

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

25. Government grants and subsidies (continued)

The purpose of this grant was to enhance rural economic development and broad-based community information dissemination and empowerment.

Development Planning Shared Services Support

Current-year receipts	400 000	250 000	400 000	250 000
Conditions met - transferred to revenue: operating expenses	(400 000)	(250 000)	(400 000)	(250 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

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.

Municipal Disaster Recovery (Cogta)

Balance unspent at beginning of year	-	4 999 000	-	4 999 000
Conditions met - transferred to revenue: operating expenses	-	(4 999 000)	-	(4 999 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Municipal Disaster Recovery is a grant from Department of Cooperative Government and Traditional Affairs, made available to municipality to provide recovery whenever there is a disaster.

Rural Transport Services

Current-year receipts	2 510 000	2 446 000	2 510 000	2 446 000
Conditions met - transferred to revenue: operating expenses	(2 510 000)	(2 446 000)	(2 510 000)	(2 446 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

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.

Disaster Shared Services

Balance unspent at beginning of year	-	93 628	-	93 628
Conditions met - transferred to revenue: operating expenses	-	(93 628)	-	(93 628)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

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.

Municipal Infrastructure Grant (MIG)

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
25. Government grants and subsidies (continued)				
Current-year receipts	233 873 000	249 316 000	233 873 000	249 316 000
Conditions met - transferred to revenue: capital expenses	(233 873 000)	(249 316 000)	(233 873 000)	(249 316 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

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. No funds were withheld.

Disaster Management - DMC

Balance unspent at beginning of year	5 000 000	14 967	5 000 000	14 967
Current-year receipts	-	5 000 000	-	5 000 000
Conditions met - transferred to revenue: capital expenses	(5 000 000)	(14 967)	(5 000 000)	(14 967)
	-	5 000 000	-	5 000 000

Conditions still to be met - remain liabilities (see note 17).

The Disaster Management Centre Grant is for the establishment of second phase of Ugu District Disaster Management Centre

Mhlabatshane Bulk Scheme

Balance unspent at beginning of year	-	10 535 902	-	10 535 902
Current-year receipts	12 776 000	8 834 000	12 776 000	8 834 000
Conditions met - transferred to revenue: capital expenses	(12 776 000)	(19 369 902)	(12 776 000)	(19 369 902)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Mhlabatshane Bulk Scheme is to develop new, refurbish, upgrade and replace ageing water and wastewater infrastructure of regional significance that connect water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality, to pilot regional water conservation and water demand management project or facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructure requirements.

UGU Bulk Schemes - Murchison

Balance unspent at beginning of year	-	896 679	-	896 679
Conditions met - transferred to revenue: capital expenses	-	(896 679)	-	(896 679)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Grants received from CoGTA 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.

Drought Intervention Programme - Diesel Generators

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

25. Government grants and subsidies (continued)

Balance unspent at beginning of year	-	3 058 630	-	3 085 630
Conditions met - transferred to revenue: capital expenses	-	(3 058 630)	-	(3 085 630)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

DWAF grants are aimed at supplementing municipal budgets to assist with the construction of water delivery infrastructure, execution of water service delivery.

Drought Intervention Programme - Springs

Balance unspent at beginning of year	-	3 444 878	-	3 444 878
Conditions met - transferred to revenue: capital expenses	-	(3 444 878)	-	(3 444 878)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

DWAF grants are aimed at supplementing municipal budgets to assist with the construction of water delivery infrastructure, execution of water service delivery.

Universal Access to Water - Umdoni

Balance unspent at beginning of year	79 952	1 579 952	79 952	1 579 952
Conditions met - transferred to revenue: capital expenses	(79 952)	(1 500 000)	(79 952)	(1 500 000)
	-	79 952	-	79 952

Conditions still to be met - remain liabilities (see note 17).

Grants received from CoGTA 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.

Water Services Infrastructure Grant (WSIG)

Current-year receipts	58 570 000	86 815 214	58 570 000	86 815 214
Conditions met - transferred to revenue: capital expenses	(58 570 000)	(78 417 635)	(58 570 000)	(78 417 635)
Transfers withheld during the year	-	(8 397 579)	-	(8 397 579)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of borehole; provide on site sanitation solutions; support the existing bucket eradication programme intervention informal residential areas; support drought relief projects in affected municipalities.

Uvongo Sewerage Upgrade

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
25. Government grants and subsidies (continued)				
Balance unspent at beginning of year	-	68 492	-	68 492
Conditions met - transferred to revenue: capital expenses	-	(68 492)	-	(68 492)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Grants received from CoGTA 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.

Masinenge Low Cost Housing - Ray Nkonyeni

Balance unspent at beginning of year	-	27 477	-	27 477
Conditions met - transferred to revenue: capital expenses	-	(27 477)	-	(27 477)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Grants received from CoGTA 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.

Preparation of a Spatial Development Framework

Current-year receipts	400 000	-	400 000	-
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Conditions still to be met - remain liabilities (see note 17).

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. The grant allocation is for 2017/2018 financial period, however funds were received during 2016/2017 financial period.

26. Public contributions and donations

Ray Nkonyeni Municipality	5 295 108	3 296 000	-	-
Umdoni Municipality	(59 000)	420 000	-	-
Umzumbe Municipality	927 170	402 800	-	-
Umuziwabantu Municipality	1 214 600	318 150	-	-
Ezingoleni Municipality	-	106 000	-	-
Vulamehlo Municipality	-	418 700	-	-
	7 377 878	4 961 650	-	-

Reconciliation of conditional contributions

Current-year receipts	7 142 419	4 961 650	-	-
Conditions met - transferred to revenue	(7 142 419)	(4 961 650)	-	-
	-	-	-	-

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
27. Employee related costs				
Basic	192 884 428	173 122 339	185 095 287	166 660 872
Commissions	9 074 842	9 147 605	9 074 842	9 147 605
Bonus	13 857 588	15 334 631	13 244 992	14 655 822
Medical aid - company contributions	14 161 267	12 970 466	14 161 267	12 970 466
UIF	1 585 936	1 431 906	1 541 438	1 408 841
SDL	2 691 688	2 436 155	2 599 389	2 348 297
Leave pay provision charge	6 218 809	4 428 772	6 117 117	4 389 525
Contribution long-service benefits	3 214 366	3 351 273	3 004 431	3 157 638
Other short term costs	86 260	70 550	77 760	70 550
Defined contribution plans	44 390 355	33 700 334	44 093 674	33 499 330
Travel, motor car, accommodation, subsistence and other allowances	2 238 340	1 615 896	1 646 811	1 579 408
Overtime payments	33 027 218	29 684 859	32 839 166	29 471 208
Long-service awards	458 748	741 548	443 748	741 548
Acting allowances	2 615 211	586 427	2 615 211	586 427
Car allowance	12 709 399	12 414 754	12 709 399	12 414 754
Housing benefits and allowances	1 733 688	1 590 300	1 703 658	1 565 654
	340 948 143	302 627 815	330 968 190	294 667 945

Remuneration of municipal manager

Annual Remuneration	1 174 830	1 071 667	1 174 830	1 071 667
Car, entertainment, housing, subsistence and other allowances	282 325	294 665	282 325	294 665
Performance Bonuses	150 909	141 380	150 909	141 380
Contributions to UIF, Medical and Pension Funds	267 578	247 299	267 578	247 299
	1 875 642	1 755 011	1 875 642	1 755 011

Remuneration of chief finance officer

Annual Remuneration	761 592	660 926	761 592	660 926
Car, entertainment, housing, subsistence and other allowances	410 801	460 543	410 801	460 543
Performance Bonuses	100 997	106 875	100 997	106 875
Contributions to UIF, Medical and Pension Funds	53 821	49 010	53 821	49 010
	1 327 211	1 277 354	1 327 211	1 277 354

Remuneration of general manager: corporate services

Annual Remuneration	607 175	548 236	607 175	548 236
Car, entertainment, housing, subsistence and other allowances	573 321	581 878	573 321	581 878
Performance Bonuses	100 997	96 187	100 997	96 187
Contributions to UIF, Medical and Pension Funds	38 961	28 221	38 961	28 221
	1 320 454	1 254 522	1 320 454	1 254 522

Remuneration of general manager: infrastructure and economic development

Annual Remuneration	899 149	848 318	899 149	848 318
Car, entertainment, housing, subsistence and other allowances	311 413	304 156	311 413	304 156
Performance Bonuses	89 775	74 812	89 775	74 812
Contributions to UIF, Medical and Pension Funds	14 199	13 473	14 199	13 473

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
27. Employee related costs (continued)	1 314 536	1 240 759	1 314 536	1 240 759
Remuneration of general manager: water services				
Annual Remuneration	568 819	555 011	568 819	555 011
Car, entertainment, housing, subsistence and other allowances	501 849	465 169	501 849	465 169
Performance Bonuses	89 775	85 500	89 775	85 500
Contributions to UIF, Medical and Pension Funds	132 430	123 342	132 430	123 342
	1 292 873	1 229 022	1 292 873	1 229 022
Remuneration of chief executive officer (Ugu South Coast Tourism)				
Annual Remuneration	981 894	930 000	-	-
Car, entertainment, housing, subsistence and other allowances	19 804	18 786	-	-
Performance Bonuses	130 200	118 709	-	-
Contributions to UIF, Medical and Pension Funds	12 905	12 272	-	-
	1 144 803	1 079 767	-	-
Remuneration of general manager: finance and human resources (Ugu South Coast Tourism)				
Annual Remuneration	633 480	600 000	-	-
Car, entertainment, housing, subsistence and other allowances	19 534	17 702	-	-
Performance Bonuses	84 000	66 774	-	-
Contributions to UIF, Medical and Pension Funds	8 737	8 231	-	-
Long service award	5 000	-	-	-
	750 751	692 707	-	-
Remuneration of general manager: Development (Ugu South Coast Tourism) (Appointed: 01 April 2017)				
Annual Remuneration	158 370	-	-	-
Car, entertainment, housing, subsistence and other allowances	3 600	-	-	-
Contributions to UIF, Medical and Pension Funds	2 006	-	-	-
	163 976	-	-	-
Remuneration of general manager: marketing and events (Ugu South Coast Tourism)(Appointed: 01 January 2017)				
Annual Remuneration	316 740	-	-	-
Car, entertainment, housing, subsistence and other allowances	7 200	-	-	-
Contributions to UIF, Medical and Pension Funds	5 196	-	-	-
	329 136	-	-	-
Remuneration of chief executive officer (Acting) (South Coast Development Agency)(Resigned: 30 September 2016)				
Annual Remuneration	290 000	848 689	-	-
Contributions to UIF, Medical and Pension Funds	4 449	8 267	-	-
	294 449	856 956	-	-

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

27. Employee related costs (continued)

Remuneration of chief executive officer (South Coast Development Agency)(Appointed: 01 October 2016)

Annual Remuneration	328 000	-	-	-
Car, entertainment, housing, subsistence and other allowances	72 000	-	-	-
Contributions to UIF, Medical and Pension Funds	5 046	-	-	-
	405 046	-	-	-

Remuneration of general manager: finance and human resources (South Coast Development Agency)

Annual Remuneration	473 882	360 507	-	-
Car, entertainment, housing, subsistence and other allowances	137 237	75 481	-	-
Contributions to UIF, Medical and Pension Funds	71 730	21 707	-	-
	682 849	457 695	-	-

Remuneration of general manager: projects (South Coast Development Agency)

Annual Remuneration	-	301 653	-	-
Car, entertainment, housing, subsistence and other allowances	-	80 614	-	-
Contributions to UIF, Medical and Pension Funds	-	24 016	-	-
	-	406 283	-	-

28. Remuneration of councillors

Mayor	541 623	353 056	541 623	353 056
Deputy Mayor	227 977	261 568	227 977	261 568
Executive Committee Members	2 346 130	1 915 698	2 346 130	1 915 698
Speaker	518 131	258 917	518 131	258 917
Councillors/ board members	2 996 114	1 936 379	1 896 553	1 344 223
Company contributions to UIF, medical and pension funds	71 053	352 460	71 053	352 460
Other allowances (Cellphones, housing, transport etc.)	2 721 776	4 471 324	2 721 776	4 471 324
	9 422 804	9 549 402	8 323 243	8 957 246

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

28. Remuneration of councillors (continued)

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. Each is provided with an office and secretarial support at the cost of the Council in order to enable them to perform their official duties.

The Councillors may utilise official council transportation when engaged in official duties.

The Mayor has one full-time bodyguard and one full-time driver.

The Deputy Mayor has one full-time aide, fulfilling various personal duties.

The Speaker has one full-time driver.

For services as directors

Ugu South Coast Tourism

EJ Crutchfield	41 500	41 500	-	-
HR Kelly	35 275	20 750	-	-
PT Jeffreys	14 525	14 525	-	-
J Harris	22 825	18 675	-	-
ZP Ngubane	29 050	14 525	-	-
C Davenhill	18 675	18 675	-	-
WV Mzulwini	18 675	20 750	-	-

Ugu South Coast Development Agency

SJ Nzimande	146 605	48 000	-	-
SD Dlomo	173 070	98 965	-	-
EJ Crutchfield	73 312	-	-	-
VK Naidoo	124 271	57 522	-	-
ZP Mthuli	105 266	39 406	-	-
HT Shezi	-	52 973	-	-
LG Shezi	128 266	62 210	-	-
EM Zungu	82 153	43 530	-	-
B Zulu	76 340	34 486	-	-
	1 089 808	586 492	-	-

In terms of Section 124(1) of the Municipal Finance Act (Act No. 56 of 2003), the accounting officer certifies that the salaries, allowances and benefits of the directors as disclosed in this note within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

29. Depreciation and amortisation

Property, plant and equipment	197 532 178	192 656 652	197 299 333	192 507 944
Intangible assets	4 200 815	2 451 340	4 178 665	2 441 660
	201 732 993	195 107 992	201 477 998	194 949 604

The prior year comparative balances have been accordingly restated retrospectively. (See note: 46)

30. Impairment of assets

Impairments

Property, plant and equipment	2 121 111	147 993 092	2 114 448	147 993 092
Trade and other receivables	36 098 959	96 672 979	36 098 959	96 672 979
	38 220 070	244 666 071	38 213 407	244 666 071

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
31. Finance costs				
Non-current borrowings	9 961 255	12 408 088	9 959 172	12 408 084
Other interest paid	666 660	1 148 028	666 232	1 148 000
	10 627 915	13 556 116	10 625 404	13 556 084
32. Debt impairment				
Bad debts written off	17 731	196 710	-	172 017
33. Bulk purchases				
Water	77 790 321	66 091 136	77 790 321	66 091 136
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.				
34. Contracted services				
Information Technology Services	1 115 944	59 058	996 346	-
Specialist Services	34 471 332	22 741 488	34 432 036	22 704 656
Other Contractors	60 526	48 246	-	-
	35 647 802	22 848 792	35 428 382	22 704 656
Contracted services are as follows:				
Contractors				
Cleaning services	2 297 748	2 234 888	2 297 748	2 234 888
Pest control	109 069	52 745	109 069	52 745
Professional services				
Chemistry	6 979 963	3 514 786	6 979 963	3 514 786
Dam safety	5 478 507	1 681 554	5 478 507	1 681 554
Engineering services	1 815 642	1 545 615	1 815 642	1 545 615
Other professional services	2 477 928	2 285 686	2 477 928	2 285 686
Security services				
Alarm monitoring	2 483	747	2 483	747
Cash banking	137 791	133 991	137 791	133 991
General security	15 232 727	11 339 722	15 132 905	11 254 675
Information technology services				
Consulting fees IT/mSCOA	1 115 944	59 058	996 346	-
	35 647 802	22 848 792	35 428 382	22 704 687
35. Grants and subsidies paid				
Grants paid to ME's				
Ugu South Coast Development Agency	-	-	5 512 493	5 250 000
Tourism Development	-	-	5 298 936	5 153 748
Tourism Marketing	-	-	6 626 797	6 442 188
	-	-	17 438 226	16 845 936
Other subsidies				
Community projects	29 277 880	13 063 669	29 277 880	13 063 669
Other	7 057 574	7 263 389	7 057 574	7 263 389
	36 335 454	20 327 058	36 335 454	20 327 058

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

35. Grants and subsidies paid (continued)

36 335 454	20 327 058	53 773 680	37 172 994
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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.

36. General expenses

Accounting fees	86 450	77 710	-	-
Advertising	2 501 888	2 503 587	304 019	110 423
Auditors remuneration	3 740 676	3 765 919	3 210 452	3 090 207
Bank charges	740 786	623 799	656 708	558 333
Cleaning	832 068	373 024	820 798	368 808
Commission paid	2 365 947	1 554 462	2 023 806	1 378 895
Consulting and professional fees	900 738	1 281 426	879 424	1 172 253
Consumables	126 018	207 909	126 018	207 909
Loose/small tools	851 871	436 490	851 871	436 490
Kwanaloga subscriptions	3 675 662	2 919 853	3 675 662	2 919 853
Accommodation, seminars and travelling	1 051 116	681 594	1 015 698	619 375
Insurance	1 868 898	1 631 848	1 759 785	1 554 945
Marketing	1 460 856	2 242 450	1 166 117	1 992 328
Magazines, books and periodicals	-	2 483	-	2 483
Materials	6 811 780	13 159 483	6 717 018	13 060 045
Drought relief expense (Salt Water)	689 700	4 218 048	689 700	4 204 048
Fuel and oil	19 884 743	6 112 625	19 884 743	6 112 625
Postage and courier	1 397 327	1 559 517	1 392 967	1 558 349
Printing and stationery	2 025 198	962 050	1 852 856	800 962
Research and development costs	305 715	624 734	305 715	624 734
Subscriptions and membership fees	44 151	39 910	21 417	30 110
Telephone and fax	4 126 844	4 230 827	3 849 234	3 912 524
Transport and freight	-	1 634 341	-	1 634 341
Training	2 135 844	2 655 010	2 106 632	2 612 205
Travel - local	374 842	206 814	-	-
Electricity	64 217 206	55 969 938	64 149 627	55 948 605
Uniforms and protective clothing	2 940 630	314 158	2 892 870	286 873
Other general expenses	10 997 971	18 156 156	10 243 338	17 242 472
Licenses	5 584 880	6 774 463	5 584 880	6 774 463
Vehicle tracking	1 556 716	1 361 289	1 263 496	1 117 266
Events and programmes	10 477 407	3 331 233	350 000	227 272
Gardening services	484 503	405 181	411 348	350 432
Public participation	2 527 140	544 736	2 527 140	544 736
Sports and recreation	3 346 716	320 136	3 073 421	131 459
Refreshments	119 275	277 119	119 275	277 119
Workmen's compensation insurance	818 836	1 390 225	818 836	1 390 225
Property transfers	1 023 734	1 336 389	1 023 734	1 336 389
	162 094 132	143 886 936	145 768 605	134 589 556

37. Fair value adjustments

Investment property (Fair value model)	(149 310)	96 749	100 000	96 749
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