controlled entities

Controlled entities are entities, including special purpose entities, over which the municipality has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the municipality controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the municipality. They are de-consolidated from the date on which control ceases. Controlled entities are identified after evaluation of power and benefit indicators as described in GRAP 6.

Inter-entity transactions, balances and unrealised gains on transactions between the municipality and the subsidiaries are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the municipality.

1.4 Critical judgements, estimations and assumptions

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in annual financial statements:

Revenue recognition

Accounting policy 9.2 on revenue from exchange transactions and accounting policy 9.3 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from exchange transactions) and GRAP 23 (Revenue) as far as revenue from non-exchange transactions is concerned (see basis of preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement. Accounting policy 6.1 on financial assets classification and accounting policy 6.2 on financial liabilities classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104 (Financial instruments – Presentation) and GRAP 104 (Financial instruments – Recognition and Measurement).

Impairment of financial assets

Accounting policy 6.4 on impairment of financial assets describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104 (Financial Instruments – Recognition and Measurement) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period.

The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate.

Useful lives of property, plant and equipment and intangible assets
As described in accounting policies 3.3 and 4.2, the municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Water inventory

The estimation of the water inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer to accounting policy, paragraph 7.2.2.

Defined benefit plan liabilities

As described in accounting policy 11.2, employee benefits –post-employment benefits, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are postretirement health benefit obligations and long-service awards. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in notes to the annual financial statements.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. provisions are discounted where the effect of discounting is material using actuarial valuations.

1.5 Property plant and equipment

Initial recognition

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

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

1.5 Property plant and equipment (continued)

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.
- Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment is measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Depreciation

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate the cost over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. 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.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Buildings	
• Improvements	5 to 30 years
Infrastructure	
• Security measures	7 to 25 Years
• Sewerage	7 to 60 Years
• Water	5 to 100 Years
Community	
• Sports facilities	5 to 30 years
• Other facilities	5 to 30 years
Other	
• Computer equipment	3 to 10 years
• Furniture and Ffttings	3 to 15 years
• Motor vehicles	4 to 15 years
• Office equipment	3 to 15 years
• Plant and equipment	2 to 15 years
• Specialist vehicles	10 to 15 years
• Other assets	5 to 30 years

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

Infrastructure assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

Finance leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term. Derecognition of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals and are included in the statement of financial performance as a gain or loss on disposal of property, plant and equipment.

1.6 Intangible assets

Initial recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its statement of financial position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

The cost of an intangible asset acquired in exchange for non-

monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement, amortisation and impairment

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

Where intangible assets are deemed to have indefinite useful lives, such intangible assets are not amortised. However, such intangible assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the statement of financial performance.

Item	Useful life
Computer software	2 to 5 years
Rights and servitudes	Indefinite

Derecognition

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

1.7 Impairment of assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. All other assets are classified as non-cash generating assets.

1.7 Impairment of assets (continued)

Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- On a pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Impairment of non-cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the noncash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- On a pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.8 Financial instruments

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities or residual interests in accordance with the substance of the contractual agreement.

Initial recognition

Financial assets and Financial Liabilities are recognised on the municipality's statement of financial position when it becomes party to the contractual provisions of the instrument.

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

Fair value methods and assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability 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.

Amortised cost

Amortised cost 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 rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

1.8.1 Financial assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

The financial assets of the municipality are classified as follows:

- Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial assets at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, financial assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.
- Financial assets at fair value are financial assets that meet either of the following conditions:
 - (i) Derivatives;
 - (ii) Combined instruments that are designated at fair value;
 - (iii) Instruments held for trading;
 - (iv) Non-derivative financial instruments with fixed or determinable payments that are designated at fair value at initial recognition; or

- (v) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

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

1.8.2 Financial liabilities - classification

A financial liability is a contractual obligation to deliver cash or another financial assets to another entity.

There are three main categories of financial liabilities, the classification determining how they are measured.

Financial liabilities may be measured at:

- (i) Financial liabilities measured at fair value;
- (ii) Financial liabilities measured at amortised cost; or
- (iii) Financial liabilities measured at cost

Financial liabilities that are measured at fair value are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short term profiteering or are derivatives).

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

1.8.3 Initial and subsequent measurement

FINANCIAL ASSETS

Financial assets measured at amortised cost

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective interest method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding value added taxation, prepayments and operating lease receivables), loans to municipal

1.8 Financial instruments

1.8.3 Initial and subsequent measurement

entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial assets measured at fair value

Financial assets at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

FINANCIAL LIABILITIES

Financial liabilities measured at fair value

Financial liabilities at fair value are stated at fair value, with any resulted gain or loss recognised in the statement of financial performance.

Financial liabilities held at amortised cost

Any other financial liabilities are classified as other financial liabilities (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest-bearing debt including finance lease liabilities, non-interest-bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the statement of financial performance by applying the effective interest rate.

1.8.4 Impairment of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is

the difference between the trade receivables' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term trade receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as recoverable.

The carrying amount of the Financial asset is reduced by the impairment loss directly for all Financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an provision for doubtful debtors account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the statement of financial performance.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1.8.5 Derecognition

Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when council approves the write-off of financial assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The municipality derecognises financial liabilities when, and only

when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, in the statement of financial performance.

1.9 Inventories

Initial recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Subsequent measurement

Consumable stores, maintenance stores, and water:

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If Inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water inventory:

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing

the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the First In First Out Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the statement of financial performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

1.10 Non-current assets held for sale and disposal groups

Initial recognition

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Subsequent measurement

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held-for-sale is included in the statement of financial performance as gain or loss on sale of assets. The gain or loss on the eventual sale

1.10 Non-current assets held for sale and disposal groups (continued)

of non-current assets held-for-sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

1.11 Revenue recognition

1.11.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other spheres of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

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

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

1.11.2 Revenue from exchange transactions

Services charges

Service charges are levied in terms of approved tariffs.

Service charges from water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have

not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property and water consumption, using the tariffs approved by the Council, and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Finance income

Interest earned on investments is recognised in the statement of financial performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on unspent conditional grants is allocated directly to the creditor: Unspent conditional grants, if the grant conditions indicate that interest is payable to the funder.

Rentals received

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

Tariff charges

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

1.11.3 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that

meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Government grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the statement of financial performance in the period in which they become receivable.

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

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will

be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

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

1.12 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

1.12 Provisions

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

1.13 Employee benefits

1.13.1 Short-term employee benefits

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

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

1.13.2 Post-employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the statement of financial performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Post-retirement health care benefits:

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all medical aid funds, with which the municipality is associated, provide for continued membership.

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

Actuarial gains or losses are accounted for using the corridor Method. Actuarial gains and losses are eligible for recognition in the statement of financial performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Long-service allowance

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the long-service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Defined benefit pension plans

The municipality has an obligation to provide post-retirement pension benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund

are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the corridor method. Actuarial gains and losses are eligible for recognition in the statement of financial performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

1.14 Leases

Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

1.14.1 The municipality as lessee

Finance leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the statement of financial position as finance lease liabilities. The corresponding liabilities

are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases – lessor

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

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

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

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

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

Operating leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a Straight-line Basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.16 Value added tax

The Municipality accounts for value added tax on the payments basis in accordance with section 15(2)(a) of the value-added tax act (Act No 89 of 1991).

The entity accounts for value added tax on the invoice basis in accordance with section 15(1) of the value-added tax act (Act No 89 of 1991).

1.17 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised expenditure is accounted for 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. If the expenditure is not condoned by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular expenditure excludes Unauthorised Expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure 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. If the expenditure is not condoned by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

1.20 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

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

1.21 Commitments

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

1.22 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the municipal manager, chief financial officer and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.23 Events after the reporting period

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting period have been disclosed in notes to the annual financial statements.

1.24 Comparative figures

Current year comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the annual financial statements.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

Budget information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the council for the preparation of these annual financial statements. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.

1.25 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 group, 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.

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

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

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

Notes to the Consolidated Financial Statements

AS AT 31 MARCH 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
2. INVENTORIES				
Inventories comprise:				
Consumable stores	1 332 919	2 324 935	1 332 919	2 324 935
Maintenance materials	6 287 305	4 248 259	6 287 305	4 248 259
Water	438 535	365 595	438 535	365 595
Other goods held for resale	10 657	-	10 657	-
	8 069 416	6 938 789	8 069 416	6 938 789
The municipality has identified and measured all Inventory in terms of GRAP 12 for the financial year ended 30 June 2014. The balances of the Inventories have accordingly been restated retrospectively.				
Inventories are held for own use with the result that no write downs of Inventory to net realisable value are required.				
The cost of water production for the year amounted to R1,78 per kilolitre (2013: R1,43 per kilolitre).				
No inventories have been pledged as collateral for liabilities of the municipality.				
3. OPERATING LEASE RECEIVABLES AND PAYABLES				
Operating lease receivables				
Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable Operating leases the following assets have been recognised:				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Balance at beginning of year	43 785	-	43 785	-
Operating lease revenue recorded	889 586	674 217	889 586	674 217
Operating lease revenue from smoothing	(875 921)	(630 432)	(875 921)	(630 432)
Total Operating Lease Assets	57 450	43 785	57 450	43 785
Leasing Arrangements				
The Municipality as Lessor:				
Operating leases relate to property owned by the municipality with lease terms of between 1 to 3 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.				
Amounts receivable under operating leases				
At the reporting date the following minimum lease payments were receivable under non-cancellable operating leases for property, plant and equipment, which are receivable as follows:				
Up to 1 year	934 117	875 921	934 117	875 921
2 to 5 years	228 287	1 162 405	228 287	1 162 405
Total	1 162 404	2 038 326	1 162 404	2 038 326
The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease in current year income of R57 450 (2013: R43 785).				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
The following restrictions (if any) have been imposed by the municipality in terms of the (specify) lease agreements:				
(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.				
(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.				
(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.				
Operating lease liabilities				
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.				
Balance at beginning of year	69 008	34 244	34 011	-
Operating lease expenses recorded	199 870	(116 549)	686 812	363 151
Operating lease payments from smoothing	(200 780)	151 313	(661 421)	(329 140)
Total Operating Lease Liabilities	68 098	69 008	59 402	34 011
Leasing arrangements				
The municipality as lessee				
Operating leases relate to property, plant and equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Amounts payable under Operating Leases				
At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for property, plant and equipment, which fall due as follows:				
Property Plant and Equipment:	1 455 480	1 538 494	1 455 476	1 538 494
Within one year	849 670	597 154	849 670	597 154
In the second to third years, inclusive	477 272	941 340	477 272	941 340
Over three years	128 538	-	128 534	-
Total operating lease arrangements	1 455 480	1 538 494	128 534	-
The following payments have been recognised as an expense in the Statement of Financial Performance:				
Minimum lease payments	686 812	363 151	686 812	363 151
Total operating lease expenses	686 812	363 151	686 812	363 151
The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:				
- Office equipment				
The following restrictions have been imposed on the municipality in terms of the lease agreements on office equipment:				
(i) The equipment shall remain the property of the lessor.				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
(ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment				
(iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.				
(iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.				
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Payments made in advance	1 920 995	63 406	1 920 995	63 406
Government subsidy claims	236 950	150 503	236 950	150 503
Insurance claims	122 367	122 367	122 367	122 367
Municipal entities	66 846	50 979	66 846	50 979
Sundry deposits	808 432	828 202	808 432	828 202
Sundry debtors	1 728 706	8 388 116	549 836	7 413 515
	4 884 296	9 603 573	3 705 426	8 628 972
The average credit period for government grants and subsidies is dependent on the government department involved and the nature of the claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.				
Insurance claims are amounts which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Sundry receivables are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.				
The average credit period for receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables.				
The municipality does not hold deposits or other security for its receivables.				
None of the receivables have been pledged as security for the municipality's financial liabilities.				
The management of the municipality is of the opinion that the carrying value of receivables approximate their fair values.				
Receivables from non-exchange transactions past due but not impaired				
As at 30 June receivables of R 8 633 318 (2013: R8 580 535) were past due but not impaired. The age analysis of these receivables are as follows:				
+ 90 days	8 633 318	8 520 535	19 772 929	8 580 535
Reconciliation of provision for impairment of receivables from non-exchange transactions				
Opening balance	3 575 783	3 575 783	3 575 783	3 575 783
Provision for impairment	902 966	-	902 966	-
	4 478 749	3 575 783	4 478 749	3 575 783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
The Provision for Impairment on receivables exists predominantly due to the possibility that these amounts may not be recovered. The receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.				
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 a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to most of these being sundry in nature.				
The following Loans and Receivables are included in the total amount of the provision for impairment:				
Government Subsidy Claims	1 613 200	1 613 200	1 613 200	1 613 200
Sundry Debtors	8 918 964	1 962 583	8 918 964	1 962 583
Total provision for impairment on receivables from non-exchange transactions	10 532 164	3 575 783	10 532 164	3 575 783
5. VAT RECEIVABLE				
VAT receivable	23 389 639	17 558 773	23 284 043	17 558 773
VAT is payable on the payments basis. Once payment is received from customers/receivables, VAT is paid over to SARS.				
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
6. RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Gross				
Water rates	33 776 121	35 474 464	33 776 121	35 474 464
Water	135 548 533	108 904 320	135 548 533	108 904 320
Sewerage	52 276 208	40 515 211	52 276 208	40 515 211
Other trade	5 460 374	8 070 415	5 460 374	8 070 415
	227 061 236	192 964 410	227 061 236	192 964 410
Less: allowance for impairment				
Water rates	(20 865 279)	(22 167 383)	(20 865 279)	(22 167 383)
Water	(58 827 715)	(48 868 401)	(58 827 715)	(48 868 401)
Sewerage	(11 224 857)	(16 694 009)	(11 224 857)	(16 694 009)
Other trade	(3 732 107)	(3 698 070)	(3 732 107)	(3 698 070)
	(94 649 958)	(91 427 863)	(94 649 958)	(91 427 863)
Net balance				
Water rates	12 910 842	13 307 081	12 910 842	13 307 081
Water	76 720 818	60 035 919	76 720 818	60 035 919
Sewerage	41 051 351	23 821 202	41 051 351	23 821 202
Other trade	1 728 267	4 372 345	1 728 267	4 372 345
	132 411 278	101 536 547	132 411 278	101 536 547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
At 30 June 2014, the Municipality is owed R10 368 997 (30 June 2013: R7 869 220) by national and provincial government.				
The municipality did not pledge any of its trade receivables as security for borrowing purposes.				
Water rates				
Current (0 -30 days)	2 808 935	1 102 260	2 808 935	1 102 260
31 - 60 days	3 910	22 578	3 910	22 578
61 - 90 days	16 310	25 940	16 310	25 940
+ 90 days	10 081 687	12 156 303	10 081 687	12 156 303
	12 910 842	13 307 081	12 910 842	13 307 081
Water				
Current (0 -30 days)	22 884 008	23 709 106	22 884 008	23 709 106
31 - 60 days	3 689 465	4 279 707	3 689 465	4 279 707
61 - 90 days	4 083 216	217 173	4 083 216	217 173
+ 90 days	46 064 129	31 829 933	46 064 129	31 829 933
	76 720 818	60 035 919	76 720 818	60 035 919
Sewerage				
Current (0 -30 days)	6 885 203	13 967 175	6 885 203	13 967 175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
31 - 60 days	2 099 131	2 173 643	2 099 131	2 173 643
61 - 90 days	1 971 654	1 273 119	1 971 654	1 273 119
+ 90 days	30 095 363	6 407 265	30 095 363	6 407 265
	41 051 351	23 821 202	41 051 351	23 821 202
Other trade				
Current (0 -30 days)	1 728 267	4 372 345	1 728 267	4 372 345
The management of the municipality is of the opinion that the carrying trade value of receivables approximate their fair values.				
Summary of debtors by customer classification				
Domestic				
Current (0 -30 days)	36 318 729	35 173 209	36 318 729	35 173 209
31 - 60 days	5 815 882	4 758 000	5 815 882	4 758 000
61 - 90 days	6 261 244	4 694 645	6 261 244	4 694 645
+ 90 days	126 729 715	99 614 337	126 729 715	99 614 337
	175 125 570	144 240 191	175 125 570	144 240 191
Less: Allowance for impairment	(55 270 437)	75 035 443	(55 270 437)	75 035 443
	119 855 133	219 275 634	119 855 133	219 275 634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Industrial/ commercial				
Current (0 -30 days)	9 836 378	9 034 100	9 836 378	9 034 100
31 - 60 days	2 515 289	2 925 828	2 515 289	2 925 828
61 - 90 days	1 722 601	1 515 436	1 722 601	1 515 436
+ 90 days	22 032 027	19 309 219	22 032 027	19 309 219
	36 106 295	32 784 583	36 106 295	32 784 583
Less: Allowance for impairment	(35 319 990)	(12 694 349)	(35 319 990)	(12 694 349)
	786 305	20 090 234	786 305	20 090 234
National and provincial government				
Current (0 -30 days)	3 931 693	3 139 280	3 931 693	3 139 280
31 - 60 days	1 421 887	800 173	1 421 887	800 173
61 - 90 days	1 270 553	398 296	1 270 553	398 296
+ 90 days	3 744 864	3 531 471	3 744 864	3 531 471
	10 368 997	7 869 220	10 368 997	7 869 220
Other				
+ 90 days	5 098 914	8 070 414	5 098 914	8 070 414
	5 098 914	8 070 414	5 098 914	8 070 414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Less: Allowance for impairment	(3 698 070)	(3 698 070)	(3 698 070)	(3 698 070)
	1 400 844	4 372 344	1 400 844	4 372 344
Total				
Current (0 -30 days)	50 086 800	47 346 589	50 086 800	47 346 589
31 - 60 days	9 753 057	8 484 001	9 753 057	8 484 001
61 - 90 days	9 254 399	6 608 377	9 254 399	6 608 377
+ 90 days	157 942 552	130 525 442	157 942 552	130 525 442
	227 036 808	192 964 409	227 036 808	192 964 409
Less: Allowance for impairment	(94 625 530)	(91 427 862)	(94 625 530)	(91 427 862)
	132 411 278	101 536 547	132 411 278	101 536 547
Amounts written off as uncollectable.				
Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.				
Reconciliation of allowance for impairment				
Balance at beginning of the year	(91 427 863)	(117 236 461)	(91 427 863)	(117 236 461)
Reversal of allowance	-	25 808 598	-	25 808 598
	(91 427 863)	(91 427 863)	(91 427 863)	(91 427 863)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
7. LONG-TERM RECEIVABLES				
Current portion of long-term receivables				
Relocation Loans	28 442	47 824	28 442	47 824
Sundry Loans	3 600	3 600	3 600	3 600
	32 042	51 424	32 042	51 424
Non-current portion of long-term receivables				
2014	Gross balances	Provision for impairment	Net balances	
	R	R	R	
Relocation loans	35 553	-	35 553	
Sundry loans	3 893	-	3 893	
	39 446	-	39 446	
Less: Current portion transferred to current receivables	(32 042)	-	(32 042)	
Relocation loans	(28 442)	-	(28 442)	
Sundry loans	(3 600)	-	(3 600)	
	7 404	-	7 404	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
	Gross balances	Provision for impairment	Net balances	
	R	R	R	
2013				
Relocation loans	110 623	-	110 623	
Sundry loans	11 093	-	11 093	
	121 716	-	121 716	
Less: Current portion transferred to current receivables				
	(51 424)	-	(51 424)	
Relocation loans	(47 824)	-	(47 824)	
Sundry loans	(3 600)	-	(3 600)	
	70 292	-	70 292	
Ageing of long-term receivables				
Past due:				
+ 120 days	39 446	121 716	39 446	121 716
	39 446	121 716	39 446	121 716
8. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Current investments	8 292 741	12 721 257	8 292 741	12 721 257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Figures in Rand	Group		Municipality	
	2014	2013	2014	2013
Bank balances	163 663 753	65 351 917	152 373 720	59 026 230
Cash float and advancements	11 681	8 185	4 910	4 910
Bank overdraft	(3 343 474)	(3 195 209)	(3 343 474)	(3 195 209)
	168 624 701	74 886 150	157 327 897	68 557 188
Current assets	171 968 175	78 081 359	160 671 371	71 752 397
Current liabilities	(3 343 474)	(3 195 209)	(3 343 474)	(3 195 209)
	168 624 701	74 886 150	157 327 897	68 557 188
For the purposes of the Statement of Financial Position and the Cash Flow Statement, cash and cash equivalents include cash-on-hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.				
Current investment				
Call deposits	8 292 741	12 012 570	8 292 741	12 012 570
Notice deposits	-	708 687	-	708 687
	8 292 741	12 721 257	8 292 741	12 721 257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

The municipality had the following bank accounts				
Account number / description	Bank statement balances		Cash book balances	
	31 March 2014	30 June 2014	31 March 2014	30 June 2014
Absa Bank Ltd - Port Shepstone - Account Number 406 668 6529 (Primary Bank Account):	106 422	417 315	5 568	4 544
Absa Bank Ltd - Port Shepstone - Account Number 406 668 6472 (General Bank Account):	(1 522 481)	470 667	(3 343 474)	(3 195 209)
Absa Bank Ltd - Port Shepstone - Account Number 406 668 6294 (Collection Account):	897 611	742 351	873 676	716 280
Absa Bank Ltd - Port Shepstone - Account Number 406 671 0647 (Consumer Deposits Bank Account):	2 874 066	2 450 698	654 262	519 870
Absa Bank Ltd - Port Shepstone - Account Number 406 660 3763 (Salaries Account):	259 244	136 729	140 753	57 474
Absa Bank Ltd - Port Shepstone - Account Number 406 757 0977 (Sanlam Group Life Account):	4 148 944	4 116 840	4 114 803	4 116 840
Absa Bank Ltd - Port Shepstone - Account Number 406 668 6367 (MIG Project Account):	120 005	379 597	120 005	379 597
Absa Bank Ltd - Port Shepstone - Account Number 407 187 0797 (Disaster Account):	199 600	200 370	199 600	200 370
Absa Bank Ltd - Port Shepstone - Account Number 407 198 0239 (Market Account):	371 245	371 998	371 245	371 998
Absa Bank Ltd - Port Shepstone - Account Number 407 626 7341 (EFF Bank Account):	1 640	2 346	1 640	2 346
Absa Bank Ltd - Port Shepstone - Account Number 407 755 1917 (Conditional Grants Account):	145 892 168	52 656 911	145 892 168	52 656 911
Total	153 348 464	61 945 822	149 030 246	55 831 021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

The municipality did not pledge any of its cash and cash equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its cash and cash equivalents.

9. INVESTMENT PROPERTY

Group	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 600 000	-	14 600 000	25 000 000	-	25 000 000

The Municipality has classified the Ugu Fresh Produce Market as investment property in terms of its asset management policy. The property is situated at Bhobhoyi – in the Port Shepstone Town Planning Scheme, lot no 3249 and measures approximately 85 000 square metres. The market offers 18 vendor stalls for retailers, refrigerated storage, a wholesale/agents sales hall, a state-of-the-art multi-purpose ripening facility, an office block, ample parking space, a taxi rank and plenty ablution facilities. The whole facility is secured with 24-hour security guards.

The municipality uses the fair value model to value its investment properties. For the year ending 30 June 2013 a fair value assessment was undertaken by GWI Project Mangers. The valuation methodology applied is the income capitalisation approach, where by the net rental income is capitalised at an appropriate rate, in order to arrive at an estimate of market value. A fair value adjustment has been affected in the financial statements valuation.

Municipality	2014			2013		
	Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14 600 000	-	14 600 000	25 000 000	-	25 000 000

Reconciliation of investment property - Group - 2014

	Opening balance	Fair value adjustments	Total			
Investment property	25 000 000	(10 400 000)	14 600 000			

Reconciliation of investment property - Group - 2013

	Opening balance	Total				
Investment property	25 000 000	25 000 000				

Reconciliation of investment property - Municipality - 2014

	Opening balance	Increase / (decrease) in fair value	Fair value adjustments	Total		
Investment property	25 000 000	-	(10 400 000)	14 600 000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Reconciliation of investment property - Municipality - 2013

	Opening balance	Increase / (decrease) in fair value	Carrying value			
Investment property	25 000 000	-	25 000 000			

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	-	-	1 726 310	1 178 664		
Direct Operating Expenses	-	-	(824 534)	(1 235 603)		

The following assumptions were used:

Discount rate	-	-	%	11%		

10. PROPERTY PLANT AND EQUIPMENT

Group	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	494 631 736	(18 688 352)	475 943 384	490 771 170	(16 222 510)	474 548 660
Furniture and fixtures	609 931	(209 350)	400 581	573 050	(178 223)	394 827
Motor vehicles	161 046	(128 837)	32 209	161 046	(96 628)	64 418
IT equipment	146 910	(67 668)	79 242	130 822	(56 130)	74 692
Infrastructure	2 631 540 559	(999 411 623)	1 632 128 936	2 348 028 587	(960 797 482)	1 387 231 105
Community	115 179 203	(18 678 290)	96 500 913	115 179 203	(13 349 603)	101 829 600
Containers	121 659	(7 773)	113 886	60 830	(1 014)	59 816
Other property, plant and equipment # 4	132 689 971	(91 876 836)	40 813 135	123 341 495	(83 158 093)	40 183 402
Total	3 375 081 015	(1 129 068 729)	2 246 012 286	3 078 246 203	(1 073 859 683)	2 004 386 520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Group	2014				
	Cost / Valuation	WIP	Total Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	490 919 589	3 712 147	494 631 736	(18 688 352)	475 943 384
Furniture and fixtures	609 931	-	609 931	(209 350)	400 581
Motor vehicles	161 046	-	161 046	(128 837)	32 209
IT equipment	146 910	-	146 910	(67 668)	79 242
Infrastructure	1 694 603 087	936 937 472	2 631 540 559	(999 411 623)	1 632 128 936
Community	115 179 203	-	115 179 203	(18 678 290)	96 500 913
Containers	121 659	-	121 659	(7 773)	113 886
Other	129 004 207	3 685 764	132 689 971	(91 876 836)	40 813 135
Total	2 430 745 632	944 335 383	3 375 081 015	(1 129 068 729)	2 246 012 286

Municipality	2014				
Buildings	490 919 589	3 712 147	494 631 736	(18 688 352)	475 943 384
Infrastructure	1 694 603 087	936 937 472	2 631 540 559	(999 411 623)	1 632 128 936
Community	115 179 203	-	115 179 203	(18 678 290)	96 500 913
Other	129 004 207	3 685 764	132 689 971	(91 876 836)	40 813 135
Total	2 429 706 086	944 335 383	3 374 041 469	(1 128 655 101)	2 245 386 368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

2013					
Cost / Valuation	WIP	Total Cost	Accumulated depreciation and accumulated impairment	Carrying value	
490 771 170	-	490 771 170	(16 222 510)	474 548 660	
573 050	-	573 050	(178 223)	394 827	
161 046	-	161 046	(96 628)	64 418	
130 822	-	130 822	(56 130)	74 692	
1 679 883 982	668 144 605	2 348 028 587	(960 797 482)	1 387 231 105	
115 179 203	-	115 179 203	(13 349 603)	101 829 600	
60 830	-	60 830	(1 014)	59 816	
119 655 731	3 685 764	123 341 495	(83 158 093)	40 183 402	
2 406 415 834	671 830 369	3 078 246 203	(1 073 859 683)	2 004 386 520	

2013					
490 771 170	-	490 771 170	(16 222 510)	474 548 660	
1 679 883 982	668 144 605	2 348 028 587	(960 797 482)	1 387 231 105	
115 179 203	-	115 179 203	(13 349 603)	101 829 600	
119 655 731	3 685 764	123 341 495	(83 158 093)	40 183 402	
2 405 490 086	671 830 369	3 077 320 455	(1 073 527 688)	2 003 792 767	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Reconciliation of property plant and equipment - Group - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	474 548 660	3 860 566	-	-	(2 465 842)	-	475 943 384
Furniture and fixtures	394 827	99 309	(34 175)	-	(59 380)	-	400 581
Motor vehicles	64 418	-	-	-	(32 209)	-	32 209
IT equipment	74 692	35 397	(7 082)	-	(23 765)	-	79 242
Infrastructure	1 387 231 105	293 137 291	-	(1 334 421)	(44 108 050)	(2 796 989)	1 632 128 936
Community	101 829 600	-	-	-	(5 328 687)	-	96 500 913
Containers	59 816	60 830	-	-	(6 760)	-	113 886
Other	40 183 402	12 333 213	-	(10 657)	(11 692 823)	-	40 813 135
	2 004 386 520	309 526 606	(41 257)	(1 345 078)	(63 717 516)	(2 796 989)	2 246 012 286

Reconciliation of property plant and equipment - Group - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	476 981 903	183 894	-	(151 392)	(2 465 745)	-	474 548 660
Furniture and fixtures	397 318	60 818	(3 929)	-	(59 380)	-	394 827
Motor vehicles	96 627	-	-	-	(32 209)	-	64 418
IT equipment	71 876	39 878	(15 777)	-	(21 285)	-	74 692
Infrastructure	1 269 971 856	169 626 365	-	(8 118 269)	(44 248 847)	-	1 387 231 105
Community	136 195 871	175 394	-	(25 000 000)	(5 311 148)	(4 230 517)	101 829 600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Other property, plant and equipment # 4	33 014 624	16 679 495	-	(32 533)	(9 478 184)	-	40 183 402
	1 916 730 075	186 826 674	(19 706)	(33 302 194)	(61 617 812)	(4 230 517)	2 004 386 520

Reconciliation of property plant and equipment - Municipality - 2014

Buildings	474 548 660	3 860 566	-	(2 465 842)	-	475 943 384	
Infrastructure	1 387 231 105	293 137 291	(1 334 421)	(44 108 050)	(2 796 989)	1 632 128 936	
Community	101 829 600	-	-	(5 328 687)	-	96 500 913	
Other property, plant and equipment # 4	40 183 402	12 333 212	(10 657)	(11 692 822)	-	40 813 135	
	2 003 792 767	309 331 069	(1 345 078)	(63 595 401)	(2 796 989)	2 245 386 368	

Reconciliation of property plant and equipment - Municipality - 2013

Buildings	476 981 903	183 894	(151 392)	(2 465 745)	-	474 548 660	
Infrastructure	1 269 971 856	169 626 365	(8 118 269)	(44 248 847)	-	1 387 231 105	
Community	136 195 871	175 394	(25 000 000)	(5 311 148)	(4 230 517)	101 829 600	
Other property, plant and equipment # 4	37 360 907	12 333 212	(32 533)	(9 478 184)	-	40 183 402	
	1 920 510 537	182 318 865	(33 302 194)	(61 503 924)	(4 230 517)	2 003 792 767	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Gross Carrying Amount of Property, Plant and Equipment that is Fully Depreciated and Still in Use

There are 1620 items of property, plant and equipment that are fully depreciated at year-end and still in use by the municipality;

At original cost:							
Land and buildings		3 219 387	3 219 387	3 219 387	3 219 387		
Other		54 288 062	54 288 062	54 288 062	54 288 062		
Gross carrying amount of PPE fully depreciated and still in use		57 507 449	57 507 449	57 507 449	57 507 449		

Carrying Amount of property, plant and equipment retired from active use and held for disposal

The municipality's obligations under Finance Leases (see Note 18) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

Change in estimate – useful life of property, plant and equipment reviewed

There was no change in the estimated useful life in the current and prior year.

Owner-occupied property transferred to investment property

The municipality had taken a decision in the 2012/2013 financial year that the buildings of the Ugu Fresh Produce Market, previously owner occupied and carried under the cost model, will from the beginning of the 2012/2013 year be held to earn rentals and should therefore be transferred to investment property carried under the fair value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Ugu fresh produce market			2013		2013 Restated		
Opening balance		-	25 632 883	-	29 230 517		
Cost		-	29 120 466	-	32 709 403		
Accumulated depreciation and impairment losses		-	(3 487 583)	-	(3 478 886)		
Additions		-	-	-	-		
Depreciation		-	-	-	-		
Impairment loss		-	(632 883)	-	(4 230 516)		
Carrying amount of transfers		-	33 240 932	-	25 000 001		
Cost		-	29 120 466	-	32 709 403		
Accumulated depreciation and impairment losses		-	4 120 466	-	(7 709 402)		
Transfer to investment property (see Note 11)		-	(25 000 000)		(25 000 000)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

11. INTANGIBLE ASSETS						
Group	2014			2013		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	29 304 877	(22 364 465)	6 940 412	27 065 514	(19 410 133)	7 655 381
Servitudes	2 659 159	-	2 659 159	2 579 372	-	2 579 372
Website and software	261 790	(175 203)	86 587	255 184	(136 005)	119 179
Total	32 225 826	(22 539 668)	9 686 158	29 900 070	(19 546 138)	10 353 932
Municipality	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	29 304 877	(22 364 465)	6 940 412	27 065 514	(19 410 133)	7 655 381
Servitudes	2 659 159	-	2 659 159	2 579 372	-	2 579 372
Total	31 964 036	(22 364 465)	9 599 571	29 644 886	(19 410 133)	10 234 753
Reconciliation of intangible assets - Group - 2014						
	Opening balance	Additions	Disposals	Amortisation	Total	
Computer software	7 655 381	2 389 363	(31 068)	(3 073 264)	6 940 412	
Servitudes	2 579 372	79 787	-	-	2 659 159	
Website and software	119 179	13 658	(2 594)	(43 656)	86 587	
	10 353 932	2 482 808	(33 662)	(3 116 920)	9 686 158	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Disposals	Amortisation	Total	
Computer software	9 934 448	364 400	-	(2 643 467)	7 655 381	
Servitudes	2 559 642	19 730	-	-	2 579 372	
Website and software	155 918	5 833	(338)	(42 234)	119 179	
	12 650 008	389 963	(338)	(2 685 701)	10 353 932	

Reconciliation of intangible assets - Municipality - 2014

	Opening balance	Additions	Disposals	Amortisation	Total	
Computer software	7 655 381	2 389 363	(31 068)	(3 073 264)	6 940 412	
Servitudes	2 579 372	79 787	-	-	2 659 159	
	10 234 753	2 469 150	(31 068)	(3 073 264)	9 599 571	

Reconciliation of intangible assets - Municipality - 2013

	Opening balance	Additions	Amortisation	Total		
Computer software	9 934 448	364 400	(2 643 467)	7 655 381		
Servitudes	2 559 642	19 730	-	2 579 372		
	12 494 090	384 130	(2 643 467)	10 234 753		

The amortisation expense has been included in the line item "Depreciation and amortisation" in the Statement of Financial Performance (see note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

No intangible assets have been pledged as security for any liabilities of the municipality.

The following restrictions apply to Intangible Assets:

- Financial Software:

(i) The system is non-assignable, non-transferable, and the municipality has no exclusive rights to use the system

(ii) The system may be used on only one database at any one time.

(iii) The municipality, as the licensee, shall not grant usage of, or distribute, the system in its original or modified form, to a third party for the third party's benefit.

(iv) The municipality has no intellectual property rights to the system.

Refer to Appendix "B" for more detail on Intangible Assets.

Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in IAS 38 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

Intangible assets with indefinite useful lives

The following classes of Intangible Assets are not amortised as they are regarded as having indefinite useful lives:

Carrying value of servitudes: sewerage distribution	1 486 723	1 486 723	1 486 723	1 486 723
Carrying value of servitudes: water reticulation	1 172 435	1 093 079	1 172 435	1 093 079
Total carrying amount of intangible assets with indefinite useful lives	2 659 158	2 579 802	2 659 158	2 579 802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Servitudes are regarded as having indefinite useful lives as they are registered permanently, the agreements not having a maturing date.

12. INVESTMENTS

Unlisted		Holding 2014	Holding 2013			
Investment in municipal entities - at cost		100,00%	100,00%	100	100	
Total Non-current Investments		-	-	100	100	
Council's valuation of unlisted investments		-	-	100	100	
Investment in municipal entities		-	-	100	100	
The municipality exercises control in the following company, located and commencing its operations on 1 July 2009 in the Ugu District Municipal area, where the value of the investment is considered to be R100, being the issued share capital:						
Ugu South Coast Tourism (Pty) Ltd:						
Issued share capital (R)	100	100	100	100		
Percentage shareholding	100%	100%	100%	100%		
Grant allocated to municipal Entity (R)	10 517 850	10 017 000	10 517 850	10 017 000		
Management's valuation of the investment in the municipal entity (R)	100	100	100	100		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. PAYABLES

Trade payables	20 904 574	17 025 942	19 712 203	18 506 571	
Retentions	42 885 884	35 579 377	42 885 884	35 579 377	
Staff bonuses	9 828 670	9 419 356	9 664 818	9 248 785	
Projects	4 410 025	4 410 025	4 410 025	4 410 025	
Other creditors	57 276 011	47 725 517	57 276 011	47 725 517	
	135 305 164	114 160 217	133 948 941	115 470 275	

14. CONSUMER DEPOSITS

Water	19 724 662	19 379 146	19 724 662	19 379 146	
Total	19 724 662	19 379 146	19 724 662	19 379 146	
Guarantees held in lieu of water deposits	495 780	495 780	495 780	495 780	

15. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts					
National government grants	18 925 239	20 560 634	18 925 239	20 560 634	
Provincial government grants	26 772 346	26 052 228	26 772 346	26 052 228	
Other spheres of government	2 635 501	1 113 200	2 635 501	1 113 200	
Public contributions	-	3 049 889	-	3 049 889	
	48 333 086	50 775 951	48 333 086	50 775 951	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Refer to appendix "F" for more detail on conditional grants.					
16. NON-CURRENT PROVISIONS					
Reconciliation of non-current provisions - Group - 2014					
	Opening Balance	Additions	Total		
Current Portion of Non-Current Provisions	931 680	(337 136)	594 544		
Current Portion of Post-retirement Medical Aid Benefits Liability	854 208	27 624	881 832		
Other provisions	15 485 176	2 142 877	17 628 053		
	17 271 064	1 833 365	19 104 429		
Reconciliation of non-current provisions - Group - 2013					
	Opening Balance	Additions	Total		
Current Portion of Non-Current Provisions	931 680	-	931 680		
Current Portion of Post-retirement Medical Aid Benefits Liability	683 576	170 632	854 208		
Other provisions	11 905 513	3 579 663	15 485 176		
	13 520 769	3 750 295	17 271 064		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Reconciliation of non-current provisions - Municipality - 2014					
	Opening Balance	Additions	Total		
Current Portion of Non-Current Provisions	931 680	(337 136)	594 544		
Current Portion of Post-retirement Medical Aid Benefits Liability	854 208	27 624	881 832		
Other provisions	15 268 299	2 189 662	17 457 961		
	17 054 187	1 880 150	18 934 337		
Reconciliation of non-current provisions - Municipality - 2013					
	Opening Balance	Additions	Total		
Current Portion of Non-Current Provisions	931 680	-	931 680		
Current Portion of Post-retirement Medical Aid Benefits Liability	683 576	170 632	854 208		
Other provisions	11 905 513	3 362 786	15 268 299		
	13 520 769	3 533 418	17 054 187		
17. LONG TERM LIABILITIES					
Annuity loans	180 426 363	198 815 364	180 426 363	198 815 364	
Finance lease liabilities	6 568 282	6 938 939	6 568 282	6 938 939	
Sub-total	186 994 645	205 754 303	186 994 645	205 754 303	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Less: current portion	(21 630 386)	(16 909 779)	(21 630 386)	(16 909 779)	
Annuity loans	(18 268 969)	(12 212 476)	(18 268 969)	(12 212 476)	
Finance lease liabilities	(3 361 417)	(4 697 303)	(3 361 417)	(4 697 303)	
Total	165 364 259	188 844 524	165 364 259	188 844 524	
Annuity loans are repaid over periods varying from 1 to 16 (2013: 1 to 17) years and at interest rates varying from 2,65% to 11,51% (2013: 11,51% to 11,00%) per annum. Annuity loans are not secured.					
Finance lease liabilities relates to vehicles with lease term periods of 2 (2013: 3) years. The effective interest rate on finance leases is 6,6% (2013: 6,6%). Capitalised lease liabilities are secured over the items of vehicles leased.					
Refer to Appendix "A" for more detail on external loans.					
Obligations under Finance lease liabilities					
The municipality as lessee					
Finance leases relate to property, plant and equipment with lease terms not more than 2 years (2013: 3 years).					
The effective interest rate on finance leases is 6.6% (2013: 6,6%).					
The obligations under finance leases are as follows:					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Amounts payable under finance leases	Minimum lease payment		Present value of minimum lease payments		
	2014	2013	2014	2013	
Within one year	3 685 138	2 690 721	3 685 138	2 690 721	
In the second to third years, inclusive	3 161 125	4 940 297	3 161 125	4 940 297	
	6 846 263	7 631 018	6 846 263	7 631 018	
Less: Future finance charges	(421 061)	(692 079)	(421 061)	(692 079)	
Total	6 425 202	6 938 939	6 425 202	6 938 939	
Less: current portion	-	-	(3 361 417)	(2 299 314)	
Non-current portion	6 425 202	6 938 939	3 063 785	4 639 625	
18. RETIREMENT BENEFIT LIABILITIES					
Post-retirement health care benefits liability					
Balance at beginning of year	21 375 642	18 959 976	21 375 642	18 959 976	
Contributions to provision	3 105 978	3 269 874	3 105 978	3 269 874	
Balance at end of year	24 481 620	22 229 850	24 481 620	22 229 850	
	-	-			
Transfer to current provisions	(881 832)	(854 208)	(881 832)	(854 208)	
	-	-			
Total	23 599 788	21 375 642	23 599 788	21 375 642	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.					
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.					
The members of the post-employment health care benefit plan are made up as follows:					
In-service members (employees)	494	494	494	494	
In-service non-members (employees)	-	-	-	-	
Continuation members	49	48	49	48	
Total	543	542	543	542	
The unfunded liability in respect of past service has been estimated as follows:					
	-	-	-	-	
In-service members	11 201 206	9 061 962	11 201 206	9 061 962	
Continuation members	13 280 414	13 167 888	13 280 414	13 167 888	
Total Liability	24 481 620	22 229 850	24 481 620	22 229 850	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

The current-service cost for the year ending 30 June 2014 is estimated to be R959 255, whereas the cost for the ensuing year is estimated to be R1 131 824 (30 June 2013: R840 086 and R959 255 respectively).					
Key assumptions used					
The principal assumptions used for the purposes of the actuarial valuations was as follows:					
Discount rates	8,79%	8,33%	8,79%	8,33%	
Health care cost inflation rate	8,06%	7,49%	8,06%	7,49%	
Net effective discount rate	0,67%	78,00%	0,67%	78,00%	
Expected retirement age – females	63	63	63	63	
Expected retirement age – males	63	63	63	63	
Movements in the present value of the defined benefit obligation were as follows:					
Balance at the beginning of the year	22 229 850	19 731 792	22 229 850	19 731 792	
Current service costs	959 255	840 086	959 255	840 086	
Interest cost	1 815 935	1 488 763	1 815 935	1 488 763	
Benefits paid	(854 208)	(771 816)	(854 208)	(771 816)	
Actuarial losses/(gains)	330 788	941 025	330 788	941 025	
Balance at the end of the year	24 481 620	22 229 850	24 481 620	22 229 850	
The amounts recognised in the Statement of Financial Performance are as follows:					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Current service cost	959 255	840 086	959 255	840 086	
Interest cost	1 815 935	1 488 763	1 815 935	1 488 763	
Actuarial losses/(gains)	330 788	941 025	330 788	941 025	
Total (note 27)	3 105 978	3 269 874	3 105 978	3 269 874	
The history of experienced adjustments is as follows:					
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	24 481 620	22 229 849	19 731 792	22 877 435	20 526 171
Deficit	24 481 620	22 229 849	19 731 792	22 877 435	20 526 171
Experienced adjustments on plan liabilities	292 739	(488 790)	(6 769 737)	1 949 195	(214 812)
Other assumptions					
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:					
2014	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease	
Effect on the aggregate of the current service cost and the interest cost	378 233	(314 286)	378 233	(314 286)	
Effect on defined benefit obligation	3 119 451	(2 612 048)	3 119 451	(2 612 048)	
2013	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease	
Effect on the aggregate of the current service cost and the interest cost	318 700	(264 800)	318 700	(264 800)	
Effect on defined benefit obligation	2 935 287	(2 446 080)	2 935 287	(2 446 080)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

19. NON-CURRENT PROVISIONS						
Provision for long service awards	11 076 109	8 440 747	11 076 109	8 440 747		
Total	11 076 109	8 440 747	11 076 109	8 440 747		
The movement in non-current provisions are reconciled as follows:						
Long-term service						
Balance at beginning of year	8 440 747	9 055 346	8 440 747	9 055 346		
Contributions to provision	3 229 906	317 081	3 229 90	317 081		
	11 670 653	9 372 427	11 670 653	9 372 427		
Transfer to current provisions	(594 544)	(931 680)	(594 544)	(931 680)		
Balance at end of year	11 076 109	8 440 747	11 076 109	8 440 747		

A long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

At year-end, 835 (2013: 832) employees were eligible for long-service awards.

The current-service cost for the year ending 30 June 2014 is estimated to be R1 107 699, whereas the cost for the ensuing year is estimated to be R1 244 950 (30 June 2013: R1 357 080 and R1 107 699 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The principal assumptions used for the purposes of the actuarial valuations were as follows:					
Discount rates used	8,21%	7,56%	8,21%	7,56%	
Cost inflation rate	7,28%	6,85%	7,28%	6,85%	
Net effective discount rate	0,86%	0,66%	0,86%	0,66%	
Expected retirement age – females	63	63	63	63	
Expected retirement age – males	63	63	63	63	
Movements in the present value of the defined benefit obligation were as follows:					
Balance at the beginning of the year	9 372 427	9 765 467	9 372 427	9 765 467	
Current service costs	1 107 699	1 357 080	1 107 699	1 357 080	
Interest cost	674 101	627 110	674 101	627 110	
Benefits paid	(931 680)	(931 680)	(931 680)	(931 680)	
Actuarial losses/(gains)	1 448 106	(1 667 109)	1 448 106	(1 667 109)	
Present value of fund obligation at the end of the year	11 670 653	9 150 868	11 670 653	9 150 868	
Actuarial losses/(gains) unrecognised	-	-	-	-	
Total recognised benefit liability	11 670 653	9 150 868	11 670 653	9 150 868	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

The amounts recognised in the Statement of Financial Position are as follows:						
Present value of fund obligations	11 670 653	9 150 868	11 670 653	9 150 868		
Unfunded accrued liability	11 670 653	9 150 868	11 670 653	9 150 868		
Unrecognised actuarial gains/(losses)	-	-	-	-		
Total benefit liability	11 670 653	9 150 868	11 670 653	9 150 868		
The amounts recognised in the Statement of Financial Performance are as follows:						
Current service cost	1 107 699	1 357 080	1 107 699	1 357 080		
Interest cost	674 101	627 110	674 101	627 110		
Actuarial losses/(gains)	1 448 106	(1 667 109)	1 448 106	(1 667 109)		
Total post-retirement benefit	3 229 906	317 081	3 229 906	317 081		
The history of experienced adjustments is as follows:						
	2014	2013	2012	2011	2010	2009
Present value of defined benefit obligation	11 670 653	9 150 868	9 765 467	9 366 466	6 870 116	5 356 719
Deficit	11 670 653	9 150 868	9 765 467	9 366 466	6 870 116	5 356 719
Experienced adjustments on plan liabilities	1 671 011	(1 664 673)	(991 516)	870 061	755 438	492 099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

In accordance with the transitional provisions for the amendments to IAS 19 employee benefits in December 2004, the disclosures above are determined prospectively from the 2006 reporting period.						
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:						
2014	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease		
Effect on the aggregate of the current service cost and the interest cost	172 398	(152 506)	172 398	(152 506)		
Effect on defined benefit obligation	928 953	(832 228)	928 953	(832 228)		
2013	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease		
Effect on the aggregate of the current service cost and the interest cost	165 185	(145 890)	165 185	(145 890)		
Effect on defined benefit obligation	221 559	(221 559)	221 559	(221 559)		
The municipality expects to make a contribution of R2 178 800 (2013: R1 781 800) to the defined benefit plans during the next financial year.						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

20. ACCUMULATED SURPLUS						
The Accumulated Surplus consists of:						
Accumulated surplus (defecit)	(905 009 915)	1 823 472 623	(916 799 992)	1 814 367 733		
Accumulated Surplus has been restated for various reasons indicted in Note 37 on "Correction of error".						
21. SERVICE CHARGES						
Sale of water	220 701 546	186 757 214	220 701 546	186 757 214		
Sewerage and sanitation charges	94 082 061	89 768 714	94 082 061	89 768 714		
	314 783 607	276 525 928	314 783 607	276 525 928		
22. RENTAL OF FACILITIES AND EQUIPMENT						
Premises						
Rental of buildings	467 651	1 188 571	467 651	1 188 571		
Rental of amenities	1 726 310	341 910	1 726 310	341 910		
	2 193 961	1 530 481	2 193 961	1 530 481		
Facilities and equipment						
Rental of other facilities	-	162 654	-	162 654		
	2 193 961	1 693 135	2 193 961	1 693 135		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

23. INTEREST EARNED

Bank account	10 628 189	2 299 256	10 628 189	2 299 256		
Short-term investments	342 147	11 899	-	11 899		
Correction of prior period error	-	(382 177)	-	(382 177)		
	10 970 336	1 928 978	10 628 189	1 928 978		
Outstanding receivables	3 192 402	2 706 132	3 192 402	2 706 132		
Fair value adjustment of service charges	18 777 013	15 670 105	18 777 013	15 670 105		
	21 969 415	18 376 237	21 969 415	18 376 237		
Total	32 939 751	20 305 215	32 597 604	20 305 215		

24. OTHER REVENUE

Administration fees	227 524	245 915	54 326	56 409		
Agents' commission	-	72 236	-	72 236		
Building plan fees	-	81 176	-	81 176		
Connection fees	1 630 010	2 356 870	1 630 010	2 356 870		
Reconnection fees	120 817	117 082	120 817	117 082		
Restriction fees	429 675	677 798	429 675	677 798		
Septic tank clearance fees	407 133	-	407 133	-		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Tender deposits	193 887	334 711	193 887	334 711		
Water rates certificates	220 408	135 090	220 408	135 090		
Other revenue	3 876 745	8 713 996	3 322 504	8 024 891		
Revaluation reserve/ Assets acquired at 0 value	2 688 032	-	2 688 032	-		
	9 794 231	12 734 874	9 066 792	11 856 263		

25. GOVERNMENT GRANTS AND SUBSIDIES

Operational grants				
Provincial equitable share	236 862 268	202 522 000	236 862 268	202 522 000
Levies replacement		50 290 000	46 138 000	50 290 000
Other grants	1 022 033	3 021 085	1 022 033	3 021 085
	288 174 301	251 681 085	288 174 301	251 681 085
Conditional grants				
National: FMG grant	1 233 819	1 106 802	1 233 819	1 106 802
National: DEAT grant	164 702	2 071 394	164 702	2 071 394
National: MIG grant	275 304 000	289 978 976	275 304 000	289 978 976
National: DWAF grant	55 740 461	29 943 525	55 740 461	29 943 525
National: Local Government grants	14 036 444	840 163	14 036 444	840 163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Provincial: Department of Cooperative Governance and Traditional Affairs grant		22 383 831	14 173 957	22 383 831
Provincial: Department of Public Works grant	883 496	-	883 496	-
Government grant (capital) 5	1 765 019	1 640 949	1 765 019	1 640 949
Provincial: Department of Transport grant	4 000 000	-	4 000 000	-
Provincial: Human settlement and rural development	828 956	280 002	828 956	280 002
	376 340 728	340 035 768	376 340 728	340 035 768
	664 515 029	591 716 853	664 515 029	591 716 853
Operational grants				
National: equitable share				
Current year receipts	287 152 268	202 522 000	287 152 268	202 522 000
Conditions met – transferred to revenue: operating expenses	(287 152 268)	(202 522 000)	(287 152 268)	(202 522 000)
Conditions still to be met – transferred to liabilities	-	-	-	-
In terms of the constitution, this unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant.				
Conditional grants				
National: finance management grant (FMG)				
Balance unspent at beginning of year	(14 713)	-	(14 713)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Current year receipts	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met – transferred to revenue: operating expenses	(1 233 819)	(1 031 238)	(1 233 819)	(1 031 238)
Conditions met – transferred to Revenue: capital expenses	-	(174 084)	-	(174 084)
Correction of Prior Period Error - Conditions met -transferred to Revenue: Operational Expenses	-	(59 391)	-	(59 391)
Conditions still to be met – transferred to liabilities	1 468	(14 713)	1 468	(14 713)
The financial management grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act, 2003. The FMG Grant also pays for the cost of the financial management internship programme (e.g. salary costs of the financial management Interns).				
National: Economic Affairs and Tourism Grant (DEAT)				
Balance unspent at beginning of year	595 098	2 666 491	595 098	2 666 491
Conditions met – transferred to revenue: operating expenses	(164 702)	(1 078 727)	(164 702)	(1 078 727)
Conditions met – transferred to revenue: capital expenses	-	(992 666)	-	(992 666)
Conditions still to be met – transferred to liabilities	430 396	595 098	430 396	595 098
The European Community represented by the Department of Economic Development (Gijima KZN) awarded the grant for the implementation of the action entitled “Strengthening the LED Enabling Environment”.				
National: Municipal Infrastructure Grant (MIG)				
Current year receipts	275 304 000	289 979 000	275 304 000	289 979 000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Conditions met – transferred to revenue: operating expenses	(59 905 245)	(130 883 724)	(59 905 245)	(130 883 724)
Conditions met – transferred to revenue: capital expenses	(215 398 755)	(159 095 277)	(215 398 755)	(159 095 277)
Conditions still to be met – transferred to Liabilities	-	(1)	-	(1)
The MIG grant is aimed at supplementing municipal budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households and for the provision, rehabilitation and renewal of municipal infrastructure.				
National: Dept of Water Affairs and Forestry Grant (DWAF)				
Balance unspent at beginning of year	7 609 474	8 988 043	7 609 474	8 988 043
Current year receipts	50 104 303	28 585 335	50 104 303	28 585 335
Conditions met – transferred to revenue: operating expenses	-	(3 764 605)	-	(3 764 605)
Conditions met – transferred to revenue: capital expenses	(55 740 461)	(26 199 299)	(55 740 461)	(26 199 299)
Conditions still to be met – transferred to liabilities	1 973 316	7 609 474	1 973 316	7 609 474
DWAF grants are aimed at supplementing municipal budgets to assist with the construction of water delivery infrastructure, execution of water service delivery and the development of an asset management plan.				
National: Local Government grants				
Balance unspent at beginning of year	11 556 420	311 379	11 556 420	311 379
Current year receipts	22 147 000	1 000 000	22 147 000	1 000 000

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Conditions met – transferred to revenue: operating expenses	-	(906 892)	-	(906 892)
Conditions met – transferred to Revenue: Capital Expenses	(6 468 159)	-	(6 468 159)	-
Correction of Prior Period Error - Conditions met -transferred to Revenue: Operational Expenses	(7 568 286)	-	(7 568 286)	-
Transfers withheld during the year	(2 404 703)	-	(2 404 703)	-
Conditions still to be met – transferred to liabilities	17 262 272	404 487	17 262 272	404 487
Various grants are paid by National Local Government to help implement the IDP, PMS, Sports Stadium and financial reform initiatives as required by the Municipal Finance Management Act (MFMA), 2003 and the Municipal Systems Act (MSA), 2000.				
Provincial: Department of Cooperative Governance and Traditional Affairs Grant				
Balance unspent at beginning of year	25 538 853	34 094 979	25 538 853	34 094 979
Current year receipts	21 931 000	13 752 004	21 931 000	13 752 004
Conditions met – transferred to revenue: operating expenses	(2 958 702)	(12 402 921)	(2 958 702)	(12 402 921)
Conditions met – transferred to revenue: capital expenses	(19 425 131)	(9 172 744)	(19 425 131)	(9 172 744)
Correction of prior period error - conditions met -transferred to revenue: operational expenses	-	732 465	-	732 465
Conditions still to be met – transferred to liabilities	25 086 020	27 003 783	25 086 020	27 003 783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Grants received from CoGTA are utilised to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required by the Municipal Structures Act. They are aimed at supplementing municipal budgets to assist with the assessment of water service delivery mechanisms, water delivery planning and water services technical support. Funding was also received to assist with the construction of the Ugu sports and leisure centre.				
Provincial: Department of Public Works Grant				
Balance unspent at beginning of year	431 565	-	431 565	-
Current year receipts	1 000 000	1 000 000	1 000 000	1 000 000
Interest allocated	(431 565)	-	(431 565)	-
Conditions met – transferred to revenue: operating expenses	(883 495)	(568 435)	(883 495)	(568 435)
Conditions still to be met – transferred to liabilities	116 505	431 565	116 505	431 565
This is an incentive grant from public works for the promotion of labour intensive projects within the district.				
Provincial: Department of Human Settlement and Public Works				
Interest allocated	4 000 000	-	-	-
Correction of Prior Period Error - Conditions met -transferred to Revenue: Operational Expenses	(4 000 000)	-	-	-
Conditions still to be met – transferred to Liabilities	-	-	-	-
Provincial: Department of Transport Grant				
Balance unspent at beginning of year	513 375	482 934	513 375	482 934

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Current year receipts	2 089 000	1 776 000	2 089 000	1 776 000
Conditions met – transferred to revenue: operating expenses	(1 765 019)	-	(1 765 019)	-
Conditions met – transferred to revenue: capital expenses	-	(1 745 559)	-	(1 745 559)
Conditions still to be met – transferred to liabilities	837 356	513 375	837 356	513 375
This funding was furnished by the KZN Department of Transport to assist with the preparation of a public transport plan as required by the National Land Transport Transition Act, 2000. No funds were transferred to the municipality for the year under review.				
Development Bank of Southern Africa				
Balance unspent at beginning of year	1 391 580	1 743 662	1 068 179	1 743 662
Current year receipts	-	204 073	-	204 073
Conditions met – transferred to revenue: operating expenses	(709 256)	(879 556)	(709 256)	(879 556)
Conditions met – transferred to revenue: capital expenses	(119 700)	-	(119 700)	-
Conditions still to be met – transferred to liabilities	562 624	1 068 179	239 223	1 068 179
The purpose of this grant was to assist with the development of business plans for the seven flagship projects in the municipal area. The objectives of the projects are to enhance rural economic development and broad based community information dissemination and empowerment.				
Other Government: Industrial Development Corporation				
Balance unspent at beginning of year	45 020	137 444	45 020	137 444
Interest allocated	-	(92 424)	-	(92 424)
Conditions still to be met – transferred to liabilities	45 020	45 020	45 020	45 020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The purpose of this grant was to assist with the development of business plans for the seven flagship projects in the municipal area. The objectives of the projects are to enhance rural economic development and broad based community information dissemination and empowerment.				
Other Sponsors: NPC				
Balance unspent at beginning of year	555 497	555 497	555 497	555 498
Other Sponsors: National Lottery				
Balance unspent at beginning of year	2 494 392	2 494 392	2 494 392	555 498
Conditions met – transferred to Revenue: Operating Expenses	(1 022 030)	(1 022 030)	(1 022 030)	-
Conditions still to be met – transferred to Liabilities	1 472 362	1 472 362	1 472 362	555 498
Municipal grants				
Hibiscus Coast Municipality	1 400 000	1 400 000	-	-
Vulamehlo Municipality	369 600	336 000	-	-
Umdoni Municipality	270 000	268 800	-	-
Umkumbe Municipality	330 000	300 000	-	-
Umuziwabantu Municipality	221 760	218 400	-	-
Ezinqoleni Municipality	63 000	58 240	-	-
	2 654 360	2 581 440	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. PUBLIC CONTRIBUTIONS AND DONATIONS				
Reconciliation of conditional contributions				
Balance unspent at beginning of year	5 474 052	5 474 052	5 474 052	5 474 052
Conditions still to be met – transferred to liabilities	5 474 052	5 474 052	5 474 052	5 474 052
The District Municipality receives funds from public donors to provide humanitarian aid in various instances. These contributions were utilised for these purposes.				
27. EMPLOYEE RELATED COSTS				
Salaries and Wages	143 576 305	152 363 984	140 549 835	149 612 026
Long services bonuses	998 036	-	998 036	-
Contribution to leave fund	3 024 902	(25 524)	2 953 958	-
Service bonuses	11 511 093	84 769	11 425 745	-
Contribution to UIF,pensions, medical aid and SDL	40 677 010	38 129 824	40 435 364	37 892 508
Travel, motor car, accommodation, subsistence and other allowances	19 582 405	24 103 375	19 518 112	24 036 726
Overtime payments	20 977 298	28 805 079	20 810 648	28 678 133
Housing benefits and allowances	1 045 326	1 137 058	1 045 326	1 137 058
Performance bonuses	163 852	136 160	-	-
Defined benefit plan expense:	4 549 996	2 876 834	4 549 996	2 876 834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Current service cost	281 066	1 487 045	281 066	1 487 045
Interest cost	2 490 036	2 115 873	2 490 036	2 115 873
Net actuarial (gains)/losses recognised	1 778 894	(726 084)	1 778 894	(726 084)
	246 106 223	247 611 559	242 287 020	244 233 285
Remuneration of Section 57 employees				
Remuneration of municipal manager				
Annual remuneration	911 446	708 207	911 446	708 207
Car, entertainment, housing, subsistence and other allowances	227 778	394 758	227 778	394 758
Contributions to UIF, medical and pension funds	207 088	82 015	207 088	82 015
Leave encashed	-	403 892	-	403 892
	1 346 312	1 588 872	1 346 312	1 588 872
Remuneration of deputy municipal manager				
The post became vacant in December 2011. The position has not been filled yet at 30 June 2014.				
Remuneration of chief finance officer				
Annual remuneration	513 083	368 576	513 083	368 576
Car, entertainment, housing, subsistence and other allowances	453 050	441 584	453 050	441 584
Contributions to UIF, medical and pension funds	56 689	63 422	56 689	63 422
	1 022 822	873 582	1 022 822	873 582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Corporate and human resources (corporate services)				
Annual remuneration	570 892	409 340	570 892	409 340
Car, entertainment, housing, subsistence and other allowances	520 822	490 745	520 822	490 745
Contributions to UIF, medical and pension funds	12 199	11 273	12 199	11 273
Leave encashed	-	141 853	-	141 853
	1 103 913	1 053 211	1 103 913	1 053 211
Remuneration of the General Manager: Infrastructure and Economic Development				
Annual remuneration	760 636	658 728	760 636	658 728
Car, entertainment, housing, subsistence and other allowances	276 077	229 315	276 077	229 315
Contributions to UIF, medical and pension funds	11 580	11 165	11 580	11 165
Leave encashed	-	118 879	-	118 879
	1 048 293	1 018 087	1 048 293	1 018 087
Remuneration of the General Manager: Water Services				
Annual remuneration	464 872	613 449	464 872	613 449
Car, entertainment, housing, subsistence and other allowances	174 405	203 980	174 405	203 980
Contributions to UIF, medical and pension funds	16 129	9 363	16 129	9 363
Leave encashed	58 991	129 426	58 991	129 426
	714 397	956 218	714 397	956 218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Remuneration of the General Manager: Operations				
The post became vacant in December 2011. The position has not been filled yet at 30 June 2014.				
Remuneration of the Senior Manager: Strategy and Shared Services				
Annual remuneration	592 205	547 954	592 205	547 954
Car, entertainment, housing, subsistence and other allowances	193 257	180 361	193 257	180 361
Contributions to UIF, medical and pension funds	9 258	8 635	9 258	8 635
	794 720	736 950	794 720	736 950
Included in employee costs are the following amounts paid to s57 employees of the company:				
Chief Executive Officer (Outgoing)				
Basic	69 111	829 334	-	-
Performance bonus	92 148	86 932	-	-
Leave pay	116 415	-	-	-
Employee related costs - Contributions for UIF, pensions and medical aids	3 062	10 685	-	-
Cellphone allowance	1 464	16 638	-	-
	282 200	943 589	-	-
Chief Executive Officer (New)				
Basic	733 333	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Employee related costs - Contributions for UIF, pensions and medical aids	8 969	-	-	-
Cellphone allowance	15 400	-	-	-
	757 702	-	-	-
General Manager: Finance and Human Resources				
Basic	390 877	352 904	-	-
Performance bonus	39 211	36 992	-	-
Employee related costs - Contributions for UIF, pensions and medical aids	6 177	5 455	-	-
Secretarial	29 167	-	-	-
Cellphone allowance	14 285	13 310	-	-
	479 717	408 661	-	-
General Manager: Development				
Basic	390 877	352 904	-	-
Performance bonus	39 211	36 992	-	-
Employee related costs - Contributions for UIF, pensions and medical aids	6 014	5 534	-	-
Cellphone allowance	14 285	13 310	-	-
	450 387	408 740	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

General Manager: Marketing				
Basic	148 568	-	-	-
Employee related costs - Contributions for UIF, pensions and medical aids	2 304	-	-	-
Cellphone allowance	5 831	-	-	-
	156 703	-	-	-
28. REMUNERATION OF COUNCILLORS AND DIRECTORS				
Remuneration of councillor				
Mayor	343 056	343 056	343 056	343 056
Deputy mayor	261 568	261 564	261 568	261 564
Executive committee members	1 508 267	1 473 300	1 508 267	1 473 300
Speaker	258 918	258 918	258 918	258 918
Councillors / board members	1 329 130	1 234 861	1 175 230	1 131 961
Company contributions to UIF, medical and pension funds	479 129	460 096	479 129	460 096
Medical aid	171 668	153 944	171 668	153 944
Pension fund	240 020	239 254	240 020	239 254
Skills development levy	67 441	66 898	67 441	66 898
Other allowances (cellular phones, housing, transport, etc.)	3 757 912	3 919 640	3 757 912	3 919 640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Housing subsidy	1 411 268	3 919 640	1 411 268	3 919 640
Telephone allowance	297 286	-	297 286	-
Travelling allowance	2 049 358	-	2 049 358	-
	7 937 980	7 951 435	7 784 080	7 848 535
In-kind benefits				
The Councillors occupying the positions of Mayor, Deputy Mayor, Speaker and Executive Committee members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.				
Councillors may utilise official council transportation when engaged in official duties.				
The following additional personal support is provided by the municipality:				
(i) The Mayor has one full-time bodyguard and one full-time driver.				
(ii) The Deputy Mayor has one full-time aide, fulfilling various personal duties.				
(iii) The Speaker has one full-time driver.				
For services as directors				
Ms EJ Crutchfield	38 000	27 000	-	-
Mr. HR Kelly	20 900	19 800	-	-
Mr. PT Jeffreys	26 600	10 800	-	-

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AS AT 30 JUNE 2014

Ms J Harris	22 800	23 700	-	-
Mr ZP Ngubane	11 400	9 000	-	-
Mr C Davenhill	17 100	3 600	-	-
Mr WV Mzulwini	17 100	9 000	-	-
	153 900	102 900	-	-

29. DEPRECIATION AND AMORTISATION

Property plant and equipment	(63 717 515)	(61 617 813)	(63 595 401)	(61 503 924)
Amortisation intangible assets	(3 116 920)	(2 685 701)	(3 073 264)	(2 643 467)
	(66 834 435)	(64 303 514)	(66 668 665)	(64 147 391)

30. IMPAIRMENT LOSS

Property plant and equipment	(2 796 989)	(4 221 820)	(2 796 989)	(4 221 820)
Investment property	10 400 000	-	10 400 000	-
Inventory	-	(1 166 858)	-	(1 166 858)
Trade and other receivables	(12 743 170)	-	(12 743 170)	-
	(25 940 159)	(5 388 678)	(25 940 159)	(5 388 678)
Reversal				
Consumer debtors	-	(23 574 290)	-	(23 574 290)
Total impairment losses (recognised) reversed	(25 940 159)	18 185 612	(25 940 159)	18 185 612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

31. FINANCE COSTS				
Trade payables	661 744	788 184	661 744	788 184
Loans and payables at amortised cost	15 155 903	16 172 990	15 155 903	16 171 745
	15 817 647	16 961 174	15 817 647	16 959 929
32. BULK PURCHASES				
Water	46 954 228	34 650 454	46 954 228	34 650 454
Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Bulk water is purchased from the Umgeni Water Board and eThekweni Municipality.				
33. CONTRACTED SERVICES				
Other Contractors	3 578	3 438 332	3 578	3 334 588
Cleaning services	1 868 658	2 206 755	1 868 658	2 206 755
Professional services:	-	-	-	-
– Chemistry	4 044 040	1 327 430	4 044 040	1 327 430
– Dam safety	15 500	1 714 419	15 500	1 714 419
– Engineering services	1 575 457	197 671	1 575 457	197 671
– Other professional service	1 890 063	-	1 820 589	-
Security services:				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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– Alarm monitoring	4 470	9 789	4 470	9 789
– Cash banking	147 097	152 019	147 097	152 019
– General security	10 100 001	8 999 373	10 100 001	8 999 373
Sewerage purification services	30 822	220 115	-	189 810
Total	19 679 686	18 265 903	19 579 390	18 131 854

34. GRANTS AND SUBSIDIES

Community projects				
	19 248 200	132 841 081	19 248 200	132 841 081
Low income subsidy				
	55 568 124	49 829 466	55 568 124	49 829 466
Other grants and subsidies paid	253 000	17 768 051	253 000	17 768 051
Other	36 663 415	(10 017 000)	47 181 265	-
Total	111 732 739	190 421 598	122 250 589	200 438 598

Conditional grants paid is in respect of projects undertaken by municipalities within the municipality's area of jurisdiction and funded by Ugu District Municipality.

Community projects consist primarily of ventilated pit latrines constructed for communities that have no access to sanitation services. This project is accelerated to deal swiftly with the municipality's sanitation backlog programme as funded through the Municipal Infrastructure Grant.

The low income subsidy is in respect of providing basic service levels to indigent households.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35. GENERAL EXPENSES				
Accommodation, seminars and travelling	527 581	563 292	368 387	350 280
Advertising	1 673 563	1 662 172	173 342	220 878
Audit fees	2 449 910	2 710 887	2 111 074	2 341 651
Bank charges	559 667	676 006	540 887	655 497
Cellphones, internet and telephones	3 034 234	3 500 868	2 772 597	3 221 801
Cleaning materials and chemicals	259 421	237 249	259 421	237 249
Commission paid	1 147 364	1 011 748	1 147 364	1 011 748
Consultant information technology support	90 343	131 800	90 343	131 800
Consumables	152 659	214 454	152 659	214 454
Electricity		45 791 584	42 373 798	45 719 017
Entertainment	-	11 606	-	11 606
Events and programmes	4 542 702	5 327 775	1 195 485	2 548 685
Fuel and oil	10 198 419	9 819 823	10 198 419	9 819 823
Gardening services	758 642	364 990	758 642	364 990
Insurance general	2 818 252	116 076	2 776 679	60 660
Kwanaloga games	-	1 736 585	-	1 736 585
Kwanaloga subscriptions	4 157 174	2 238 687	4 157 174	2 238 687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Legal expenses	3 255 488	851 819	3 250 238	831 417
Licences	3 767 605	1 774 080	3 767 605	1 774 080
Loose/small tools	297 333	264 970	297 333	264 970
Marketing	88 587	268 027	58 067	214 107
Materials	5 716 605	6 917 082	5 716 605	6 917 082
Postage	1 623 838	1 449 065	1 622 345	1 440 409
Printing and stationery	754 347	584 384	681 767	430 920
Property transfers	902 324	-	902 324	-
Public participation	3 221 550	469 502	3 142 416	174 174
Refreshments	177 417	725 364	135 585	678 487
Rentals – Property, Plant and Equipment	2 484 610	4 211 024	2 013 144	3 733 533
Staff training	2 199 371	1 425 406	1 615 244	984 114
Subscriptions	39 676	92 954	2 496	14 633
Subsistence	-	1 073	-	1 073
Training costs	14 453	105 435	14 453	105 435
Transport costs	11 617 234	6 704 808	11 617 234	6 704 808
Uniforms and protective clothing	705 704	718 047	691 679	679 311
Vehicle tracking	1 035 830	289 492	1 035 830	289 492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Workmen's compensation insurance	1 324 610	1 435 909	1 324 610	1 435 909
Other General Expenses	(417 067)	2 538 295	(548 552)	2 360 775
	116 971 030	103 524 552	109 761 913	96 502 320

36. CHANGES IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2013/14 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

37. CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

Restatement of prior year balance

Property plant and equipment	Year	Land & Buildings	Moveables	Community	Infrastructure	Total
Reported Closing	2011/12	493 349 164	45 520 102	105 432 029	1 418 319 823	2 062 621 118
Correction of prior year error	2011/12	(18 389 825)	1 892 145	(2 632 068)	(5 521 409)	(24 651 157)
Restated Opening balance	2012/13	474 959 339	47 412 247	102 799 961	1 412 798 414	2 037 969 961
Correction of prior year error	2012/13	(410 679)	(7 228 845)	(970 361)	(25 567 309)	(34 177 194)
Restated Closing balance	2012/13	474 548 660	40 183 402	101 829 600	1 387 231 105	2 003 792 767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The prior year errors relate to the Property plant and equipment omitted from the fixed asset register in their respective periods. These items were identified through detail reconciliation of fixed asset registers in the current year. The municipality is confident that it has performed enough and sufficient procedures to account for all assets of the municipality.						
Intangibles	Year	Software	Servitudes	Total		
Reported Closing	2012/13	8 052 181	2 533 242	10 585 423		
Correction of prior year error	2011/12	(262 178)	(430)	(262 608)		
Correction of prior year error	2012/13	(88 062)	-	(88 062)		
Restated Closing balance	2012/13	7 701 941	2 532 812	10 234 753		
The prior year errors relates to the recalculation of depreciation and the missallocation of transactions.						
VAT		2012/13				
Reported Closing		21 358 960				
Correction of error		(3 800 187)				
Restated Closing Balance		17 558 773				
This correction of prior year error relates to overstatement of VAT receivable. The error include output vat that was under declared in the previous year, Interest and penalties levied against late payments. This error has been resolved and communicated to SARS.						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Receivables from non exchange		2012/13				
Reported Closing		8 643 941				
Correction of error		(14 969)				
Restated Closing Balance		8 628 972				
Other creditors		2012/13				
Reported Closing		45 889 301				
Correction of error		1 836 214				
Restated Closing Balance		47 725 515				
Unspent Conditional Grants		2012/13				
Reported Closing		51 508 516				
Correction of error- Leave		(732 465)				
Restated Closing balance		50 776 051				
Inventory		2012/13				
Amount reported		8 348 334				
Correction of error		(1 409 545)				
Restated Amount		6 938 789				
The correction of error relates to leases not recognised.						

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Inter Company		2012/2013				
Amount reported		186 446 535				
Correction of error		2 398 007				
Restated Amount		188 844 542				
This correction of error relates to the inter company balance that was not cleared in the prior year.						
It was brought to the attention of the entity that certain invoices regarding amounts due to Audit Committee members were not raised during prior years. These amounts are now corrected and the impact of this adjustment is as follows:(Refer to the Ugu-South Coast Tourism (Pty) Ltd for more detail.)						
			2013			
Accumulated surplus as previously stated		-	6 376 705			
Adjustment to Trade and other payables		-	(50 979)			
		-	6 325 726			
Income		Reported	Correction of error	Restated		
Government Grants and Subsidies		590 984 388	732 465	591 716 853		
Service charges		274 524 180	2 001 748	276 525 928		
Expenditure						
Depreciation and Amortisation		52 754 325	11 393 066	64 147 391		
Impairment losses		(24 008 857)	5 823 245	(18 185 612)		
General expenses		95 239 306	1 263 034	96 502 340		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

38. CASH GENERATED FROM OPERATIONS				
Surplus	350 364 982	228 524 185	347 680 327	225 912 073
Adjustments for:				
Depreciation and amortisation	66 834 435	64 303 514	66 668 665	64 147 391
Gain on sale of assets and liabilities	1 378 271	22 334	1 334 421	22 334
Impairment loss (reversal)	25 940 159	(18 185 612)	25 940 159	(18 185 612)
Movements in operating lease assets and accruals	1 422 121	1 334 421	1 422 121	22 334
Expenditure incurred from Provisions – Current	2 224 146	2 415 666	2 224 146	2 415 666
Correction of prior year errors	1 789 517	2 152 383	1 880 151	2 323 015
Contribution to impairment provision	2 635 362	(614 599)	2 635 362	(614 599)
Changes in working capital:				
Inventories	(1 130 627)	2 021 149	(1 130 627)	2 021 147
Receivables from exchange transactions	(50 122 953)	(41 179 930)	(50 166 803)	(40 161 889)
Other receivables from non-exchange transactions	4 719 277	15 500 444	4 923 546	16 055 712
Current portion of long-term receivables	19 382	(37 997)	19 382	(37 997)
Operating lease receivables	(13 665)	(43 785)	(13 665)	(43 785)
Payables	21 144 333	(40 648 597)	18 478 633	(42 447 585)
VAT	(3 453 472)	(8 392 450)	(3 347 887)	(8 603 860)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Unspent conditional grants and receipts	(2 442 865)	3 579 045	(2 442 865)	3 579 045
Consumer deposits	345 516	588 984	345 516	588 984
Other liability 1	(910)	34 764	25 391	34 011
Current portion of long term liabilities	4 720 607	2 492 494	4 720 607	2 492 494
	426 373 616	213 866 413	421 196 580	209 518 879
39. NON-CASH INVESTING AND FINANCING TRANSACTIONS				
The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14 financial year.				
40. FINANCING FACILITIES				
Unsecured Bank Overdraft Facility, reviewed annually and payable at call:	1 900 000	5 000 000	1 900 000	5 000 000
	1 900 000	5 000 000	1 900 000	5 000 000
Unsecured Guarantee Facility, reviewed annually and payable monthly:	-	-	-	-
-Amount used	-	-	-	-
-Amount unused	3 100 000	-	3 100 000	-
	3 100 000	-	3 100 000	-
Unsecured Fleet Card Facility, reviewed annually and payable monthly:	1 500 000	2 500 000	1 500 000	2 500 000
	1 500 000	2 500 000	1 500 000	2 500 000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Unsecured Vehicle and Asset Finance Facility, reviewed annually:	-	7 294 544	-	7 294 544
- Amount used	-	2 705 456	-	2 705 456
- Amount unused	12 500 000	-	12 500 000	-
	12 500 000	10 000 000	12 500 000	10 000 000
Unsecured Automated Clearing Bureau Facility:	-	-	-	-
-Amount used	2 000 000	-	2 000 000	-
	2 000 000	-	2 000 000	-
Secured Bank Loan Facilities with various maturity dates through to 2011 and which may be extended by mutual agreement:				
	85 433 000	85 433 000	85 433 000	85 433 000
	85 433 000	85 433 000	85 433 000	85 433 000
41. UNAUTHORISED EXPENDITURE				
Reconciliation of Unauthorised Expenditure:				
Opening balance	10 826 295	-	10 826 295	-
Unauthorised Expenditure current year	29 249 322	8 125 720	29 249 322	8 125 720
Prior period adjustment	-	2 700 575	-	2 700 575
	40 075 617	10 826 295	40 075 617	10 826 295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Incident		Amount	Amount	
Budgeted amounts exceeded:				
Disciplinary steps/criminal proceedings: To be condoned by Executive Committee				
Infrastructure & economic development		-	7 038 102	
Environmental protection		-	1 087 618	
MIG Projects		25 756 295	2 700 575	
Bulk Purchases		3 493 027	-	
Total expenditure		29 249 322	10 826 295	
42. FRUITLESS AND WASTEFUL EXPENDITURE				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	4 872 229	1 218 632	2 028 291	1 218 632
Fruitless and wasteful expenditure during the current year	661 744	809 659	661 744	809 659
Prior period error	-	2 843 941	-	2 843 941
Fruitless and wasteful expenditure awaiting condonement	5 533 973	4 872 232	2 690 035	4 872 232
Incident				
Interest on late payments – R661 744 (2013: R809 659)				

Disciplinary steps/criminal proceedings:

A report will be adopted by the executive committee, condoning the “fruitless and wasteful expenditure” for the current year.

Disciplinary action is in progress for the prior year’s fruitless and wasteful expenditure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

43. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, THE PROCUREMENT PROCESS

Reconciliation of Irregular Expenditure:

Opening balance	65 539 301	17 603 725	65 539 301	17 603 725
Irregular Expenditure current year	107 343 607	71 996 257	107 343 607	71 996 257
Condoned or written off by Council	-	(24 060 681)	-	(24 060 681)
To be recovered – contingent asset	(4 714 038)	-	(4 714 038)	-
Irregular Expenditure awaiting condonement	168 168 870	65 539 301	168 168 870	65 539 301

Group and Municipality

Incident	Disciplinary Steps / Criminal Proceedings	2014	2013
Expenditure contrary to the provisions of Regulation 44 of the Municipal Supply Chain Management Regulations	All Irregular Expenditure incurred has been referred to Internal Audit for investigation. MPAC will advise Council on the recoverability of the expenditure	25 721 689	17 063 478
Expenditure according to the provisions of Regulation 36 of the Municipal Supply Chain Management Regulations	All Irregular Expenditure incurred has been referred to Internal Audit for investigation. MPAC will advise Council on the recoverability of the expenditure	14 957 377	5 968 655
Irregular expenditure incurred contrary to the Supply Chain Management Policy	All Irregular Expenditure incurred has been referred to Internal Audit for investigation. MPAC will advise Council on the recoverability of the expenditure	66 664 541	48 964 124
		107 343 607	71 996 257

Deviation from, and ratification of minor breaches of, the Procurement Processes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

The majority of the items mentioned resulted from flood damage that had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed. The balance of items was due to emergency circumstances and economic benefits for the municipality.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were presented to the Executive Committee, which condoned the various cases.

Department	Date	Successful tenderer	Reason	Amount for municipality
Water services Supply of toilets at Umzinto informal settlements	September 2013	Sanitech	Impractical to follow SCM process	264 413
Water services Supply of chemicals for water purification	September 2013	Ncp Chlorchem	Extension of contract	500 000
Water services Service plan on fleet already purchased from dealer using scm process	EFT000167	Bates Delta	Impractical to follow SCM process	272 958
Water services Hire of water tankers to deliver water to areas without access	October 2013	Harappa Trading	Extension of contract	152 487
Water services Hire of water tankers to deliver water to areas without access	October 2013	Mcalafuze Development cc	Extension of contract	87 996
Water Services Hire of water tankers to deliver water to areas without access	October 2013	Wasteng (Pty)Ltd	Extension of contract	140 643
Water services Hire of water tankers to deliver water to areas without access	October 2013	Isifiso sikaNdllovu Contraction	Extension of contract	71 963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Department	Date	Successful tenderer	Reason	Amount for municipality
Water services	October 2013	VT Moodley	Extension of contract	67 767
Hire of water tankers to deliver water to areas without access				
Water services	October 2013	Simuma Transport	Extension of contract	47 387
Hire of water tankers to deliver water to areas without access				
Water services	October 2013	Dynamo-Duck Trading	Extension of contract	66 022
Hire of water tankers to deliver water to areas without access				
Water services	October 2013	African Tide Trading	Extension of contract	30 816
Extension of water tankers, contract expired in April 2013 (Ugu-07-1090-2011)t				
Water Services	October 2013	Ityatyambo Trading	Extension of contract	120 936
Hire of water tankers to deliver water to areas without access				
Fleet section	October 2013	Bates Delta	Agents	190 000
Repairs and Maintenance to all Isuzu vehicles, light and vehicles				
Corporate services	October 2013	Umqondo Trading cc	Accredited Supplier	159 000
Provision of Councillor Accredited Training				
Water Services	October 2013	Ngomsolethu Construction cc	Extension of contract	110 566
Hire of water tankers to deliver water to areas without access				
Fleet Section	October 2013	Brian Thompson	Agents	190 000
Repairs and Maintenance of Nissan Light and Heavy Vehicles				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Department	Date	Successful tenderer	Reason	Amount for municipality
Water services Appointment as a consultant on a Umzinto repair of access road to Pumpstation after flood disaster	November 2013	Umpisi Engineers	Emergency Disaster Project	873 240
IED Additional costs for changes made on the material for GDS Summit	November 2013	Distinctive choice 964 cc	Additional specifications	24 510
Treasury Printing of customer statements	November 2013	Lasercom	Extension of contract	364 800
Treasury Printing of salary cheques	November 2013	CC Printing Solutions	Service available from sole provider	14 893
Water services Repairs and Maintenance of Nissan Light and Heavy Vehicles	December 2013	Brian Thompson	Agents	190 000
Water services Repairs and Maintenance of Nissan Light and Heavy Vehicles	December 2013	Bates Delta	Agents	190 000
Corporate Services Replacement and network management at different Ugu sites	December 2013	Jireh Technologies	Extension of contract	127 361
Water services Repairs and Maintenance of Isuzu Light and Heavy Vehicles	December 2013	Bates Delta	Agents	2 140 863
Water services Consultant on emergency disaster relief project	December 2013	Bosch Semele PTY LTD	Emergency Disaster Project	171 000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Department	Date	Successful tenderer	Reason	Amount for municipality
Fleet section	December 2013	Halfway Toyota	Agents	40 000
Repairs and Maintenance of Toyota Light and Heavy Vehicles				
Fleet section	December 2013	Bates Delta	Agents	194 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Fleet section	December 2013	Halfway Toyota	Agents	40 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Corporate services	January 2014	VHB Projects	Extension of contract	2 700 000
Consultant on disaster management centre				
Water services	January 2014	Town Around Civils	Emergency Disaster Project	1 124 817
Contractor appointed on disaster emergency relief project				
Fleet section	January 2014	Union Motors	Agents	100 000
Repairs and Maintenance of Fuso and Mitsubishi Trucks				
Water services	January 2014	PGA Consulting cc	Emergency work done during the peak season	1 000 550
Consultant on emergency work during December 2012 peak season				
Water services	January 2014	Harappapa Trading	Extension of contract	17 217
Hire of water tankers to deliver water to areas without access				
Water Services	January 2014	African Tide Trading	Extension of contract	18 418
Hire of water tankers to deliver water to areas without access				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Department	Date	Successful tenderer	Reason	Amount for municipality
Water services	January 2014	Gilili Business Trading	Extension of contract	15 414
Hire of water tankers to deliver water to areas without access				
Water services	February 2014	Waco Africa (Pty) Ltd	Extension of contract	273 000
Supply of toilets at Umzinto informal settlements				
Office of the Municipal Manager	February 2014	Nando's Port Shepstone	Special Programme	8 535
Catering to special programmes				
Water services	February 2014	Bates Delta	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Water services	February 2014	Brian Thompson	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Water services	February 2014	Brian Thompson	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Corporate Services	February 2014	Datapro (Pty) Ltd	Extension of contract	240 445
IProvision of internet and wireless network services				
Water services	March 2014	Bates Delta	Urgent	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Water services	March 2014	Union Motors	Agents	50 000
Repairs and Maintenance of Fuso and Mitsubishi Trucks				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Department	Date	Successful tenderer	Reason	Amount for municipality
Water services	March 2014	Bates Delta	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Water services	April 2014	Brian Thompson	Agents	190 000
Repairs and Maintenance of Nissan Light and Heavy Vehicles				
Water services	May 2014	Harappa Trading	Extension of contract	58 559
Hire of water tankers to deliver water to areas without access				
Water services	May 2014	Ityatyambo Trading	Extension of contract	38 214
Hire of water tankers to deliver water to areas without access				
Fleet section	May 2014	Brian Thompson	Agents	190 000
Repairs and Maintenance of Nissan Light and Heavy Vehicles				
Fleet section	May 2014	Bates Delta	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Fleet section	June 2014	Bates Delta	Agents	172 687
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Fleet section	June 2014	Wasteng Pty Ltd	Extension of contract	175 269
Hire of water tankers to deliver water to areas without access				
Fleet section	June 2014	Ityatyambo Trading	Extension of contract	117 114
Hire of water tankers to deliver water to areas without access				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Department	Date	Successful tenderer	Reason	Amount for municipality
Fleet section	June 2014	Harappa Trading	Extension of contract	117 114
Hire of water tankers to deliver water to areas without access				
Fleet section	June 2014	African Tide Trading	Extension of contract	117 114
Hire of water tankers to deliver water to areas without access				
Fleet section	June 2014	Bates Delta	Agents	190 000
Repairs and Maintenance of Isuzu Light and Heavy Vehicles				
Water services	June 2014	African Tide Trading	Extension of contract	59 292
Hire of water tankers to deliver water to areas without access				
		-	-	14 957 380
Furthermore, the municipality has made the following awards to persons in service of Government institutions contrary to the provisions of paragraphs 44 of the Municipal Supply Chain Management Regulations:				
Company Name	Related Person	Municipal Capacity	Purchases for the Year	Purchases for the Year
Asipheyena Catering and Trading Enterprise	Gloria Nondumiso	KZN Education	-	1 755
Besafe Security Services	Tintswalo Hlulani	KZN Rural Dev & Land Reform	-	624 684
Camlulo Trading	Hombakazi	Statistics South Africa	-	3 982 123
Jays Studio	Malamela Zukile	EC Agriculture & Land Affairs	-	1 506 461
Lwandiliso Construction & Projects CC	Bulelani	EC Education & Culture	-	14 100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2014

Company Name	Related Person	Municipal Capacity	Purchases for the Year	Purchases for the Year
Mafuthe Ngusha Trading	Dumisile	KZN Education	-	1 141 807
Mpheme Trading	Goodness Zibuyile	KZN Education	-	120 686
Nhlanhla & Thobi Trading CC	Mthunzi Andile Pearson	KZN Education	-	558 188
Sthembu Buntu General Trading	Ruth Lulama	EC Agriculture & Land Affairs	-	395 921
Yolwayo Construction	Laura	KZN Education	-	22 500
African Tide Trading CC	AT Xaba	Eskom Holdings Ltd	362 502	708 076
Margate Hotel (J & K Hotel)	PJ Venter	Stellenbosch Local Municipality	63 900	134 220
MCB Projects CC	B Geyer	Transnet Limited	2 072 656	-
Sihloniphe Business Trading Primary CO - OP LTD	NM Mkhanyawo	South African Police Service	2 475	9 125
Thubalam Trading	RL Dzengwa	EC: Roads & Public Works	9 877 508	2 118 244
Trentyre PTY LTD	NP Mona	Komatiland Forests	136 397	341 944
Dumani Catering & general Services	S Moodley	KZN Education	48 800	103 820
Isifiso Sika Ndlovu Contracting And Trading CC	NP MSANI	KZN Education	848 107	575 424
Mahlafuna Distributors	D. NGCOBO	KZN Education	277 355	268 322
Arch Actuarial cons	C Weiss	Human Science Research Council	17 100	34 998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Company Name	Related Person	Municipal Capacity	Purchases for the Year	Purchases for the Year
Business Connection	NN Kekana	Gauteng Film Commission	41 580	-
Business Zone 628 CC	R Sookdhev	KZN: Education	26 525	-
Cyassound Events Man	PP Madiba	Esayidi FET College	1 491 800	2 394 845
Eaton Electric South Africa Pty Ltd	FC Cambell Jr	South African Weather Service	11 031	22 549
Isibinelo Civils CC	BP Muthwa	South African Social Security Agency	74 015	31 721
Macsteel Fluid Control	DD Mokgatle	State Diamond Trader	26 694	132 041
Makhayelihle Investments Pty Ltd	K Makhaye	eThekweni Metro	5 836	14 738
Minolco (Pty) Ltd	KR Mthimunye	State Information Technology Agency	68 820	336 792
Mott MacDonalds South Africa Pty Ltd	AM Naidu	Construction Industry Development	865 337	216 668
Musakhe Trading	NP Chiliza	KZN: Education	30 000	-
Nashua Communications	D Nchoba	NAT: Arts & Culture	99 063	303 827
Sabinet Online	ER Tise	National Library of South Africa	24 833	-
SMEC South Africa (Pty) Ltd	K Pillay	passenger Rail Agency of SA	584 563	-
WCO Africa (Pty) Ltd T/A SANI	TS Setshedi	Tshwane University of Technology	8 593 792	947 899
Wole Trading Enterprise CC	BG Masondo	KZN: Health	71 000	-
			25 721 689	17 063 478

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44. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT				
Contributions to organised local government				
Current year subscription / fee	2 118 324	2 238 688	2 118 324	2 238 688
Amount paid - current year	(2 118 324)	(2 238 688)	(2 118 324)	(2 238 688)
	-	-	-	-
Audit fees				
Opening balance	204 159	269 143	204 159	269 143
Current year subscription / fee	2 059 806	2 372 713	2 059 806	2 372 713
Amount paid - current year	-	(2 168 554)	-	(2 168 554)
Amount paid - previous years	(204 159)	(269 143)	(204 159)	(269 143)
	2 059 806	204 159	2 059 806	204 159
The balance unpaid represents the audit fee for pre-audit of and planning the audit for the 2013/14 financial year and is payable by 31 July 2014.				
PAYE, Skills Development Levy and UIF				
Current year subscription / fee	35 783 740	35 356 418	35 783 740	35 356 418
Amount paid - current year	(35 783 740)	(35 356 418)	(35 783 740)	(35 356 418)
	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Pension and Medical Aid Deductions				
Current year subscription / fee	51 160 355	44 544 336	51 160 355	44 544 336
Amount paid - current year	(51 160 355)	(44 544 336)	(51 160 355)	(44 544 336)
	-	-	-	-

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at 31 March 2014:

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R	
Gumede ST	106	339	445	
Dzingwa TN	1 623	726	2 349	
Ntanza VL	9 595	4 884	14 479	
Mavundla IM	97	-	97	
Gumede NH	2 969	7 246	10 215	
Chiliza MA & ZP	180	283	463	
Gumede ST & PY	2 169	565	2 734	
Nair Y	2 889	-	2 889	
	19 628	14 043	33 671	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

45. WATER LOSSES				
Water losses	Group Value	Municipality Value		
30 June 2014 Unaccounted water losses	20 333 005	20 333 005		
30 June 2013 Unaccounted water losse	24 584 019	24 584 019		
<p>Water losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/ repaired as soon as they are reported.</p>				
<p>A five-year strategic non-revenue water reduction plan was adopted and implemented by the Executive Committee in May 2008. The below-mentioned technical information was derived at as part of the implementation plan:</p>				
Volumes in Ml/year:				
System input volume	40 458	38 621	40 458	38 621
Billed authorised consumption	31 464	26 716	31 464	26 716
Unbilled authorised consumption	838	492	838	492
Apparent losses	1 679	2 348	1 679	2 348
Real losses	6 477	9 065	6 477	9 065
Estimated non-revenue water		8 994	11 905	8 994

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46. COMMITMENTS FOR EXPENDITURE				
Capital commitments				
Approved and contracted for:-				
• Infrastructure	435 084 469	167 220 165	435 084 469	167 220 165
• Other	21 248 606	35 042 991	21 248 606	35 042 991
	456 333 075	202 263 156	456 333 075	202 263 156
Approved but not yet contracted for:-				
• Infrastructure	27 066 730	98 777 600	27 066 730	98 777 600
	27 066 730	98 777 600	27 066 730	98 777 600
Total capital commitments				
This expenditure will be financed from:				
Government grants	453 419 729	246 520 165	453 419 729	246 520 165
Own resources	29 980 076	54 520 591	29 980 076	54 520 591
	483 399 805	301 040 756	483 399 805	301 040 756
Lease commitments				
Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 4 and 18				
Other commitments				
Commitments for expenditure:				
- within one year	-	1 565 659	-	1 565 659
- Thereafter	-	1 710 053	-	1 710 053
	-	3 275 712	-	3 275 712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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47. FINANCIAL INSTRUMENTS DISCLOSURE				
Categories of financial instruments				
Municipality - 2014				
Financial assets				
In accordance with GRAP 104.13 the financial assets of the municipality are classified as follows:				
	At fair value	At amortised cost	Total	
Long-term loans				
Relocation loans	-	28 442	28 442	
Sundry loans	-	3 600	3 600	
Receivables from exchange transactions				
Sewerage	-	41 051 351	41 051 351	
Other trade receivables	-	1 737 876	1 737 876	
Water	-	76 727 859	76 727 859	
Water rates	-	12 190 842	12 190 842	
Receivables from non-exchange transactions				
Payments made in advance	-	1 920 995	1 920 995	
Government subsidy claims	-	236 950	236 950	
Insurance claims	-	122 367	122 367	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	At fair value	At amortised cost	Total	
Municipal entities	-	66 846	66 846	
Sundry deposits	-	893 075	893 075	
Sundry debtors	-	6 528 961	6 528 961	
Cash and cash equivalents				
Call deposits	7 560 313	-	7 560 313	
Notice deposits	-	732 428	732 428	
Bank balances	152 373 720	-	152 373 720	
Long-term loans				
Cash floats and advances	4 910	-	4 910	
Current portion of long-term receivables				
Relocation loans	-	28 442	28 442	
Sundry loans	-	3 600	3 600	
	159 938 943	142 273 634	302 212 577	
Financial liabilities				
In accordance with GRAP 104.13 the financial liabilities of the municipality are classified as follows:				
Long-term liabilities				
Annuity loans	-	180 426 363	180 426 363	

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	At fair value	At amortised cost	Total	
Other loans	-	3 063 785	3 063 785	
Payables				
Bank overdraft				
Bank overdraft	3 343 474	-	3 343 474	
Current portion of long term liabilities				
Annuity loans	-	3 361 417	3 361 417	
	3 343 474	186 851 565	190 195 039	

Municipality - 2013

Financial assets

	At fair value	At amortised cost	Total	
Long-term receivables				
Relocation loans	-	62 799	62 799	
Sundry loans	-	7 493	7 493	
Receivables from exchange transactions				
Sewerage	-	23 821 201	23 821 201	
Water	-	60 035 920	60 035 920	
Water rate	-	13 307 081	13 307 081	
Other trade	-	4 372 345	4 372 345	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	At fair value	At amortised cost	Total	
Receivables from non-exchange transactions				
Payments made in advance	-	63 406	63 406	
Government subsidy claims	-	150 503	150 503	
Insurance claims	-	122 367	122 367	
Municipal entities	-	50 979	50 979	
Sundry deposits	-	1 003 908	1 003 908	
Sundry debtors	-	7 252 778	7 252 778	
Cash and cash equivalents				
Call deposits	12 012 570	-	12 012 570	
Notice deposits	-	708 687	708 687	
Bank balances	59 026 230	-	59 026 230	
Cash floats and advances	4 910	-	4 910	
Current portion of long term receivables				
Relocation loans	-	47 824	47 824	
Sundry loans	-	3 600	3 600	
	71 043 710	111 010 891	182 054 601	

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Financial liabilities

In accordance with GRAP 104.13 the financial liabilities of the municipality are classified as follows:

	At fair value	At amortised cost	Total	
Long-term liabilities				
Annuity loans	-	181 806 910	181 806 910	
Finance lease liabilities	-	4 639 625	4 639 625	
Payables				
Trade creditors	-	18 506 575	18 506 575	
Projects	-	4 410 025	4 410 025	
Retentions	-	35 579 377	35 579 377	
Staff bonuses	-	9 248 785	9 248 785	
Staff leave accrued	-	15 268 299	15 268 299	
Other creditors	-	45 889 301	45 889 301	
Bank overdraft				
Bank overdraft	3 195 209	-	3 195 209	
Current portion of long-term liabilities				
Annuity loans	-	14 610 464	14 610 464	
Finance lease liabilities	-	2 299 315	2 299 315	
	3 195 209	332 258 676	335 453 885	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

48. FINANCIAL INSTRUMENTS

Fair value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate such value:

Cash and short-term investments:

The carrying amount approximates the fair value because of the short maturity of these instruments.

Long-term investments

The fair value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted equity investments are estimated using the discounted cash flow method.

Loan receivables/payables

Interest-bearing borrowings and receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the fair value of these financial assets and liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables/payables

The management of the municipality is of the opinion that the carrying value of trade and other receivables recorded at amortised cost in the annual financial statements approximate their fair values. The fair value of trade receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Other financial assets and liabilities

The fair value of other financial assets and financial liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the annual financial statements to approximate their fair values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.

No financial instruments of the municipality were reclassified during the year.

Assumptions used in determining fair value of financial assets and financial liabilities

The table below analyses financial instruments carried at fair value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments. The levels have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in note 17, bank, cash and cash equivalents and equity, comprising accumulated Surplus as disclosed in Note 3 and the statement of changes in net assets.

Gearing ratio

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 100%, decreasing to 90%. This ratio is as a result of the developmental challenges faced by the municipality. Some of the borrowings are below market related rates.

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The gearing ratio at the year-end was as follows:	2014 R	2013 R	2014 R	2013 R
Debt	186 994 645	203 356 314	186 994 645	203 356 314
Cash and cash equivalents	(152 373 720)	(59 021 320)	(152 373 720)	(59 021 320)
Net Debt	34 620 925	144 334 994	34 620 925	144 334 994
Equity	2 182 301 444	1 872 034 085	2 182 301 444	1 872 034 085
Net debt to equity ratio	1,58%	7,71%	1,58%	7,71%

Debt is defined as long- and short-term Liabilities, as detailed in Note 17.

Equity includes all funds and reserves of the municipality, disclosed as net assets in the statement of financial performance and net debt as described above.

Financial risk management objectives

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 IASs 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 directorate: Treasury 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. 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.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Significant risks

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 has exposure to the following risks from its operations in financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

Risks and exposures are disclosed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash 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.

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.

A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 49.8 and 49.9 to the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Liquidity risk

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. Included in Note 42 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

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. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years R	More than 5 Years R	Total
30 June 2014						
Non-interest bearing	140 377 050	-	-	-	-	140 377 050
Variable interest rate instruments	3 281 879	-	-	-	-	3 281 879
Fixed interest rate instruments	13 014 267	13 789 267	27 578 533	88 053 182	176 338 319	318 773 568
	156 673 196	13 789 267	27 578 533	88 053 182	176 338 319	462 432 497
30 June 2013						
Non-interest bearing	128 902 362	-	-	-	-	128 902 362
Variable interest rate instruments	3 195 209	-	-	-	-	3 195 209
Fixed interest rate instruments	13 341 575	14 022 221	27 855 736	86 821 869	148 414 872	290 456 273

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	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years R	More than 5 Years R	Total
Municipality						
The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.						
30 June 2014						
Non-interest bearing	224 435 449	-	-	-	-	224 435 449
Variable interest rate instruments	160 666 976	-	-	-	-	160 666 976
Fixed interest rate instruments	732 428	-	-	-	-	732 428
	385 834 853	-	-	-	-	385 834 853
30 June 2013						
Non-interest bearing	110 307 114	-	-	-	-	110 307 114
Variable interest rate instruments	71 038 800	-	-	-	-	71 038 800
Fixed interest rate instruments	708 687	-	-	-	-	708 687
30 June 2014						
Non-interest bearing	141 538 885	-	-	-	-	141 538 885
Variable interest rate instruments	71 038 800	-	-	-	-	71 038 800
Fixed Interest rate instruments	708 687	-	-	-	-	708 687
	213 286 372	-	-	-	-	213 286 372

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	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years R	More than 5 Years R	Total
30 June 2013						
Non-interest bearing	111 029 446	-	-	-	-	111 029 446
Variable interest rate instruments	77 321 980	-	-	-	-	77 321 980
Fixed Interest Rate Instruments	751 194	-	-	-	-	751 194

Municipality

The municipality has access to financing facilities, the total unused amount which is R9,268 million at the balance sheet date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio, within 20-25% limits increasing it to 25%. This will be achieved through the issue of new debt and the increased use of secured bank loan facilities.

Effective interest rates and repricing analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2014**FIXED RATE INSTRUMENTS**

Held-to-maturity investments	708 687	-	-	-	-	708 687
Notice deposits	708 687	-	-	-	-	708 687
Secured bank facilities						

VARIABLE RATE INSTRUMENTS

Call deposits	8 292 741	-	-	-	-	8 292 741
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	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years R	More than 5 Years R	Total
Bank balances and cash	152 374 235	-	-	-	-	152 374 235
Total variable rate instruments	-	-	-	-	-	-
30 June 2013						

FIXED RATE INSTRUMENTS

Held-to-maturity Investments	708 687	-	-	-	-	708 687
Notice Deposits	708 687	-	-	-	-	708 687
Secured Bank Facilities						
Unsecured Bank Facilities	(196 417 375)	-	-	(350 803)	(16 676 442)	(213 444 620)
ABSA	(82 917 262)	-	-	-	-	(82 917 262)
DBSA	-	-	-	(350 803)	-	(350 803)
DBSA	(2 256 232)	-	-	-	(2 969 533)	(5 225 765)
DBSA	(18 936 108)	-	-	-	-	(18 936 108)
DBSA	(22 119 542)	-	-	-	-	(22 119 542)
DBSA	(58 279 886)	-	-	-	-	(58 279 886)
DBSA (Ex Hibiscus Coast)	(11 305 961)	-	-	-	(12 688 271)	(23 994 232)

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	6 Months or less R	6 – 12 Months R	1 – 2 Years R	2 – 5 Years R	More than 5 Years R	Total
DBSA (Ex Umdoni)	(469 959)	-	-	-	(658 112)	(1 128 071)
DBSA (Ex Umuziwabantu)	(132 425)	-	-	-	(360 527)	(492 952)
Total fixed rate instruments	(195 708 688)	-	-	(350 803)	(16 676 442)	(212 735 933)

VARIABLE RATE INSTRUMENTS

Call deposits	12 012 570	3 119 372	-	-	-	15 131 942
Bank balances and cash	59 026 230	51 518 575	-	-	-	110 544 805
Total variable rate instruments	71 038 800	54 637 947	-	-	-	125 676 747

Credit risk

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 collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and 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 fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

Investments/bank, cash and cash equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited credit rating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposed to any significant credit risk.

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Trade and other receivables

Trade and other receivables 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 sanitation services rendered to them.

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of receivables 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.

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 (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a rates 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;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid meters.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Long-term receivables and other debtors are individually evaluated annually at statement of financial position 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 table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists, based on the payment history of the parties.

Counterparty and Location	Group - 2014	Group - 2013	Municipality - 2014	Municipality - 2013
Ukusa River Estate Development	656 512	656 512	656 512	656 512
GJ Crookes Hospital	582 323	582 323	582 323	582 323
Ithala Developments Finance Corporation	563 852	563 852	563 852	563 852
San Lameer Estate Management	498 633	498 633	498 633	498 633
SA Botlink (Pty) Ltd	436 951	436 951	436 951	436 951
Except as detailed in the following table, the carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:				
Fixed deposit investments	100	100	100	100
Long-term receivables	39 446	121 716	39 446	121 716
Consumer debtors	225 155 966	192 964 409	225 155 966	192 964 409
Other debtors	9 769 194	12 219 724	9 769 194	12 219 724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Counterparty and Location	Group - 2014	Group - 2013	Municipality - 2014	Municipality - 2013
Bank, cash and cash equivalents	160 671 371	71 752 397	160 671 371	71 752 397
Maximum credit and interest risk exposure	395 636 077	277 058 346	395 636 077	277 058 346
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:				
Consumer debtors:				
Household	75	70	75,00%	70,30%
Industrial/commercial	17	16	17,00%	15,98%
National and Provincial Government	5	4	5%	3,84%
Other classes	-	4	- %	3,93%
Other debtors:				
Other not classified	3	6	3,00%	5,95%
Total credit risk	100	100	100%	100%
Bank and cash balances				
ABSA Bank Ltd	160 666 470	70 999 413	160 666 470	70 999 413
First National Bank of SA Ltd	16 358	16 358	16 358	16 358
Cash equivalents	4 901	4 910	4 901	4 910
Total bank and cash balances	160 687 729	71 020 681	160 687 729	71 020 681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

49. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Councillors have the option to belong to the Pension Fund for Municipal Councillors.

All full-time employees belong to the KwaZulu-Natal Joint Municipal Pension Fund, which are made up of the Retirement, Superannuation and Provident Funds.

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

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

Defined benefit schemes**Retirement fund**

The scheme is subject to a tri-annual actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The statutory actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R251,5 (31 March 2011: shortfall of R382,3) million, with a funding level of 82,0%(31 March 2011: 84,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (34,22%) was expected to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,35% is payable by the local authority.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 15,85% (Total employer contribution of 34,22%) and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 15,85% with effect from 1 July 2012 for an indefinite period of time. The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Superannuation Fund in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Superannuation fund

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R270,0 (31 March 2011: R549,5) million, with a funding level of 96,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2011: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% of pensionable salaries to meet the shortfall within the 8 year period provided for in the scheme. It was expected that the deficit will be fully funded by 2020.

This surcharge is payable until 31 March 2020. It is necessary that the basic employer contribution be increased by 3,63% to 21,63% and the surcharge be increased to 9,5% and extended by a further 8 years to 31 March 2020. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 July 2012 for an indefinite period of time.

It is intended that the fund merge with the retirement fund in the near future.

Defined contribution schemes

Municipal councillors pension fund

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 31 March 2012.

The statutory valuation performed as at 30 June 2011 revealed that the market value of the fund was R1 446,8 (30 June 2010: R1 446,8) million. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the actuaries, the fund was in a sound financial condition as at 30 June 2014.

Provident fund

The scheme is subject to a tri-annual actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The statutory actuarial valuation performed as at 31 March 2012 revealed that the market value of the fund was R1 293,4 (31 March 2011: R1 056,2) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member's contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

50. RELATED PARTY TRANSACTIONS

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

For the year ended 30 June 2014	Sewerage charges R	Water charges R	Sundry charges R	Outstanding balances R
Councillors	49 489	104 375	-	29 549
Municipal Manager and Section 57 Personnel	7 041	22 725	-	1 602
	56 530	127 100	-	31 151
For the year ended 30 June 2013	Sewerage charges R	Water charges R	Sundry charges R	Outstanding balances R
Councillors	41 119	78 459	-	13 033
Municipal Manager and Section 57 Personnel	4 919	17 387	-	1 116
	46 038	95 846	-	14 149

The services rendered to related parties are charged at approved tariffs that were advertised to the Public. No bad debts were written off or recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Loans granted to related parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

Compensation of related parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 respectively, to the Annual Financial Statements.

Purchases from related parties

The municipality procured goods and/or services from the following companies, which are considered to be related parties:

30 June 2014 Company Name	Related Person	Municipal Capacity	Purchases for the Year	
Budding Trade 1180 CC	Z. Mkhwanazi	Employee	2 500	
Thutong Training & Development	ZI Ntlangula	Employee	15 000	
Ntlangano Projects CC	MC Makiwane	Employee	6 629 387	
Skhunyana Training Consultants	NP Gumbi	Employee	1 226 816	
Zibi-Mvelo Holdings (Pty) Ltd	NP Gumbi	Employee	191 400	
Auto Junction Fitment Centre	P. Moodley	Employee	258 548	
Mkhaba's Trading and Projects	N. Thabede		241 828	
Victorson Building CC	TB Mhlongo	Employee	447 666	
Shelly Travel CC	CV Elliot	Audit Committee member	628 175	
Zamori 318 Pty Ltd	N Sihlongonyane	Employee	43 570	
Barry Botha & Breytenbach Inc	Henderson	Ugu Councillor	74 200	
Sandile Dlomo Inc	SML Mbele	Ugu DM Employee	160 528	
Wasteng (Pty) Ltd	Mhlana NE	Ugu DM Employee	663 731	
			10 583 349	

30 June 2013 Company Name	Related Person	Municipal Capacity	Purchases for the Year	
Budding Trade 1180 CC	Z. Mkhwanazi	Employee	8 112	
Ntlangano Projects CC	MC Makiwane	Employee	27 823 866	
Skhunyana Training Consultants	NP Gumbi	Employee	829 772	
Auto Junction Fitment Centre	P. Moodley	Employee	24 468	
Mkhaba's Trading and Projects	N. Thabede		91 053	
Victorson Building CC	TB Mhlongo	Employee	86 528	
Shelly Travel CC	CV Elliot	Audit Committee member	610 294	
Zamori 318 Pty Ltd	N Sihlongonyane	Employee	8 880	
Canaan Productions CC	E Enock	Employee	20 600	
Nothevuyo Trading and Projects	ZL Cele	Employee	299 244	
RNF Contractors	C Goberdan	Employee	31 398	
Sandile Dlomo Inc	SML Mbele	Ugu DM Employee	56 039	
Wasteng (Pty) Ltd	Mhlana NE	Ugu DM Employee	1 566 524	
			31 456 778	

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

51. Contingent liabilities				
Guarantees:	3 062 000	2 862 000	3 062 000	2 862 000
i) Hibiscus Coast Municipality: The Municipality issued a bank guarantee in favour of Hibiscus Coast Municipality in lieu of a deposit on the electricity accounts of the Municipality.	10 000	10 000	10 000	10 000
(ii) Eskom: The Municipality issued a bank guarantee in favour of Eskom to cover deposits on the electricity accounts of the Municipality.	2 852 000	2 852 000	2 852 000	2 852 000
	200 000	-	200 000	-
(iii) South African Post office: The municipality issued a bank guarantee in favour of South African Post office.				
Powers and functions:	12 947 266	12 947 266	12 947 266	12 947 266
(i) Environmental Health: It has come to the attention of management that a local municipality has indicated its intention of raising a claim against the district to recover expenses incurred in respect of the Environmental Health Powers and Functions. Negotiations have been entered into in this regard between the municipalities. Currently management is of the opinion that there are no legal grounds to entertain a possible claim.	5 075 295	5 075 295	5 075 295	5 075 295
ii) Water and Sanitation: With the takeover of Water and Sanitation Schemes from the local municipalities in 2004, certain assets were funded through internal funding which these local municipalities are claiming from the district. Currently management is of the opinion that there are no legal grounds to entertain the possible claims.	7 871 971	7 871 971	7 871 971	7 871 971
Court proceedings:	8 384 129	2 178 012	8 384 129	2 178 012
(i) Dispute on Expenditure Claimed: Council is involved in a dispute with Sublime Marketing (the applicant), where the applicant is claiming an amount of R227 142, with interest estimated at R192 432, in respect of functions performed on behalf of Ezingqoleni Municipality/ Horseshoe Farm. The municipality is currently defending the estimated claim and is awaiting the enrolment of the matter for trial. The outcome of the legal processes is unknown at this stage. The Municipality denies any agreement with Sublime, and therefore will not be settling on this matter. We await court action from Sublime.	419 574	419 574	419 574	419 574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

(ii) Alleged Fraud: Council has been involved in a court case with ABCON/PILCON Projects into alleged fraud and/or fronting in terms of its supply chain management Policy. Although judgement has been passed, an appeal has been lodged and is still pending in the High Court. The outcome is not known at this stage.	-	-	-	-
(iii) Cession Agreement: JZZ Engineering is claiming from the municipality as per a prescribed claim against a cession agreement entered into. The possible liability amounts to R153 900, plus costs. The outcome of the matter is still unknown. The Municipality has drafted and entered its plea in the matter.	153 900	153 900	153 900	153 900
(iv) Alleged Breach of Contract: The municipality is been involved in a court case with Thumbprint events Management, where it is alleged that the municipality has unilaterally repudiated a contract. Applicant is claiming unpaid invoices and damages in terms of what would have been due to them had the contract not been repudiated by the municipality. The municipality is defending this action and awaits a court date. The claim is valued at R875 258 plus 30% of envisaged gate takings for two events and 25% of sale of floor space for two events.	875 248	875 248	875 248	875 248
	100 000	-	100 000	-
v) Alleged Damages caused to Farmland: The municipality has been issued with a court order instructing it to immediately cease the nuisance caused on Mr Meuller's property at Lot 2007 Uvongo through the discharge of final sewer effluent into a tributary of the Uvongo River on his land, thereby causing a ravine on his land and rendering it unfarmable to him. He is further claiming for damages caused through non-usability of his land, damages for loss of profit as a result of the damage caused to his property and the subdivision and transfer of the damaged land to the Municipality. The Municipality is currently negotiating with him with respect to his potential claims.				
(vi) Labour Dispute: The Municipality dismissed an employee, N Moodley, who took the matter to arbitration and was successful. The Municipality has referred the matter to the Labour Court, and awaits a set down date.	-	1 000 000	-	1 000 000
(vii) Cession Agreement: Premier Attraction is claiming from the Municipality for allegedly not honouring a cession agreement in their favour. The outcome of the matter is still unknown.	122 682	122 682	122 682	122 682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

(viii) Dispute on Expenditure Paid to Member of Joint Venture: The Municipality is involved in a matter with Gigaba Properties where applicant is claiming that the Municipality wrongly paid one member of a joint venture which had been awarded a contract by the Municipality. The Municipality is defending the matter and awaits a trial date. The claim against the Municipality is in an amount of R6 659 282 plus 15,5% interest on R16 573 819 from February 2009 until payment and 15,5% interest on R3 424 024 from October 2008 until payment.	6 659 282	6 659 282	6 659 282	6 659 282
ix) Dispute on Expenditure Claimed: The Municipality is expectant of litigation from Shosholoza JV where they claim for non-payment of invoices in respect of work done on Sports Complex.	-	6 584 968	-	6 584 968
(ix) Dispute on Expenditure Claimed: The Municipality is involved in litigation with Mabinza Welding, who is claiming for nonpayment by Municipality. A counter claim was made for non-performance.	-	1 030 375	-	1 030 375
(x) Dispute on Damages Claimed: The Municipality is involved in litigation with JD Group emanating from a motor vehicle accident between a municipal vehicle and a JDG vehicle.	53 443	-	53 443	-
(xi) Dispute on Expenditure Claimed: Municipality is expectant of litigation from L'Afrique Liquide where they claim an amount of R3, 5 million pursuant to alleged work conducted as a result of being awarded preferred bidder status on a project for Alternate bulk water supply.	-	3 500 000	-	3 500 000
(xii) Dispute on Excessive Salary Increases: Municipality is expectant of litigation from Natal Joint Municipal Pension/ Provident Fund where they claim an amount of R1 442 982.62 as a result of alleged excessive salaries paid to Employees.	-	1 442 983	-	1 442 983
Current objections against Scm process				
Ugu-07-1201-2012: Value of R1 305 000.00	4 461 847	1 305 000	4 461 847	1 305 000
Ugu-07-1242-2013: Value of R1 489 542.00	61 325 743	1 489 542	61 325 743	1 489 542
Ugu-07-1255-2013: Value R5 208 907.38	34 420 883	5 208 907	34 420 883	5 208 907
	100 208 473	8 003 449	100 208 473	8 003 449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2014

52. CONTINGENT ASSETS

Group and municipality				
i) Legal claim against Ingqondo and Nzwakele Construction for alleged fraud and undue enrichment from contracts awarded by the municipality.	4 714 038	-	4 714 038	-

53. EVENTS AFTER THE REPORTING DATE

In accordance with the KZN Legislature mandate, Ugu District Municipality has entered into a Memorandum of Understanding for the transfer of the Hibiscus Coast Development Agency from the Hibiscus Coast Municipality as from 1 October 2014. All functions, assets and liabilities of the Agency will be transferred to the District effective from 1 October 2014. The process of transfer of shareholding is currently underway.				
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54. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 37).

Appendix A

AS AT 30 JUNE 2014

Schedule of external loans as at 30 June 2014

	Loan Number	Redeemable	Balance at Sunday 31 March 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Monday 31 March 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Development Bank of South Africa								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Bonds								
			-	-	-	-	-	-

APPENDIX A
AS AT 30 JUNE 2014

Schedule of external loans as at 30 June 2014								
	Loan Number	Redeemable	Balance at Sunday 31 March 2013	Received during the period	Redeemed written off during the period	Balance at Monday 31 March 2014	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-
ABSA	4076267341	30/06/2020	82 917 262	-	-	82 917 262	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	82 917 262	-	-	82 917 262	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

Appendix A (Continued)

AS AT 30 JUNE 2014

Schedule of external loans as at 30 June 2014								
	Loan Number	Redeemable	Balance at Sunday 31 March 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Monday 31 March 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			82 917 262	-	-	82 917 262	-	-
Government loans								
			82 917 262	-	-	82 917 262	-	-

Appendix B

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Land and buildings						
Land (Separate for AFS purposes)	-	-	-	-	-	
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	
Quarries (Separate for AFS purposes)	-	-	-	-	-	
Buildings (Separate for AFS purposes)	-	-	-	-	-	
	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Roads, Pavements & Bridges	-	-	-	-	-	
Storm water	-	-	-	-	-	
Generation	-	-	-	-	-	
Transmission & Reticulation	-	-	-	-	-	
Street lighting	-	-	-	-	-	
Dams & Reservoirs	-	-	-	-	-	
Water purification	-	-	-	-	-	
Reticulation	-	-	-	-	-	
Reticulation	-	-	-	-	-	
Sewerage purification	-	-	-	-	-	
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	
Housing	-	-	-	-	-	
Waste Management	-	-	-	-	-	
Gas	-	-	-	-	-	
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	
Other 1	-	-	-	-	-	
	-	-	-	-	-	
Community Assets						
Parks & gardens	-	-	-	-	-	
Sportsfields and stadium	-	-	-	-	-	
Swimming pools	-	-	-	-	-	
Community halls	-	-	-	-	-	
Libraries	-	-	-	-	-	
Recreational facilities	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2014						
	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Clinics	-	-	-	-	-	
Museums & art galleries	-	-	-	-	-	
Other	-	-	-	-	-	
Social rental housing	-	-	-	-	-	
Cemeteries	-	-	-	-	-	
Fire, safety & emergency	-	-	-	-	-	
Security and policing	-	-	-	-	-	
Buses	-	-	-	-	-	
	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Buildings	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Refuse	-	-	-	-	-	
Fire	-	-	-	-	-	
Conservancy	-	-	-	-	-	
Ambulances	-	-	-	-	-	
Buses	-	-	-	-	-	
	-	-	-	-	-	
Other assets	-	-	-	-	-	
General vehicles	-	-	-	-	-	
Plant & equipment	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	
Computer Software (part of computer equipment)	-	-	-	-	-	
Furniture & Fittings	-	-	-	-	-	
Office Equipment	-	-	-	-	-	
Office Equipment - Leased	-	-	-	-	-	
Abattoirs	-	-	-	-	-	
Markets	-	-	-	-	-	
Airports	-	-	-	-	-	
Security measures	-	-	-	-	-	
Civic land and buildings	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2014						
	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Other buildings	-	-	-	-	-	
Other land	-	-	-	-	-	
Bins and Containers	-	-	-	-	-	
Work in progress	-	-	-	-	-	
Other	-	-	-	-	-	
Other Assets - Leased	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	
Housing development	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Total property plant and equipment	-	-	-	-	-	
Land and buildings	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Community Assets	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Other assets	-	-	-	-	-	
	-	-	-	-	-	
Agricultural/Biological assets	-	-	-	-	-	
Agricultural	-	-	-	-	-	
Biological assets	-	-	-	-	-	
	-	-	-	-	-	
Intangible assets	-	-	-	-	-	
Computers - software & programming	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Investment properties	-	-	-	-	-	
Investment property	-	-	-	-	-	
	-	-	-	-	-	
Total	-	-	-	-	-	
Land and buildings	-	-	-	-	-	
Infrastructure	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2014						
	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Community Assets	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Other assets	-	-	-	-	-	
Agricultural/Biological assets	-	-	-	-	-	
Intangible assets	-	-	-	-	-	
Investment properties	-	-	-	-	-	
	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014

			Accumulated depreciation						
	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Appendix B

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Land and buildings						
Land (Separate for AFS purposes)	-	-	-	-	-	
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	
Quarries (Separate for AFS purposes)	-	-	-	-	-	
Buildings (Separate for AFS purposes)	-	-	-	-	-	
	-	-	-	-	-	
Infrastructure						
Roads, Pavements & Bridges	-	-	-	-	-	
Storm water	-	-	-	-	-	
Generation	-	-	-	-	-	
Transmission & Reticulation	-	-	-	-	-	
Street lighting	-	-	-	-	-	
Dams & Reservoirs	-	-	-	-	-	
Water purification	-	-	-	-	-	
Reticulation	-	-	-	-	-	
Reticulation	-	-	-	-	-	
Sewerage purification	-	-	-	-	-	
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	
Housing	-	-	-	-	-	
Waste Management	-	-	-	-	-	
Gas	-	-	-	-	-	
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	
Other 1	-	-	-	-	-	
	-	-	-	-	-	
Community Assets						
Parks & gardens	-	-	-	-	-	
Sportsfields and stadium	-	-	-	-	-	
Swimming pools	-	-	-	-	-	
Community halls	-	-	-	-	-	
Libraries	-	-	-	-	-	
Recreational facilities	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Clinics	-	-	-	-	-	
Museums & art galleries	-	-	-	-	-	
Other	-	-	-	-	-	
Social rental housing	-	-	-	-	-	
Cemeteries	-	-	-	-	-	
Fire, safety & emergency	-	-	-	-	-	
Security and policing	-	-	-	-	-	
Buses	-	-	-	-	-	
	-	-	-	-	-	
Heritage assets						
Buildings	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Specialised vehicles						
Refuse	-	-	-	-	-	
Fire	-	-	-	-	-	
Conservancy	-	-	-	-	-	
Ambulances	-	-	-	-	-	
Buses	-	-	-	-	-	
	-	-	-	-	-	
Other assets						
General vehicles	-	-	-	-	-	
Plant & equipment	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	
Computer Software (part of computer equipment)	-	-	-	-	-	
Furniture & Fittings	-	-	-	-	-	
Office Equipment	-	-	-	-	-	
Office Equipment - Leased	-	-	-	-	-	
Abattoirs	-	-	-	-	-	
Markets	-	-	-	-	-	
Airports	-	-	-	-	-	
Security measures	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014

[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2011						
	Opening Balance	Additions	Disposals	Cost/Revaluation		
				Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Civic land and buildings	-	-	-	-	-	
Other buildings	-	-	-	-	-	
Other land	-	-	-	-	-	
Bins and Containers	-	-	-	-	-	
Work in progress	-	-	-	-	-	
Other	-	-	-	-	-	
Other Assets - Leased	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	
Housing development	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Total property plant and equipment						
Land and buildings	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Community Assets	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Other assets	-	-	-	-	-	
	-	-	-	-	-	
Agricultural/Biological assets						
Agricultural	-	-	-	-	-	
Biological assets	-	-	-	-	-	
	-	-	-	-	-	
Intangible assets						
Computers - software & programming	-	-	-	-	-	
Other	-	-	-	-	-	
	-	-	-	-	-	
Investment properties						
Investment property	-	-	-	-	-	
	-	-	-	-	-	
Total						

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix B (Continued)

AS AT 30 JUNE 2014

Analysis of property, plant and equipment as at 30 June 2011						
	Cost/Revaluation					
	Opening Balance	Additions	Disposals	Transfers	Revaluations	
	Rand	Rand	Rand	Rand	Rand	
Land and buildings	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Community Assets	-	-	-	-	-	
Heritage assets	-	-	-	-	-	
Specialised vehicles	-	-	-	-	-	
Other assets	-	-	-	-	-	
Agricultural/Biological assets	-	-	-	-	-	
Intangible assets	-	-	-	-	-	
Investment properties	-	-	-	-	-	
	-	-	-	-	-	

APPENDIX B
AS AT 30 JUNE 2014[illegible]

Appendix C

AS AT 30 JUNE 2014

Segmental analysis of property, plant and equipment as at 30 June 2014						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Cost/Revaluation
	Rand	Rand	Rand	Rand	Rand	
Municipality						
Executive & Council/Mayor and Council	-	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	-	
Health/Clinics	-	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	-	
Housing	-	-	-	-	-	
Public Safety/Police	-	-	-	-	-	
Sport and Recreation	-	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	-	
Road Transport/Roads	-	-	-	-	-	
Water/Water Distribution	-	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	-	
Other/Air Transport	-	-	-	-	-	
	-	-	-	-	-	
Municipal Owned Entities						
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	
	-	-	-	-	-	

APPENDIX C
AS AT 30 JUNE 2014

[illegible]

Segmental analysis of property, plant and equipment as at 30 June 2014

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APPENDIX C
AS AT 30 JUNE 2014[illegible]

[illegible]

APPENDIX D
AS AT 31 MARCH 2014

Segmental Statement of Financial Performance for the year ended						
Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus/ (Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus / (Deficit) Rand
-	-	-		-	-	
-	-	-		-	-	-
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
			Municipality			
			Municipal Owned Entities			
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-	Total	-	-	-

Appendix E(1)

AS AT 30 JUNE 2014

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2010					
	Current year 2012	Current year 2012			Explanation of Significant Variances greater than 10% versus Budgets
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	314 783 606	-	314 783 606	-	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	2 193 961	-	2 193 961	-	
Interest received (trading)	32 939 749	-	32 939 749	-	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	-	-	-	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
Revenue 1	-	-	-	-	
Revenue 2	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	

APPENDIX E(1)
AS AT 30 JUNE 2014

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2010					
	Current year 2012	Current year 2012			Explanation of Significant Variances greater than 10% versus Budgets
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	9 794 233	-	9 794 233	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	-	-	-	-	
Interest received - investment	-	-	-	-	
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	359 711 549	-	359 711 549	-	
Expenses					
Personnel	(246 106 225)	-	(246 106 225)	-	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(7 937 980)	-	(7 937 980)	-	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(66 834 435)	-	(66 834 435)	-	
Impairment	-	-	-	-	

Appendix E(1) (Continued)

AS AT 30 JUNE 2014

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2010					
	Current year 2012	Current year 2012			Explanation of Significant Variances greater than 10% versus Budgets
	Act. Bal.	Adjusted budget	Variance		
	Rand	Rand	Rand	Var	
Amortisation	-	-	-	-	
Impairments	(25 940 160)	-	(25 940 160)	-	
Reversal of impairments	-	-	-	-	
Finance costs	(15 817 646)	-	(15 817 646)	-	
Debt impairment	-	-	-	-	
Collection costs	-	-	-	-	
Repairs and maintenance - Manufacturing expenses	(17 098 554)	-	(17 098 554)	-	
Repairs and maintenance - General	(65 005)	-	(65 005)	-	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(46 954 228)	-	(46 954 228)	-	
Contracted Services	(19 679 684)	-	(19 679 684)	-	
Grants and subsidies paid	(111 732 739)	-	(111 732 739)	-	
Cost of housing sold	-	-	-	-	
General Expenses	(116 971 034)	-	(116 971 034)	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	(675 137 690)	-	(675 137 690)	-	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(1 378 271)	-	(1 378 271)	-	
Gain or loss on exchange differences	-	-	-	-	
Fair value adjustments	-	-	-	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	

APPENDIX E(1)
AS AT 30 JUNE 2014

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2010					
	Current year 2012	Current year 2012			
	Act. Bal.	Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budgets
	Rand	Rand	Rand	Var	
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	(1 378 271)	-	(1 378 271)	-	
Net surplus/(deficit) for the year	(316 804 412)	-	(316 804 412)	-	

Appendix E(2)

AS AT 31 MARCH 2014

Budget Analysis of Capital Expenditure as at 30 June 2010					
	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	-
Finance & Admin/Finance	-	-	-	-	-
Planning and Development/Economic Development/Plan	-	-	-	-	-
Health/Clinics	-	-	-	-	-
Comm. & Social/Libraries and archives	-	-	-	-	-
Housing	-	-	-	-	-
Public Safety/Police	-	-	-	-	-
Sport and Recreation	-	-	-	-	-
Environmental Protection/Pollution Control	-	-	-	-	-
Waste Water Management/Sewerage	-	-	-	-	-
Road Transport/Roads	-	-	-	-	-
Water/Water Distribution	-	-	-	-	-
Electricity /Electricity Distribution	-	-	-	-	-
Other/Air Transport	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Municipal Owned Entities	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

APPENDIX E(2)
AS AT 31 MARCH 2014

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	284 528	-	(284 528)		-
Other charges					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Appendix F

AS AT 31 MARCH 2014

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts	Quarterly Expenditure	Grants and Subsidies delayed / withheld	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	
		Mar	Jun	Sep	Dec	Mar	
		-	-	-	-	-	
		-	-	-	-	-	
		-	-	-	-	-	
		-	-	-	-	-	
		-	-	-	-	-	
		-	-	-	-	-	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

APPENDIX F
AS AT 31 MARCH 2014

	Reason for noncompliance										
	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Yes/ No
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	

The 2013/2014 Annual Report Task Team members were:

Norma Grobler, Corporate Services – Annual Report Co-ordinator

Nonhlanhla Msomi, Infrastructure and Development

Nonkululeko Cele, Office of the Municipal Manager

Fano Ngubane, Treasury

Norman Hlope – Photographer